**Q. And what, if anything, did you say with respect to the minutes?**

A. From memory, my view was that we were receiving complex minutes a long time after the meetings were held. The minutes had clearly been reviewed by a number of parties, including, as I understood, legal counsel; and that, frankly, I neither had the time nor the inclination to go through and attempt to change them so they reflected more accurately what I thought had occurred.

My view was that they had been unprepared purposely, and not a lot of benefit was going to be there, if I sat there and spent a considerable amount of time trying to adjust them. So I didn't want to do so and simply abstained for that reason.

**Q. When you said, Mr. Storey, that you thought they had been prepared purposely, you mean purposely for some purpose other than to simply memorialize what transpired?**

MR. SEARCY: Objection. Calls for opinion. Calls for speculation.

MS. HENDRICKS: Join.

A. I thought that they had been written carefully, to ensure they properly reflected the

A. You mean internal counsel or external?

**Q. Either one.**

A. My recollection is that I spoke -- I think I spoke to Craig Tompkins to see where are the minutes, or maybe Bill Ellis, I guess. But my recollection is that the reason the minutes weren't being distributed was that they were going to --

MS. BANNETT: I'm just going to interrupt to the extent that it reflects any conversation that you had with counsel, don't reveal any attorney-client communications.

THE WITNESS: No. No. You can -- you can jump in.

A. Anyway, so I was told that the reason that I wasn't seeing, or the minutes weren't available promptly, is that they were going through an approval process and equally, I think so, was going to the chairman.

THE REPORTER: Going to?

THE WITNESS: The chairman, chairperson.

BY MR. KRUM:

**Q. So did you look at the draft minutes for the meetings of May 21, and 29, and June 12, 2015?**

A. Yes, I recollect I looked at them, and I thought that it would take me a considerable amount

of time to try and make them reflect what I thought had been said. And it seemed to me that I could do all that and probably get nowhere. And it was going to be a pointless exercise for me, sitting on the airplane for three hours or whatever, and that it seemed better to simply abstain.

MR. KRUM: I will ask the court reporter to mark as Exhibit 417 a one-page document bearing production number GA 1439. It purports to be an October 19th e-mail from Ed Kane.

(Deposition Exhibit 417 was marked for identification by the reporter and is attached hereto.)

A. Yes, I have read that.

BY MR. KRUM:

**Q. Do you recognize the subject matter of Exhibit 417?**

A. Yes, I do.

**Q. What's your recollection as to, if any, independent of Exhibit 417, as to how it came -- whether and how -- whether it came to pass that Ellen Cotter was paid an extra $50,000 on account of matters referenced in Exhibit 417?**

A. My recollection is that it was a view that the company had given incorrect advice on various

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

I, GRACE CHUNG, RMR, CRR, CSR No. 6246, a Certified Shorthand Reporter in and for the County of Los Angeles, the State of California, do hereby certify:

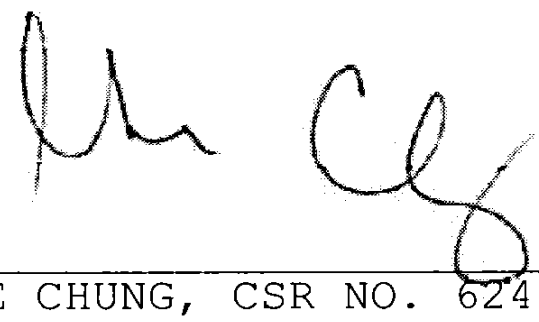
That, prior to being examined, the witness named in the foregoing deposition was by me duly sworn to testify the truth, the whole truth, and nothing but the truth;

That said deposition was taken down by me in shorthand at the time and place therein named, and thereafter reduced to typewriting by computer-aided transcription under my direction.

I further certify that I am not interested in the event of the action.

In witness whereof, I have hereunto subscribed my name.

Dated: August 10, 2016



GRACE CHUNG, CSR NO. 6246
RMR, CRR, CLR

# EXHIBIT 7

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD

TAKEN ON JUNE 8, 2016

VOLUME 1

JOB NUMBER 315485

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

A. I learned that in Guy Adams's deposition he admitted that a great percentage of his net worth had come from the corporate -- not his net worth, but his earnings had been derived from the corporation and from the Cotter family.

**Q. And by "the corporation" you're referring to RDI?**

A. RDI.

**Q. What, if anything, did you do as a consequence of learning that information?**

A. I was asked whether Guy Adams was -- if I considered him independent for the purposes of his service on the comp committee.

**Q. Who asked you that?**

A. Craig Tompkins and Ellen Cotter.

**Q. What was your response?**

MR. SWANIS: I just want to object to this line of questioning, object on attorney-client privilege.

I didn't know if you were heading into the -- the person that asked him that.

MR. KRUM: Well, no. I haven't asked about what Mr. Tompkins said --

MR. SWANIS: Let me finish.

MR. KRUM: I'm sorry. Go ahead.

MR. SWANIS: To the extent that communications with Mr. Tompkins for the purposes of soliciting or providing information is providing legal advice to the company, those communications are privileged.

To the extent the purpose was not for the purpose of providing -- or communications were not for the purpose of providing advice, then you may answer the question.

THE WITNESS: Thank you. This was not really legal advice. He asked -- They asked my opinion, how I felt about it.

BY MR. KRUM:

**Q. What did you tell him?**

A. I told him that I did not believe he was independent for the purpose of serving on the audit -- on the nomination -- on the compensation committee.

**Q. Did you explain why you thought that?**

A. Yes, I did.

**Q. What did you tell him?**

A. I said that even though he did not violate the test -- the concrete test laid out by the Exchange, that there is an overriding test on particular types of transactions where a person

might be not independent for that type of transaction.

And clearly if Mr. Adams's income was substantially derived from Reading and the Cotter family, if his whole livelihood depended on them, he could not be independent in passing on the compensation of the Cotter family members.

**Q. What other types of transactions were you referencing in your last answer, if any, beyond passing on compensation of Cotter family members?**

A. That -- that's what I was referencing, just that particular matter.

**Q. What types of transactions are subject to the overriding test you just described?**

MR. HELPERN: Objection. Form.

MR. SWANIS: Join. Foundation.

THE WITNESS: Well, if a question -- a party, for example, was totally independent, has a separate business relationship or transaction proposed with the company, even though that person might otherwise be independent for all other purposes, that transaction brings into question that person's independence with respect to that transaction. That's what I was referring to.

///

BY MR. KRUM:

**Q. Mr. Gould, what other discussions, if any, have you had with anyone regarding the subject of Mr. Adams's independence or lack of independence?**

A. The only people I talked to about that were Ellen and Craig Tompkins. I don't recall discussing it with anybody else.

**Q. Mr. Adams has resigned from the RDI board of directors compensation committee, correct?**

A. Yes.

**Q. But he was on the RDI board of directors compensation committee when it approved the compensation packages -- the new compensation packages for Ellen Cotter and Margaret Cotter earlier in calendar year 2016, correct?**

MR. HELPERN: Objection to form.

MR. SWANIS: Join.

BY MR. KRUM:

**Q. Mr. Adams also was a vocal proponent in support of terminating Jim Cotter, Jr., correct?**

MR. SWANIS: Objection to form.

THE WITNESS: Yes.

MR. HELPERN: Join.

MR. RHOW: I'm --

///

BY MR. KRUM:

**Q. Beware of the staple.**

**Take whatever time you need, Mr. Gould, to review Exhibit 271. I'm only going to ask you about the portion of it beneath the sub head "Directors Session" on the page that bears production number WG410?**

A. Uh-huh.

**Q. And let me know when you're ready.**

A. I'm ready.

**Q. Okay. Do you recognize Exhibit 271?**

A. I do.

**Q. What do you recognize it to be?**

A. The independent directors session of the board meeting.

**Q. You're referring to the -- to page 410, right?**

A. Yes.

**Q. And is that the resolution you just described?**

A. Yes, it is.

**Q. And was that resolution passed on or about January 15, 2015?**

A. Yes, it was.

**Q. Do you recall that at the vote in June**

**2015 to terminate Jim Cotter, Jr., as president and C.E.O., that Ellen and Margaret both purported to vote?**

A. I do have that recollection.

**Q. Was there any discussion of whether they should vote or whether they had standing to vote?**

MR. HELPERN: Objection to form.

MR. SWANIS: Join.

THE WITNESS: I don't -- I actually don't recall that right now. I don't remember it.

BY MR. KRUM:

**Q. What were your thoughts at the time as to whether they should vote or whether they should have been recused or disqualified with re- -- regarding the termination of Jim Cotter, Jr.?**

MR. SWANIS: Same objections.

MR. HELPERN: Join.

THE WITNESS: My thoughts at the time were that even without their votes, the party -- the parties moving to vote for his termination had sufficient votes to -- to accomplish what they wanted to do.

BY MR. KRUM:

**Q. You mean three -- you mean three of five?**

A. Correct.

**Q. So, did you have any thoughts at the time of the vote to terminate Jim Cotter, Jr., regarding whether Ellen and Margaret should have been recused or disqualified from voting other than the thought you just articulated?**

MR. SWANIS: Same objections.

THE WITNESS: No. That was -- that was my thought at the time. It didn't make any difference, because they were -- they had enough votes without Ellen and Margaret's votes.

BY MR. KRUM:

**Q. Have you subsequently had any different thoughts about that?**

A. I haven't thought about it.

**Q. Did you ever hear or learn or were you ever told that Margaret had engaged in rude and/or unprofessional behavior directly toward Jim Cotter, Jr.?**

A. Yes.

MR. SWANIS: Objection. Form, foundation.

MR. HELPERN: Join.

BY MR. KRUM:

**Q. What did you hear or learn in that**

VIDEOTAPE OPERATOR: We are on the record.

The time is 4:16.

MR. KRUM: Okay. What's our next in order?

THE REPORTER: 228.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 282 an email chain of May 19 and 20 to which Mr. Gould is a party. It bears production number TS69 through 71.

MR. RHOW: Do you have copies, Mark?

MR. KRUM: I'm sorry.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 282 by the Certified Shorthand Reporter and is attached hereto.)

THE WITNESS: Yeah. Unfortunately I remember this.

BY MR. KRUM:

**Q. Okay. Tell me when you're ready.**

A. I'm ready.

(Whereupon Mr. Swanis re-entered the deposition proceedings at this time.)

BY MR. KRUM:

**Q. Mr. Gould, do you recognize Exhibit 282?**

A. I do.

**Q. What is it?**

A. This is an email from Ed Kane to me. The top one is -- it's a chain of emails, but the top email is a chain -- is an email from Ed Kane to me, basically criticizing me on many fronts.

**Q. Okay. And then prior to that there are at least two emails -- or two emails in which you indicate a request --**

A. Yes.

**Q. -- that the non-Cotter directors meet before the special meeting set for May 21, correct?**

A. That's correct.

**Q. And so what communications did you have with any other non-Cotter director about the subject of the non-Cotter directors meeting prior to May 21 beyond that set out in this o r-- and/or other mails?**

MR. SWANIS: Objection. Form.

BY MR. KRUM:

**Q. Did you speak to Mr. Kane --**

MR. KRUM: Let me just ask you him --

///

REPORTER'S CERTIFICATE

I, PATRICIA L. HUBBARD, do hereby certify:

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

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

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

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

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

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

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

PATRICIA L. HUBBARD, CSR #3400

# EXHIBIT 8

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD

TAKEN ON JUNE 29, 2016

VOLUME 2

Job No.: 319129

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

backed down. They said they weren't going to be interested if Ellen was interested.

**Q. What is your best recollection as to when in time Ellen announced her candidacy?**

A. My best recollection would be sometime in December of 2015, maybe in November.

**Q. Do you actually have any recollection of the C.E.O. search committee, either independently or in conjunction with Korn Ferry, having any discussions or communications regarding a method or process to hire -- excuse me -- to process or consider internal candidates for the position of C.E.O.?**

A. I do remember there was a -- a discussion with Korn Ferry. And I -- I don't remember how we decided to process the internal candidates.

**Q. Well, do you know whether there was a decision?**

A. I can't recall.

**Q. Do you -- the discussion you remember with Korn Ferry, who was party to that?**

A. I think Mr. Mayes.

**Q. Okay. Who on behalf of the C.E.O. search committee?**

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

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

IN WITNESS WHEREOF, I have subscribed my name this 6th day of July, 2016.

PATRICIA L. HUBBARD, CSR #3400

# EXHIBIT 9

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

Complete caption, next page.

# VIDEOTAPED DEPOSITION OF GUY ADAMS

LOS ANGELES, CALIFORNIA

THURSDAY, APRIL 28, 2016

VOLUME I

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER: 305144

THE WITNESS: Okay.
BY MR. KRUM:
**Q. That is GWA Capital Partners, LLC, a California limited liability company?**
A. Yes, it is.
**Q. And what is your position in that company?**
A. I'm the only employee. I'm the managing member.
**Q. Has the company ever employed anyone else?**
A. Yes.
**Q. When was the last time the company employed anyone else?**
A. 2009.
**Q. What is the business of GWA Capital Partners, LLC?**
A. It's a registered investment advisor.
**Q. Now, is that a registration in the name of the company or in your name personally?**
A. The company.
**Q. And presently, what are your sources of income?**
A. Which year?
**Q. Presently --**

A. Presently?

**Q. -- so this year.**

A. Presently, Jim -- Jim Cotter Farms or Cotter Family Farms, Reading International and GWA Capital. There's another company, GWA Advisors, LLC. It's an investment -- it's not a registered investment advisor but I do some private equity deals in that one as well. So those two entities, Cotter Family Farms and Reading International.

**Q. And so far this year, how much money have you been paid by each of the four entities you just identified?**

A. Well, the -- it's easier to answer GWA Capital and GWA Advisors was zero so far this year. I don't know the exact amount for Cotter Farms and Reading.

**Q. In 2015, did you have any sources of income other than those four entities, Cotter Family Farms, Reading, GWA Capital and GWA Advisors?**

A. 2015, I had an investment that was sold and there was the proceeds from that.

**Q. What was that investment?**

A. Real estate. It was in my name. It wasn't in the name of the company.

**Q. Okay. So in 2015, when you netted approximately $300,000 from the sale of that condo, the buyer was your wife pursuant to the divorce or dissolution?**

A. Correct.

**Q. And prior to the sale by you and purchase by your ex-wife of that condominium, was it used for income purposes, meaning, did you rent it to third parties?**

A. No, we didn't rent it.

**Q. So directing your attention back to 2015, Mr. Adams, what was your gross revenue? And by "gross revenue," I'm talking about what you would have reported on a tax return or similar such document.**

MR. TAYBACK: Object to the form of the question; compound.

You can answer.

THE WITNESS: Net of my expenses?

BY MR. KRUM:

**Q. No, gross.**

A. Gross. Maybe -- an estimate on my part, $200,000.

**Q. And what's your estimate, Mr. Adams, of your net revenue in 2015?**

A. Probably --

**Q. If any.**

A. Net revenue, 100, 120.

**Q. Of that approximate $200,000, how much of that was paid to you by Cotter Family Farms?**

A. Family Farms? $52,000.

**Q. Is that the amount you're paid annually by Cotter Family Farms?**

A. Yes.

**Q. When did that start?**

A. 2012, in probably -- 2012, maybe September.

**Q. Okay. And what were the sources of the other approximate $148,000 in gross revenue you had in 2015?**

A. Reading board fees, and I exercised some options in 2015. I don't remember the exact number but I exercised options and that came to -- came across as ordinary income to me.

**Q. And those options were Reading or RDI?**

A. Reading, RDI, yes.

**Q. Okay. Any other sources of income in 2015?**

A. None that I can think of.

**Q. Correct me if I misunderstood.**

BY MR. KRUM:

**Q. All right. 2014, what were your sources of income?**

A. 2014 was predominantly the Cotter Family Farms, RDI for a partial year. I had a consulting contract with a junk bond fund. '14? And I would believe in 2014, I had a bonus from Jim Senior.

**Q. Jim Cotter Senior?**

A. Jim Cotter Senior, I'm sorry. Which would also be under the -- I presume the Cotter Family Farms, I can't remember, but it was from Senior.

**Q. I'm sorry. I didn't mean to interrupt. Are you done?**

A. Yes.

**Q. Okay. With respect to each of those four items, Mr. Adams, approximately how much were you paid? And by "four items," I'm referring first to Cotter Family Farms --**

A. Well --

**Q. -- and so forth.**

A. Yeah. $100,000.

**Q. Total?**

A. Maybe 105, 110, yes. I'm sorry. Counting -- I'm sorry, 110.

**Q. Okay. So there was 52,000 from Cotter Family Farms in 2014; correct?**

A. Yes.

**Q. And how much was the bonus from Jim Cotter Senior?**

A. I believe it was 20,000.

**Q. What was the amount of the consulting contract with the junk bond fund, the amount being --**

A. 12,000.

**Q. 12? Okay. And so the difference between the -- so from Reading, the approximate amount was how much? By my math --**

A. 50.

**Q. Okay.**

MR. TAYBACK: Just note, the witness seemed to be indicating it was an estimate.

BY MR. KRUM:

**Q. That's an estimate?**

A. It was an estimate, sure. All these numbers are estimates.

**Q. Understood. Thank you. Let's go through 2013.**

**What was your estimated gross income?**

A. For 2013, I'm not a hundred percent sure

**Q. With the benefit of hindsight, Mr. Adams, do you now think or believe that any of that information was not true and correct?**

MR. TAYBACK: Object to the form of the question.

You can -- I don't know the last time you reviewed it but you can answer the question.

THE WITNESS: No, I believe it was correct.

BY MR. KRUM:

**Q. Okay. How did it come to pass -- well, strike that.**

**For how long -- did you work either for Jim Cotter Senior or any entity you understood him to own or control prior to commencing work for Cotter Family Farms?**

A. Ever?

**Q. Yes.**

A. I worked for Jim Cotter when he was an employee of Pacific Theatres, 1988, maybe.

**Q. Let me back up, then.**

**When did you first meet Jim Cotter Senior?**

A. 1988.

**Q. How did that happen?**

MR. TAYBACK: That they met?

MR. KRUM: Yes.

**Q. If you recall.**

A. I presented an investment to him. I didn't know him. I called and made an appointment and took it from there.

**Q. Did he make that investment?**

A. No, he did not.

**Q. And what was his position or what was your position when you worked for him in or about 1988 at Pacific Theatres?**

A. My recollection is he did not make the investment. I was working for myself doing this sort of thing, investment banking, people buying stocks and bonds. I presented the deal, he didn't take it, but he expressed great interest in it. And he called me back about a month later and wanted to get a follow-up to the presentation. Still thinking he was going to invest in it.

And then after that presentation, he said, Come in my office. And he asked me a lot of questions about what I was doing. He said, I'm thinking about hiring someone. Would you be interested?

**Q. Your answer ultimately was affirmative, I gather?**

A. Yes. I told him I'd think about it and then ultimately I said yes.

**Q. What was his position and what was your position?**

A. He was technically CFO of Pacific Theatres, I believe. And they had an investment subsidiary called Hecco Ventures that was -- Jim Cotter was the managing member of that entity. And there was someone there already as like vice president and I came into -- Ty Howard. And then I came in as an analyst, an analyst for Hecco Ventures under Ty Howard and reporting to Jim Cotter.

**Q. How long did you hold that position, or any other position with --**

A. Approximately six years.

**Q. Was it an analyst position throughout or did your responsibilities change?**

A. No, I became an analyst and then I became the -- the manager of assets and I became -- then Decurion made me chairman of their -- the Decurion retirement plan. And then Chris Forman used me for a while as his advisor, financial advisor.

And then Jim Cotter left to do Craig Corporation and Citadel Holdings and Reading. I

stayed a short while there after Jim had left, and then I left.

**Q. And when did you leave, approximately?**

A. Approximately 1995.

**Q. So what dealings did you have with Jim Cotter Senior in or after 1995, up until the point in time where you joined the Reading board?**

A. We had lunch, I'd say twice a year, sometimes more frequent. And we enjoyed each other's company and conversation. He liked investments. That's what I was doing a lot of. And he -- we got along well and we met and talked and we were always friendly over those years.

**Q. When did you start GWA Capital and the other GWA entity?**

A. Approximately 2003.

**Q. What is the reason you have two different entities?**

A. One is regulated as an investment advisor and one is nonregulated.

**Q. As a practical matter, what difference does that make to how you do business through one or the other?**

A. Private equity investments is easier for me through GWA Advisors, not being regulated,

MR. TAYBACK: Object to the form of the question; vague.

You can answer the question.

THE WITNESS: I don't think I thought of him as my boss, no. He was -- I think of him more like a partner. If he needed help doing something, I told him I would do it and he said he would remunerate me for it.

BY MR. KRUM:

**Q. Let me ask you a more precise question.**

A. Okay.

**Q. So the person who made the decision that you would be paid $52,000 a year by Cotter Family Farms was Jim Cotter Senior; correct?**

A. Correct.

**Q. And who is the person or who were the persons who make the decision today as to whether you will continue to be paid 52,000 a year by Cotter Family Farms?**

A. I presume the estate that controls Cotter Family Farms.

**Q. And by "the estate," you're referring to the estate of Jim Cotter Senior; right?**

A. Yes.

**Q. And the co-executors of the estate are**

**Margaret Cotter and Ellen Cotter; correct?**

A. To my understanding, yes.

**Q. Have you had any communications with them about continuing or not continuing the work you've been doing for which you're paid $52,000 a year by Cotter Family Farms?**

A. No.

**Q. Have you ever had any conversations with either both Margaret and/or Ellen Cotter about any work you did for any Cotter Family owned or controlled entities, whether Cotter Family Farms or some other entity?**

A. Yes.

**Q. And give me the list of entities to start, please.**

A. Well, the -- there's, within the -- not the Cotter estate but outside of the Cotter estate are these captive insurance companies that are owned by -- my understanding, they're owned by a trust. And Margaret is president of that. Those insurance -- captive insurance companies, I'm CFO. There's filing, reporting, things that need to be done and administered, so I talk to Margaret about that.

**Q. What are the -- well, first of all, how**

A. Roughly?

**Q. Yes.**

MR. TAYBACK: I'm going to designate this as confidential private information under the protective order.

MR. KRUM: That's fine.

THE WITNESS: I just want to reiterate to you, I'm not comfortable with this. I will answer it.

BY MR. KRUM:

**Q. Here is what we're doing. Mr. Tayback has designated your testimony about your --**

MR. TAYBACK: Personal finances.

BY MR. KRUM:

**Q. -- personal finances as confidential. That means we handle it in a different way. It's not going to be floating around in public so you don't have to worry about that.**

A. Approximately $900,000.

**Q. And in May of last year, May of 2015, what was your approximate net worth?**

A. Approximately $900,000.

**Q. Okay. And is it correct --**

A. Maybe -- maybe it was a little more.

**Q. I understand. It's approximate.**

A. Yeah.

**Q. Is it correct, Mr. Adams, that in the last five years, the only change in your net worth that was more than, say, a $50,000 change was when you received proceeds from the sale by you to your wife of your interest in the Santa Barbara condominium?**

MR. TAYBACK: Object to the form of the question as vague and confusing.

You can answer.

THE WITNESS: Not completely. There were stock sales involved there.

BY MR. KRUM:

**Q. Okay. So let me just let you answer it with dates instead of me trying to cut through it, which didn't work.**

**So as of the time you joined -- did you tell me that? When did you join the Reading board, approximately?**

A. It was February 2014.

**Q. Okay. So at that point in time, what was your approximate net worth?**

A. When I joined the board, that would have been before the distribution on the house in Santa Barbara. Well, 900 minus 300 and change. 500,000, say.

like? What do you not like? Have you heard about this, heard about that? And we shared that. He liked that discussion. He was very interested in those kind of things. But he asked me what I was doing and said it doesn't look like you're doing very much, but we didn't talk financial --

BY MR. KRUM:

**Q. Okay.**

A. -- at all. None that I recall.

**Q. What other business dealings, if any, have you ever had with Jim Cotter Senior?**

A. He invested in my fund, GWA Capital. He invested in my fund. He was one of my first investors. I had probably eight or ten people and Jim Cotter Senior -- I told him what I was doing and he said, It sounds interesting. And I can't remember the amount he put in. I would guess half a million dollars in the fund.

**Q. Approximately when was that?**

A. The fund started in 2003, so it would be two thousand -- the fund started in December -- November 2003 so it would be like early 2004.

**Q. How much money did you raise in 2004 beyond Mr. Cotter Senior's investment?**

A. 2004, probably three and a half,

$4 million, something like that.

**Q. So somewhere in or around 2008, Mr. Cotter also took his money out of your fund?**

A. Oh, no. His money was in for a short period of time. I was working on a couple things that he thought were interesting. He got in and when those things were sold, he said, When can I get my money out?

I said, You can take your money out at the end of the quarter. So I would say he wasn't in not even a year. It was a very fortuitous investment. It worked out. For a fund starting out, the first year is important and that was a good investment for me. And Mr. Cotter asked for his money out and I redeemed him.

**Q. Okay. So what other business dealings, if any, have you ever had with Jim Cotter Senior?**

A. He's bought some real estate and that's part of the farm management payment as well, is to look after these real estate investments he made. And when he hired me and brought me aboard, he had already made -- he had already made three of them with a man named Tom Riley in Orange County. He's a developer.

Mr. Cotter told me about the real estate

investments. I told him they sounded interesting and he says, I need your help with them to oversee them. I said, I'm not a real estate guy. This isn't what I -- my strong suit, I'm sorry. He knew that. He said, I don't care. I want you to help me with them. And he said, You'll learn something. It will be fun.

And candidly, working with Mr. Cotter, even if I didn't know it, I'd learn about it along the way.

But the point is that there were real estate investments that Mr. Cotter made and three of them were made before I got there, or maybe one of them was made the week I walked in the door. I had no involvement in it. And then one was made approximately a year later.

**Q. So how were you paid or what was the compensation arrangement, if any, for you to do what you did with respect to these four real estate investments?**

A. Mr. Cotter included the thousand dollars a week from Family Farms and he said, I'm going to make you my partner, a 5 percent partner on my real estate ventures. I didn't bargain. I didn't debate. I just said, Yes, thank you.

investments. I told him they sounded interesting and he says, I need your help with them to oversee them. I said, I'm not a real estate guy. This isn't what I -- my strong suit, I'm sorry. He knew that. He said, I don't care. I want you to help me with them. And he said, You'll learn something. It will be fun.

And candidly, working with Mr. Cotter, even if I didn't know it, I'd learn about it along the way.

But the point is that there were real estate investments that Mr. Cotter made and three of them were made before I got there, or maybe one of them was made the week I walked in the door. I had no involvement in it. And then one was made approximately a year later.

**Q. So how were you paid or what was the compensation arrangement, if any, for you to do what you did with respect to these four real estate investments?**

A. Mr. Cotter included the thousand dollars a week from Family Farms and he said, I'm going to make you my partner, a 5 percent partner on my real estate ventures. I didn't bargain. I didn't debate. I just said, Yes, thank you.

2019 before the first -- according to the pro forma, before the first -- first you have to pay out Stern. And after he's paid out, then the subordinated loan can get paid out, and I think that's a 2019 economic event before that happens.

**Q. So just for the purposes of understanding how you would be paid, I'm not arguing about when it might occur.**

A. Okay.

**Q. Let me pose the question this way.**

A. Okay.

**Q. So if it were today instead of 2019 or later, the money would be paid to the entity that is owned by Mr. Cotter and Mr. Riley --**

A. Yes.

**Q. -- and then through that entity, money would go to Mr. Cotter, today his estate?**

A. Yes.

**Q. And then to you through the estate?**

A. Yes.

**Q. What was his investment in that, by the way?**

A. One point --

MR. TAYBACK: Objection; foundation; calls for speculation.

**Q. What was that period of time?**

A. 2013, 2014 or 2014, 2015.

**Q. But are there still pieces remaining to be sold?**

A. There are not but there is a clause in the agreement that says -- it's called a bonus payment. And if the developer can sell his homes, when he pro formas the sale, if he can meet his pro forma, then he's good. If he can sell the homes at a higher value, we get a lookback for a quote, bonus payment, and that's to be determined upon lookback.

**Q. Which will be when?**

A. I'm hoping the end of the year, that calculation will be made, or the first part of next year the calculation will be made. If any, if there is a bonus payment.

**Q. And the monies that you received from this investment totaled to date -- totaled approximately how much?**

A. A little under $30,000, maybe 29, 28, something like that.

**Q. And how did those monies flow to you?**

A. I believe I asked for a check to put in GWA Advisors.

**Q. Who wrote the check?**

A. I think maybe the first check, a Cotter entity did. The second check, the Tom and Jim LLC did.

**Q. With whom did you interact to --**

A. Ellen and Margaret.

**Q. I didn't finish the question.**

**So Ellen and Margaret were the persons with whom you interacted to see to it that you received your 5 percent?**

A. Yes.

**Q. Was that informally or did they have some particular capacity, such as co-executors of the estate?**

MR. SWANIS: Objection; form.

MR. TAYBACK: Join.

THE WITNESS: Well, it was formulated that there was a calculation. I mean, there's closing costs of each section and all that in the calculation. Informally, they -- they authorized it.

BY MR. KRUM:

**Q. Okay. What's the fourth piece of real estate?**

A. It's called Leander Holdings,

L-e-a-n-d-e-r. It's also in Austin, Texas and it's on the west side, the desirable side of Austin.

**Q. What's the status of that?**

A. It's being developed and we have buyers for the first part of it and it's the same sort of takedown. Developers agree to take down certain parts of it. So Tom Riley builds it, puts the gutters and power all in. They buy it and then Tom has to get the second phase ready for them. Leander, unlike Sorento, will go down in two phases and there is no lookback, no bonus payment.

**Q. How much money did Mr. Cotter invest in Leander Holdings?**

MR. TAYBACK: Objection; foundation.

You can answer.

THE WITNESS: He invested approximately $2.4 million.

BY MR. KRUM:

**Q. And so when do you expect the -- that's not right.**

**Have any payouts been made yet?**

A. No.

**Q. When do you anticipate the first payout to occur?**

A. Fourth quarter of this year, fourth

quarter next year, if there are no delays with building, et cetera, putting the roads in.

**Q. Those are the two payments, first and second, that you anticipate in the fourth quarter --**

A. I'm -- I'm not being completely accurate there. There's more one developer that's buying these lots and they're not all doing it the same day, but they're within like two months of each other. So I'd say the fourth quarter -- there's three developers. The three developers are going to close their lots. Tom has to get other lots ready for the next closing from these three guys, and their spacing isn't all in one month. It's spread out. So fourth quarter is -- kind of captures when the flow of funds would happen.

**Q. And how will those funds flow to you?**

A. I don't know. I presume just like before, I would -- we would get the closing statement, we'd look at the analysis, we'd carefully check all the numbers and make the calculation and I'd show them to Ellen and Margaret Cotter of the estate and say, How would you like the money wired in?

**Q. How much money do you anticipate**

**receiving from the Leander development?**

MR. TAYBACK: Objection; vague as to the "you." Mr. Adams personally?

MR. KRUM: Yes, thank you.

THE WITNESS: Honestly, I don't know. I can think for a minute about it. We think about two -- maybe two, so five -- in two payments, 100,000. Both payments, 50,000 each.

BY MR. KRUM:

**Q. Okay. Thanks.**

**Have you done any other business beyond what you've described today with or for Mr. Cotter Senior?**

A. None that I can think of at this time.

**Q. Have you done any other business with or for either both Ellen Cotter and/or Margaret Cotter, whether as individuals, as co-executors of the estate or in any other capacity?**

MR. TAYBACK: Other than what he's already mentioned?

BY MR. KRUM:

**Q. Other than what you've already mentioned, yeah.**

A. Other than what I already mentioned, thank you.

**time?**

A. I strongly suspected she had spoken with Ed Kane.

**Q. And had either you or Ed Kane spoken to Doug McEachern about that?**

A. I haven't, no. I don't know if Ed did.

**Q. Okay. When was the first time you spoke with Doug McEachern about either terminating Jim Junior as CEO or about a subject of -- the subject of an interim CEO?**

A. That I talked to McEachern? I would say it was maybe -- again, I can only approximately guess. Maybe two weeks before the meeting.

**Q. And you're referring to the May 18th -- May 21st meeting, it was, wasn't it?**

A. Yes. I don't know the exact date, but yeah.

**Q. So what else did Ellen say and what else did you say during this approximate hour-plus breakfast meeting?**

A. My recollection, we talked about Jim Junior and the CEO position, and Ellen, I guess, talked to other people because she was feeling that there was support for Jim Junior to be removed.

**Q. What did she say that caused you to**

**conclude she had talked to other people about Jim Junior being removed?**

A. I don't know specifically what she said. Maybe it was innuendos that she maybe talked to McEachern, maybe. But it wasn't specific.

**Q. Did you ever learn after the fact whether that was the case?**

A. Considering McEachern, when I did call him, like two weeks before the vote, he said he was on board with that. I suspect she called and talked to him. I sure didn't. So I suspect -- I suspect she did or maybe Ed Kane did. I don't know.

**Q. What else, if anything, did you discuss with Ellen Cotter at the breakfast meeting at the Peninsula in April?**

A. Nothing further that I can remember at this time.

**Q. What, if anything, did she say about why she wanted Jim Junior removed as CEO?**

A. I think she felt he wasn't doing an adequate job as CEO.

**Q. Excuse me. My question is, what did she say?**

A. What did she say about -- I'm sorry.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 53, multi-page document bearing production numbers JCOTTER014954 through 73.

(Exhibit 53 was marked for identification.)

BY MR. KRUM:

**Q. Mr. Adams, take such time as you need to review the document and familiarize yourself with it. For this document and most, if not all documents, the first question I will ask you is whether you recognize this. Tell me when you're ready to go.**

A. I recognize it.

**Q. Okay. What do you recognize it to be?**

A. A document from my divorce petition dated 2013.

**Q. I direct your attention to the third page of the document ending in production numbers 956.**

**Do you have that?**

A. Yes.

**Q. And I direct your attention to the bottom of that page, Item 11, "Assets," and Subparagraphs A, B and C beneath that.**

**Do you see that?**

A. Yes.

**Exhibit 55?**

A. Yes.

**Q. What do you recognize it to be?**

A. My D&O questionnaire dated 2015.

**Q. For RDI; correct?**

A. For RDI, yes, correct.

**Q. By the way, do you serve -- presently serve on the board of directors of any other public company?**

A. No, I don't.

**Q. Have you done so during the time you've been an RDI director?**

A. No, I don't -- no, I haven't.

**Q. I direct your attention, Mr. Adams, to the page ending in production number 298. Let me know when you have that.**

A. 298?

**Q. 8, correct.**

A. Yes.

**Q. In particular, I direct your attention to Question 11G in the middle of the page and I'm going to skip the parentheticals. It says:**

**"Do you have any other relationships that could interfere with your exercise of independent judgment carrying out the responsibilities as**

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

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

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

MR. SWANIS: Objection; form.

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

BY MR. KRUM:

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

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

she's developed real estate before in her career.

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

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

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

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

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

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

a couple-minutes' break is.

MR. KRUM: Now is fine.

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

(Recess.)

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

BY MR. KRUM:

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

A. Okay. Thank you.

(Record read as follows:

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

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

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

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

**Q. Did you vote Margaret president as well?**

A. Yes, I did.

**Q. Jim Junior did not participate; correct?**

A. My recollection is he chose not to participate.

**Q. And what did they say to you at this lunch in Beverly Hills, if anything, with regard to your ongoing interest in these real estate projects?**

A. They didn't say anything.

**Q. What else, if anything, was discussed at this lunch in Beverly Hills in August of 2014?**

A. My recollection is those were the two issues we talked about.

**Q. Other than what you've already described, Mr. Adams, in terms of your communications with Ellen and/or Margaret Cotter regarding your interest in these four real estate projects and payment of monies to you, have you had any other communications with either Ellen or Margaret Cotter about either the real estate projects generally, or particularly payments of money to you from them?**

A. I go to Austin, Texas, generally once a year and review the project and where we are and find out how the economics are, and I talk to them

about that occasionally.

**Q. Okay. Does that include talking about when -- when proceeds from the project could be expected by the Cotter estate or entity and the estate, as the case may be, and you?**

A. They have asked me that question, when the proceeds from these developments will come about. My recollection is I gave them a schedule.

**Q. A written schedule?**

A. Yeah.

**Q. When was that?**

A. Maybe 2014. Late 2014.

**Q. Have you ever had any other conversations with them beyond what you've already told us about the real estate, those four real estate ventures or payment of monies to the Cotter estate and/or you?**

A. No, none that I recall.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 58, a two-page document bearing production numbers GA00001613 and 14.

(Exhibit 58 was marked for identification.)

BY MR. KRUM:

**Q. Mr. Adams, do you recognize Exhibit 58?**

A. Yes, I do.

A. After at least two meetings that I'm aware of, he said it wasn't accomplishing very much, yes.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 61, a document bearing production numbers GA00001789 through 91.

(Exhibit 61 was marked for identification.)

BY MR. KRUM:

**Q. Mr. Adams, do you recognize Exhibit 61?**

A. Yes, I -- I recall this.

**Q. What do you recognize Exhibit 61 to be?**

A. Email from Ellen Cotter to Tim Storey, Bill Gould and myself, and it appears to be a follow-up to the exhibit you just handed me, based off of Bill Gould's rendition of his four points. This now looks like an Ellen's rendition of how she interpreted her conversations with Bill Gould.

**Q. Did you receive Exhibit 61 on or about the date it bears, October 14 --**

A. Yes.

**Q. -- 2014?**

A. Yes.

**Q. And you recognize it -- well, it's entitled, quote, Proposal For a Reconstituted**

**Reading International, Inc. Executive Committee, closed quote.**

**Do you see that?**

A. Yes.

**Q. Did you -- did you understand when you read this that by such a proposed executive committee, Ellen was proposing that each of she and Margaret report to the executive committee instead of to Jim Junior as CEO?**

A. Yes.

**Q. Did you know, prior to receiving Exhibit 61, that Ellen Cotter and Margaret desired to report to an executive committee instead of to Jim Junior?**

A. Yes.

**Q. And I don't mean to put too fine a point on this, but tell me when you first learned that and how.**

MR. TAYBACK: Object to the form of the question.

You can answer.

THE WITNESS: The two-day meeting with all three of them for hours, it was clear that what you indicated earlier, that they preferred to not report to Jim Junior.

CERTIFICATE OF REPORTER

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

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

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

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

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

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

LORI RAYE
CSR No. 7052

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

Complete caption, next page.

VIDEOTAPED DEPOSITION OF GUY ADAMS

LOS ANGELES, CALIFORNIA

FRIDAY, APRIL 29, 2016

VOLUME II

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER 305149

I'm not interested at this time. And if the lawsuits ever get settled and things calm down, please keep me in mind.

**Q. And you weren't party to that conversation?**

A. No, I was not.

**Q. Mr. McEachern reported that to you?**

A. Yes.

**Q. What else, if anything else, did you or Kane or McEachern or the three of you do before selecting Judy Codding?**

A. Other than --

**Q. This is just a wrap-up question. I don't mean to imply anything.**

A. Okay. I don't remember anything else at this time.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 68, a document bearing production numbers GA00005529 through 32.

(Exhibit 68 was marked for identification.)

MR. TAYBACK: Is this 68, is that what you said?

MR. KRUM: 68.

**Q. Mr. Adams, take whatever time you need.**

**I only have a question or two about 68.**

**Do you recognize it?**

A. Yes.

**Q. What do you recognize it to be?**

A. It's an email from me to Ellen talking about some appraisal work being done and a copy of an agreement between Jim Cotter Senior and myself.

**Q. Now, the agreement between you and Jim Cotter Senior is the document bearing production numbers ending in 5530 through 32; correct?**

A. Yes.

**Q. Is this the document you referred to yesterday when you testified to the effect that you had an agreement with Mr. Cotter that he had memorialized in a memorandum?**

A. Yes, it is.

**Q. Is there any other written agreement --**

A. Not that I know of.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 69, a two-page document bearing production numbers GA00005236 and 37.

(Exhibit 69 was marked for identification.)

BY MR. KRUM:

**Q. This, too, will be brief, Mr. Adams. Let**

THE REPORTER: Wait, this is 81.

MR. KRUM: 81? I apologize.

(Exhibit 81 was marked for identification.)

BY MR. KRUM:

**Q. Mr. Adams, do you recognize Exhibit 81?**

A. Yes.

**Q. Is that an email that you received from Mr. Kane on May 18, 2015?**

A. Yes.

**Q. Had you previously -- well, first of all, what was your understanding, if any, as to what he was referring when he says, quote, See if you can get someone else to second the motion, closed quote?**

A. To terminate Jim Junior.

**Q. Had you and Mr. Kane previously discussed that subject, meaning --**

A. Yes.

**Q. -- who's going to move and who's going to do what?**

A. Yes.

**Q. And when did you do that?**

A. May 17th or 18th is my guess.

**Q. Was anyone else privy or party to that**

**conversation?**

A. No.

**Q. Was it telephonic?**

A. Yes.

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

A. Which of us should make the motion, and I told him I would. And I asked if he would second it. And then he had a change of heart with this email. He was very emotionally distraught with this, and even in here he alludes to possibly abstaining. So he -- he -- this is on May 18th. He was very distressed about it.

**Q. Did you have an understanding as to why he might want to abstain?**

A. His relationship with the three Cotter siblings and his prior relationship with Jim Cotter Senior.

**Q. So that's what you understood him to be referring when he said, quote, It's personal and goes back 51 years, closed quote?**

A. Exactly.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 82, a one-page document bearing production number GA00005501.

///

(Exhibit 82 was marked for identification.)

THE WITNESS: Yes, I remember this.

BY MR. KRUM:

**Q. You recognize Exhibit 82?**

A. Yes.

**Q. This is an email exchange you had with Mr. Kane on May 18 and 19?**

A. Yes.

**Q. During the telephone conversation you had with him on May -- Sunday or Monday, May 17 or 18, did the two of you discuss other motions?**

A. Evidently not.

**Q. What was your understanding as of the date of -- as of May 18 and 19, what the other motions were or might be?**

A. Well, there were like two other motions. One was the removal of Jim Junior as CEO and president. Another motion -- there were three motions. One of them was to -- if you remove the CEO, you have to appoint an interim CEO. And there was a third motion which, I apologize, for the life of me, I can't remember what it is. There must be a board agenda or something with those items.

**Q. The subject of interim CEO, where did**

**that stand as of May 19th?**

A. Ellen, Margaret and Ed and Doug McEachern were of the opinion, yes, on an interim basis.

**Q. Yes what?**

A. Yes to Guy Adams being the interim CEO on a short-term basis.

**Q. What about Ed Kane?**

A. As interim?

**Q. Okay. I'm sorry.**

**So how did you know that each of Ellen, Margaret, Ed Kane and Doug McEachern were agreeable to you being appointed CEO on an interim -- interim CEO or a short-term basis?**

MR. TAYBACK: Objection to the extent it's asked and answered.

You can answer.

THE WITNESS: My recollection -- and I can't remember if it was Ellen or Ed Kane -- one of them told me and I followed up with a phone call to Doug McEachern to confirm it. So that's how I knew.

BY MR. KRUM:

**Q. Okay. When did you have the follow-up phone call with Doug McEachern?**

A. Help me -- what was the date of the meeting, that meeting? We're up to May 19. What

A. No.

**Q. Did you have a practice of sitting down and chatting with Ellen when you were in the office?**

A. Yes, when she'd come in my office.

**Q. So directing your attention to those three or four conversations when you were in RDI's offices and you spoke to Ellen about the status of the CEO search, doing them sequentially, if you're able to do so, who said what in the first conversation?**

A. That's a real test of my memory but I'll try.

I remember when she was -- we talked about how we were paying for it and there was like a psychological profile they would do in addition. Since we weren't hiring the real estate guy, there was some things about the financial arrangement there. And she told me about that. That was one conversation, probably one of the earlier ones.

Then the -- I had another conversation with her about the candidates that were -- the résumés that were coming in, and she commented to me about the, quote, Some of them want more than a million dollars.

And then maybe the third conversation we had about it was, I'm not on the committee, it's not my business, but I gave her my thoughts about it, as I mentioned yesterday in my testimony, that the only concern I had was the person we get would be with us for a while and not just looking to make a notch on his belt, come aboard -- for example, come aboard, stay for a year or two, sell an asset, do something to jazz the stock up and then he would leave and go to a bigger company; we'd be his training ground.

And I just suggested to her that she look for a candidate who would have longevity of these candidates that she was looking at. When I had that conversation, I had no notion she was putting her name in the hat at the time. That was the last conversation I had with her.

I'm sorry. Then a period of time, which I don't remember, went by and she says, You know, I'm looking at these people and I think I can do the job. I want to put my name in the hat.

I said, Well, you can't be on the committee if you do that. She says, Yeah, I'm going to resign. I said, Okay, it's up to the committee.

**Q. I'm asking you how you recall that, from a conversation with Ellen or --**

A. A conversation, yes.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 85, a two-page document bearing production numbers GA00005544 and 45.

(Exhibit 85 was marked for identification.)

BY MR. KRUM:

**Q. Mr. Adams, you'll see Exhibit 85 is a copy of an email chain, parts of which you've reviewed today.**

A. Yes.

**Q. The only part you haven't seen, at least from me today, is your email on the first page, that is, the May 19th email to Mr. Adams.**

**So with that by way of explanation, take whatever time you need to review Exhibit 85 and let me know when you've done so to your satisfaction.**

A. Yes, I remember this.

**Q. Okay. Is the email dated May 19th, from you to Mr. Kane on the first page of Exhibit 85, an email you sent on that date?**

A. Yes.

**Q. Why did you send it?**

A. Yes.

**Q. Approximately when was that?**

A. May I ask for clarification? When you say brought to Reading, I worked for Mr. Cotter individually and then I got on the board. When you say I came to Reading, you mean from the time I came on the board or do you mean when I first started working for Mr. Cotter?

**Q. When did you have your first introduction to Reading? That would be a better way to ask it. There was a time when you were conversing with Mr. Cotter about Reading, working for Mr. Cotter, talking about Reading and hadn't yet come onto the board. I mean, when was that?**

A. I worked directly for Mr. Cotter in 1988, '89, and Reading was one of his companies as was Citadel Holdings and Craig Corporation.

**Q. So --**

A. So I knew of Reading then. I mean, that's the only point I want to make. I knew them way back in the day.

**Q. Then coming forward to 2013 or 2014 --**

A. Yes.

**Q. -- briefly describe how you came onto the board at Reading.**

CERTIFICATE OF REPORTER

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

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

That I reported the taking of the deposition of the witness, GUY ADAMS, commencing on Friday, April 29, 2016 at 9:10 a.m.;

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

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

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

LORI RAYE
CSR No. 7052

# EXHIBIT 10

DISTRICT COURT

CLARK COUNTY, NEVADA

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

DEPOSITION OF: EDWARD KANE

TAKEN ON: MAY 2, 2016

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

In 1987 at the request of James Cotter, Sr., I became president of Craig Corporation. And I remained president of Craig Corporation -- I can't -- don't know how long that was.

I -- at the same time but later on I became president of Reading, which was a separate company before it was merged into Craig Corporation.

From time to time I had -- I had resigned -- I must have resigned from Craig or Reading at least three or four times.

I took a position -- the first time I resigned I was offered a position as chairman and C.E.O. of an outpatient surgery center company, ASMG Outpatient Services. They had three outpatient centers in San Diego area. And while I was there I obtained a contract to do the outpatient services in a hospital in Palm Springs.

At the request of the company I sold that -- the shareholders, I sold that to a company that later became Health South.

I also became a -- tough to describe, but I was a non-director/director of an 800-person independent practice association, 800 physicians.

I say "non-director/director" because since I wasn't a physician, I couldn't be a director

of the company, but I was treated as such and paid as such and went to the weekly executive committee meetings and also monthly board meetings of that company. It was called Sharp Community Medical Group.

In 2000 -- god, I can't remember the date. I think it was 2004 Mr. Cotter called me and asked me to come back on the board of what was now Reading. And I did that.

I also during all this period of time taught tax, various tax courses, at local law schools here.

Starting probably around 1969 I taught -- taught some tax courses at University of San Diego. And then I taught almost every year at least one course at California Western School of Law, various tax courses, partnership tax, corporate tax, individual income tax. And thought about teaching full time, but I didn't.

And I also taught -- my most recent teaching position was at Thomas Jefferson School of Law. I taught income tax courses there for two years. And I think the last time was about three or four years ago.

**Q. Are you done, sir?**

We were too good friends to let that thing fester too long.

**Q. Mr. Kane, does the name "Citadel" mean anything to you?**

A. Oh, sure.

**Q. Tell us --**

A. Citadel, that was the holding company for Fidelity Federal Savings and loan.

**Q. And did you have positions with Citadel, Fidelity or both?**

A. Yes.

**Q. How did that come to pass?**

A. Well, Mr. Cotter had bought stock, and together -- I say "together," I shouldn't use that word.

But he had been introduced to it by a fellow named Fred Rovin who had a position in the -- in the company. And I think he persuaded Mr. Cotter to have Craig or Reading -- I forget who was involved at the time -- to take a position in it.

And so it got to the point where Mr. Cotter was -- and Mr. Rovin both had enough stock to appoint directors to the board. Mr. Rovin appointed his brother and a lawyer and Mr. Cotter got Ralph Perry, who was a lawyer, and myself on the

and it became in- -- difficult.

And so the regulators came down and they suggested that I leave, and I did.

**Q. When did you first meet Jim Cotter, Sr.?**

A. He was in the master's of tax program with me in 1963. So I met him in the fall of 1963.

**Q. When did you and he become friends?**

A. Very shortly thereafter. We found that we had similar backgrounds even though we don't -- didn't have similar religions.

But we were both middle class, lower middle class. We lived in that neighborhood. We didn't have any money when we went to college or law school.

And we just -- just became fast friends.

He was the first person I invited to my house for dinner.

I was married. I had gotten married in the summer of '63. And we started socializing with he and his, I guess, fiance, Mary Ellen Cotter, went to the World's Fair with them, because Mary was working for American Airlines, could get us free tickets.

And then I got the position with Donovan Leisure. And he joined the -- the IRS as a trial

And he called me up and said, "The partnership is over because Bill Foreman has offered me four times what I'm making here to come in."

And so I said "Okay."

And I left Gray, Cary and joined with these other guys who -- they were from back east and fine lawyers. It was a very small firm. But four of them became Superior Court judges and one of them became a Court of Appeals judge.

**Q. Let me interject a question, Mr. Kane.**

A. Sure.

**Q. I thought you said something to the effect that he said the partnership was over.**

**To what were you referring there?**

A. Our -- our dream of becoming partners in a law firm, he and I. That was over.

**Q. Okay. I'm sorry. Please continue.**

A. Sure. So I joined the firm as equal partner.

And I guess I've covered the rest of it except that Jim and I had a very close relationship, even then. And he called me up, and he had a tax problem at Pacific Theatres, a personal tax problem. And he said there are some -- "We have some theaters up in the Fresno area and we could -- maybe we

**Q. Do your children know the three Cotter children?**

A. I -- I think they do, yes. Yes.

**Q. Do any of Ellen Cotter, Margaret Cotter or Jim Cotter call you Uncle Ed?**

A. All of them, including their mother and their father.

**Q. But for the three kids, has that been how they've addressed you since they were able to speak?**

MR. SEARCY: Objection. Vague.

THE WITNESS: I think that's true. And they still do except for Mr. Cotter, Jr. He stopped calling me Uncle Ed when he was terminated.

BY MR. KRUM:

**Q. In your decision-making with respect to any or all of the three Cotter children since the passing of Jim Cotter, Sr., have you attempted to do what you thought he would have wanted you to do?**

MR. SEARCY: Objection. Vague and lacks foundation.

THE WITNESS: What I do does not take into account The Cotter children.

I'm a director of this company. And I do what I think is in the best interest of the

**issues within the family are resolved and all litigation pending or proposed is terminated, there should be no Cotter increases."**

**You see that?**

A. Yes.

**Q. When you refer to "all issues within the family," to what were you referring?**

A. I can't recall. I see "litigation" there. That was one thing. But I can't recall what the other issues were at the time.

**Q. Well, one of the issues was the lack of agreement regarding whether Margaret or Jim and Margaret would be the trustees of the voting trust, correct?**

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: Well, that's litigation in my mind.

BY MR. KRUM:

**Q. Okay. So let me ask a different question.**

**Were you referring to the disputes or, as the case may be, litigation involving the question of whether it would be Margaret Cotter,**

lacks foundation.

THE WITNESS: I didn't -- I don't recall that part of the -- of the meeting after we were -- ended.

BY MR. KRUM:

**Q. Do you recall that the -- that that evening there was a conference call during which Ellen Cotter reported that she and Margaret on one hand and Jim Cotter, Jr., on the other hand had reached a tentative settlement that resolved the trust and estate litigation and disputes between them and included certain items relating to the governance of RDI?**

MR. SEARCY: Objection. Vague.

THE WITNESS: I recall a phone call or something saying they had reached an agreement. I don't recall what they had reached or what it involved, but an agreement whereby they would work together going forward.

BY MR. KRUM:

**Q. And do you recall that as a result of that, the vote to terminate Jim Cotter, Jr., as president and C.E.O. was not had?**

A. Correct, it was not had then.

**Q. And do you recall that a week or ten**

**days later when no agreement between Ellen and Margaret Cotter on one hand and Jim Cotter, Jr., on the other had come to pass or into existence that the supposed board meeting was reconvened on June 12, comma -- June 12, 2015 and that the vote was had and he was terminated as president and C.E.O.?**

A. Yes.

MR. SEARCY: Objection. Vague, assumes facts.

THE WITNESS: I recall that, yes.

BY MR. KRUM:

**Q. And did you ever communications with Ellen or Margaret Cotter during the course of these supposed board meetings regarding whether a settlement of any sort had been reached with Jim Cotter, Jr.?**

MR. SEARCY: Objection. Argumentative.

THE WITNESS: I may have.

BY MR. KRUM:

**Q. What's your best recollection about what you communicated with them and what they communicated to you?**

A. I can't recall directly. My communications by that time were all with Jim

Cotter, Jr.

But I know there were other emails.

**Q. And what communications did you have with Jim Cotter, Jr., regarding a resolution with his sisters during the time frame commencing with the supposed board meeting of May 20, 2015, through the supposed board meeting of June 12, 2015?**

MR. SEARCY: Objection. Argumentative.

THE WITNESS: I was told that -- and it may have been by one of the Cotter sisters, that -- and in fact at a meeting, one of the last meetings we had, my recollection is Bill Gould suggested that Jim take the title of president, giving up the C.E.O. He refused.

Then Margaret Cotter -- and that may have been the May 29th -- said, "No. Keep the title of C.E.O., and we'll have a committee, executive committee, Margaret, Ellen, Jimmy" -- and initially they said Guy Adams -- and he would keep the title because it was important to him.

And I communicated with him. He -- usually my communications were not me advising. It was him asking my advice or they'd ask my advice. I didn't want to lecture them and tell them what to do.

I -- I said to him at one point, "Take it. You have nothing to lose. You're going to get terminated if you don't. If you can work it out with your sisters, it will go on and I will support you. I'll even make a motion to see if the company will reimburse the legal fees."

I did not want him to go.

And you, I'm sure, see emails in there to that effect. Even though I voted -- was voting against him, I wanted him to stay as C.E.O.

BY MR. KRUM:

**Q. If you wanted him to stay as C.E.O. --**

A. Right.

**Q. -- why did you vote against him?**

A. Because I wanted him to stay as C.E.O., working with his sisters who were work -- willing to work with him for the benefit of the company.

And to me it was a wonderful solution, and it had no adverse impact. If it didn't work out, then we would deal with it. But he would work with them and -- as an executive committee.

He told me that he didn't want Guy Adams on there. And I told him, "I'll do my best to make sure that he isn't on that; just you and your sisters."

And if they could work together, that's all we wanted.

**Q. Are you drawing a distinction, Mr. Kane, between Ellen and Margaret working with Jim Cotter, Jr., as distinct from working for him?**

MR. SEARCY: Objection. Vague.

THE WITNESS: I don't think I ever made that distinction, but I think he would glean and learn a lot working with them.

After all they were the operating executives of this company.

BY MR. KRUM:

**Q. And did you understand that -- strike that.**

**But that resolution did not come to pass because Jim Cotter, Jr., rejected it, correct?**

MR. SEARCY: Objection. Vague.

THE WITNESS: He rejected it, yes.

(Whereupon Ms. Bannett left the deposition proceedings at this time.)

BY MR. KRUM:

**Q. And he got himself terminated, right?**

MR. SEARCY: Objection. Vague.

THE WITNESS: Yes.

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

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

IN WITNESS WHEREOF, I have subscribed my name this 4th day of May, 2016.

PATRICIA L. HUBBARD, CSR #3400

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF EDWARD KANE

TAKEN ON MAY 3, 2016

VOLUME 2

Job no. 305191

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

**So, directing your attention to the period of time from September 2015 through June -- excuse me. Let's start that again.**

**Directing your attention, Mr. Kane, to the period of time from September 2014 through June 2015, do you recall that you and some, if not all, of the other four non-Cotter directors devoted substantial time to attempting to enable or encourage the three Cotter siblings to work together professionally and politely?**

A. Yes.

MR. SEARCY: Objection. Vague.

THE WITNESS: Oh, sorry.

MR. SEARCY: That's all right.

BY MR. KRUM:

**Q. Is it correct to say in your view, Mr. Kane, that those efforts were largely unsuccessful?**

A. Yes.

**Q. With respect to your understanding as to the matters in dispute between Jim Cotter, Jr., on one hand and either or both Ellen and Margaret Cotter on the other hand, did you understand that one of the issues in dispute was who would control the -- the trust that held class B voting stock;**

**that is, RDI class B voting stock?**

MR. SEARCY: Objection. Vague.

THE WITNESS: Yes.

BY MR. KRUM:

**Q. You understood that there was a 2000 -- a so-called 2013 amendment to the trust documentation of James Cotter, Sr., that provided that Margaret Cotter would be the sole trustee of the trust that held and voted the class B RDI voting stock, right?**

A. Correct.

**Q. You also understood that the so-called 2014 amendment to the trust documentation of James Cotter, Sr., provided that Margaret Cotter and Jim Cotter, Jr., would in some manner, whether jointly or alternatively, vote the RDI class B voting stock, right?**

A. Correct.

**Q. Was there a point in time, Mr. Kane, when you concluded that that dispute needed to be resolved in order for the siblings, meaning Jim Cotter, Jr., on one hand and Ellen and Margaret Cotter on the other hand, to get along and work together?**

MR. SEARCY: Objection. Vague.

foundation.

BY MR. KRUM:

**Q. Was it your understanding that he did intend for Margaret to become an employee of RDI?**

A. I had no understanding either way.

**Q. Now, directing your attention, Mr. Kane, to your prior testimony regarding Margaret being the sole trustee of the voting trust under the 2013 amendment and something to the effect that that was part of Jim Cotter, Sr.'s plan to cause the Cotter children to work together, in that context, learning whatever you learned about the 2013 amendment, did you have any understanding as to what Jim Cotter, Sr.'s intentions regarding whether Margaret Cotter would become an employee of RDI?**

MR. SEARCY: Objection. Vague.

THE WITNESS: I had no understanding.

BY MR. KRUM:

**Q. Now, I'm not going to sum up again your prior testimony. I'm just going to refer you to the subject matter.**

**Referring you, Mr. Kane, to your testimony about your understanding as to why in the 2013 amendment Margaret had been designated as trustee of the voting trust, how did you come to**

**have that understanding?**

A. Mr. Cotter informed me. In one of our conversations he said he was making Margaret the trustee of the voting stock.

And I asked him why. And he told me -- and it's right in my brain, it's imprinted on it -- that "that will force them to work together."

That's a quote.

**Q. What else did you say or what else did he say in that conversation about either the trust documentation or The Cotter children working together?**

A. Excuse me. Repeat that, please.

**Q. What else did he say, if anything, during that conversation about the trust documentation?**

A. Nothing that I can recall.

**Q. What else, if anything, did he say during that conversation about prompting or forcing the three -- his three Cotter children to work together?**

A. He didn't need to say anything. I knew what he was talking about.

**Q. What was your understanding at the time?**

A. Understanding was that their diverse

personalities, and there had been some incidents -- I call incidents, nothing specific or difficult -- at board meetings that I thought it was a good idea to make Margaret, given the background -- I was surprised, but I thought it was a good idea that he make Margaret the sole trustee.

**Q. Were you present for what you have called incidents at board meetings?**

A. Yes.

**Q. To what are you referring?**

A. When we had board meetings Mr. -- excuse me. Get a little water.

Margaret and Ellen Cotter would give reports. Jim Cotter, Jr., was not the president at that time, and he would always have questions for them. It appeared to me that he would have questions that he was seeking to embarrass them before the other directors.

And he asked questions that he knew the answer to, because he was being paid to run a weekly executive committee meeting.

But it was like brother/sister fighting. He knew the answer and there was no reason to ask those questions.

And that's about the only input he ever

**have wanted?**

A. I think I knew better than anybody what he would have wanted. I've known him for -- I knew him for 50 years.

We would have regular meetings in Laguna just the two of us, talk over strategy, talk over his children, talk over all issues.

And it was reflected in his comment to me that he was giving Margaret the voting power to force them to work together.

So, I knew that's what he wanted.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 111 a two-page document bearing production number 5488 and 89.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 111 by the Certified Shorthand Reporter and is attached hereto.)

THE WITNESS: (Indicating.)

MR. SEARCY: That's for the court reporter.

THE WITNESS: Oh.

BY MR. KRUM:

**Q. Do you recognize Exhibit 111?**

A. That and the fact that he made Margaret the trustee of the voting stock and told me it was to force them to work together.

**Q. You understood, by the way, sir, that the 2014 amendment made Margaret and Jim, Jr., co-trustees of the voting trust, right?**

A. It purports to do that, yes.

**Q. When you say "it purports to do that," I'm not asking whether you agree with it. I'm asking if you understood what it provides by its terms --**

A. I know --

**Q. Let's not speak over each other. Let me ask the question and then you can respond.**

**You understand, Mr. Kane, that the so-called 2014 amendment by its terms makes Margaret Cotter and Jim Cotter, Jr., the co-trustees of the voting trust that would vote the RDI class B voting stock, right?**

A. Yes.

**Q. You also understand that that documentation provides that if they -- to the effect that if Margaret and Jim, Jr., cannot agree, they will each be the trustee in alternating years?**

A. Yes.

**Q. Now, we began to talk over each other. Were you about to tell me something about whether you thought the 2014 amendment reflected what you understand to be Jim Cotter, Sr.'s wishes?**

MR. SEARCY: Objection. Vague.

THE WITNESS: That's what the Court will decide.

I don't -- I try to stay out of that. I have my own opinion, but I don't have all the facts.

BY MR. KRUM:

**Q. What's the basis for your opinion? The conversation that you described to us already?**

A. Yes.

**Q. Anything else?**

A. 50 years of friendship. And so I think I knew him in some respects better than any member of his family.

**Q. Okay. And your opinion is that based on the facts you have --**

A. Yes.

**Q. -- and not considering the facts you acknowledge you do not have --**

A. I don't know if there are any.

**Q. Right. But based on the facts you have, you think it's the 2013 amendment that reflects Jim Cotter, Sr.'s wishes?**

A. Yes.

**Q. So, returning to your May 9, 2015 email that's part of Exhibit 111, it continues where we left off with the words, quote,**

**"Second, because it is in the best interest of the company," close quote.**

**You see that?**

A. Yes.

**Q. And are you referring there to what you've described earlier in terms of how important you thought it was Jim Cotter, Jr., succeed at repairing his relationship with Ellen and Margaret Cotter?**

MR. SEARCY: Objection. Vague.

THE WITNESS: Of course it would be in the best interest of the company if they were working together.

BY MR. KRUM:

**Q. Continuing on, Mr. Kane, the text in that same paragraph of Exhibit 111 says,**

**"Third, because it will safeguard**

I think it would be naive to think he wouldn't know that. Why else would it be on there? It's clear on its face.

**Q. I apologize if I asked you this. Had you had any conversations with Tim Storey prior to the supposed May 21 board meeting regarding the possible termination of Jim Cotter, Jr., as president and C.E.O.?**

A. I can't recall any, but I may have.

**Q. Well, as you sit here today, Mr. Kane, what's your best recollection as to whether you did?**

A. I don't have any recollection.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 116 a two-page document bearing production numbers GA5417 and 18.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 116 by the Certified Shorthand Reporter and is attached hereto.)

BY MR. KRUM:

**Q. Do you recognize Exhibit 116?**

A. Yes, I do.

**Q. This is an email from Tim Storey to you and Bill Gould and a copied to the other RDI**

**directors on May 19, 2015, correct?**

A. Correct.

**Q. Did you receive it on or about the date it bears, May 19?**

A. I would assume so.

**Q. Do you see in the third paragraph that begins, "my understanding," Mr. Storey recites his understanding as to what he thought was going to happen at the meeting scheduled for the coming Thursday?**

A. I see what he says his understanding is.

**Q. Did you ever tell him whether by way of email response or otherwise that his understanding as stated in that paragraph was mistaken?**

MR. SEARCY: Objection. Assumes facts, vague.

THE WITNESS: I don't -- I don't -- I don't have any recollection of telling him one thing or the other.

BY MR. KRUM:

**Q. In the next paragraph do you see that there's a sentence that reads in part, quote,**

**"I have just seen the agenda for the meeting, and that simply has an agenda item captioned" -- sub**

A. I had no recollection of that.

**Q. What steps, if any, did you take to review that issue and determine whether or not that in fact had been determined and/or communicated to Jim Cotter, Jr.?**

MR. SEARCY: Objection. Assumes facts, calls for speculation, it's also vague.

THE WITNESS: I don't recall any at that time.

BY MR. KRUM:

**Q. I direct your attention, Mr. Kane, back to Exhibit 115 that you should have in front of you. Do you have it, sir?**

A. 116 or 115?

**Q. 115.**

THE WITNESS: Is this 115 or 175?

THE REPORTER: 115.

THE WITNESS: 115. Okay.

BY MR. KRUM:

**Q. I direct your attention, Mr. Kane, to the email from Bill Gould -- strike that. We're not going to bother with that.**

MR. KRUM: I'll ask the court reporter to mark as Exhibit 117 a multi-page document bearing production numbers TS69 through 71.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 117 by the Certified Shorthand Reporter and is attached hereto.)

BY MR. KRUM:

**Q. Mr. Kane, the court reporter has provided you what has been marked as Exhibit 117.**

A. Uh-huh.

**Q. I will represent to you, sir, that this is a continuation of the email chain that was marked Exhibit 115 and that the new items, meaning the difference between 117 and 115, are the two emails at the top of 117.**

**And I'm going to ask you, sir, about your May 19 email to Mr. Gould that begins "As of now."**

**Let me know when you've reviewed that to your satisfaction.**

A. Yes.

**Q. Okay. Do you recognize Exhibit 117?**

A. Yes.

**Q. Is this a series of emails including an email from you to Bill Gould on --**

A. Yes.

**Q. -- May 19?**

A. Yes.

MR. SEARCY: Let him finish his question before you answer.

Okay.

THE WITNESS: Okay.

BY MR. KRUM:

**Q. I direct your attention, Mr. Kane, to the first sentence of Exhibit 117. It reads, quote,**

**"As of now and after your astonishing and ridiculous assertion that Margaret cost this company $20 million, I see no reason to meet," period, close quote.**

**Do you see that?**

A. Yes.

**Q. What -- to what are you referring by that sentence?**

A. My recollection is that he did some kind of analysis for the loss of the revenue we earned from Stomp, and he extrapolated it into 10 or 20 -- I don't remember -- times what we were earning every year, under the assumption that it was Margaret's fault that the Stomp people were going -- were going

I don't remember the dates of those at this particular point.

**Q. Do you recall hearing, learning or being told that Ellen and Margaret Cotter had delivered a proposal or had their counsel deliver a proposal to Jim Cotter, Jr., to resolve, among other things, the disputes raised in the California trust and estate litigation?**

MR. SEARCY: Objection. Vague and lacks foundation.

THE WITNESS: I didn't -- I don't recall that they ever provided the specifics.

I do recall Ellen saying they had settled issues. I don't know to the extent they were settled. She thought there had been a resolution.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 118 a multi-page document bearing EK396 through 398.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 118 by the Certified Shorthand Reporter and is attached hereto.)

///

BY MR. KRUM:

**Q. Mr. Kane, do you recognize Exhibit 118?**

A. Yes, I do.

**Q. And Exhibit 118 is an email exchange between Jim Cotter, Jr., and you on May 27 and 28, 2015, correct?**

A. Yes.

**Q. The first email on the second page of Exhibit 118 is an email from Jim Cotter, Jr., to you on May 27 in which he recites points of a proposal he had made to Margaret Cotter the evening before, right?**

A. That's what it says.

**Q. Okay. Did you ever discuss with him or Margaret or anybody else the proposal he recited in this email?**

A. No. Not to my knowledge.

**Q. And then at the bottom of page one and the top of the second page of Exhibit 118 is your email response, correct?**

A. Yes.

**Q. The first sentence reads, quote,**

**"Ellen is going to present you with a global plan to end the litigation and move the company forward,"**

**close quote.**

**Do you see that? At the top --**

A. Yes.

**Q. -- of the second page?**

A. Yes, I do.

**Q. How did you know that?**

A. I probably had a telephone call with her.

**Q. What did she say; what did you say?**

A. I don't recall what I said, but she must have told me that she's going to give him a proposal.

I didn't care to hear it.

**Q. The next sentence -- in the next sentence you wrote, quote,**

**"If you agree to it, you, Ellen, Margaret" --**

**Strike that. Let me try it again.**

**Quote,**

**"If you agree to it, you, Ellen and Margaret will work in a collaborative manner and you will retain your title," close quote.**

**You see that?**

A. Yes.

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

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

IN WITNESS WHEREOF, I have subscribed my name this 10th day of May, 2016.

PATRICIA L. HUBBARD, CSR #3400

# EXHIBIT 11

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF EDWARD KANE

TAKEN ON JUNE 9, 2016

VOLUME 3

Job No.: 315759

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

**email on the first page of Exhibit 305, there's a sentence that carries onto the next to last line that reads as follows, quote,**

**"I truly believe that your sisters are at the end of their rope, if not their sanity, as a result of this. So the best thing you can do is accept and move on," close quote.**

**Do you see that?**

A. Yes.

**Q. What did you mean when you said "at the end of their rope, if not their sanity"?**

A. I didn't know the particulars, but -- of the agreement, but I think -- I seem to recall that Ellen told me that they -- they had made concessions to him, and every time they did he would ask for more, and this was the end, words to that effect.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 306 --

MR. SEARCY: So, Mark, we're coming up on our 20-minute mark.

MR. KRUM: This is the last exhibit. So let me go through this, and then we'll -- then we'll talk, if you don't mind.

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

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

THE WITNESS: Yes.

BY MR. KRUM:

**Q. Do you recognize Exhibit 0306?**

A. Yes, I do.

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

A. Yes.

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

A. Yes.

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

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

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

A. Yes.

**Q. -- the class B voting stock?**

A. Yes.

**Q. Do you recall how you learned that?**

A. I don't.

**Q. And the next sentence reads, quote,**

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

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

A. Yes.

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

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

**Do you see that?**

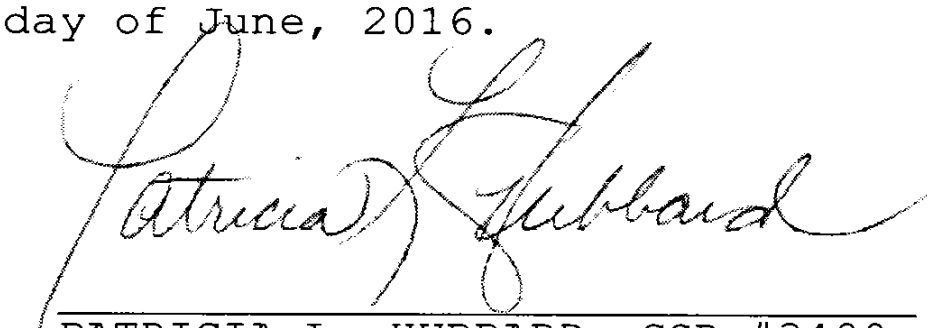
A. Yes.

**Q. Why did you say that?**

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

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

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



PATRICIA L. HUBBARD, CSR #3400

# EXHIBIT 12

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF DOUGLAS McEACHERN

TAKEN ON MAY 6, 2016

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

**your testimony is that you do not recall?**

A. Correct. And by the way, what I do recall is this was a unanimous vote of the board of directors to purchase D and O insurance.

MR. KRUM: Does someone know our next number?

(Off-the-record discussion.)

MR. KRUM: So I'll ask the court reporter to mark as Exhibit 119 a multi-page document bearing production numbers GA5325 through 35.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 119 by the Certified Shorthand Reporter and is attached hereto.)

BY MR. KRUM:

**Q. Mr. McEachern, take such time as you need to review Exhibit 119 and let me know when you're ready to speak about it.**

A. Okay. Yep.

**Q. Do you recognize Exhibit 119?**

A. It -- they are minutes of a January 2015 board minute -- meeting.

**Q. Direct your attention, Mr. McEachern, to**

**the text on the first page of Exhibit 119.**

**Between the two largest redacted stamps it begins,**

**"Mr. McEachern moved the board to approve the purchase of a directors and officers insurance policy," so forth and so on.**

**Do you see that?**

A. Yes, I do.

**Q. Is that correct, that you were the person who made that motion?**

A. It says it. And I presume so, yes.

**Q. But do you recall whether you did?**

A. No, I don't. But it says I did.

**Q. Okay. Does that refresh your recollection about whether you had a particular interest in D and O insurance?**

MR. SEARCY: Objection. Vague.

THE WITNESS: No. I merely moved a motion to approve the purchase.

BY MR. KRUM:

**Q. Is the fact that you moved the motion an indication of nothing more than that you thought the discussion was ready to be voted?**

A. That is correct.

**Q. Is that generally the case?**

A. Yes.

**Q. And of course that you supported it, right, whatever the -- whatever it was?**

A. Yes.

**Q. Take a look at the second page of Exhibit 119.**

**You'll see about three quarters of the way down the page there's a sub head that reads "director option grants."**

**Do you see that?**

A. Yes, I do.

**Q. Do you see in the next to last line it indicates that you seconded that motion?**

**You don't recall -- do you see that?**

A. Yes.

**Q. You don't recall doing that, do you?**

A. No, I don't.

**Q. Okay. And that doesn't indicate anything more than you supported it and were prepared to have a vote?**

A. Yes.

**Q. I direct your attention to the top of the third page of Exhibit 119.**

**You see that it's entitled "shareholder**

**meeting"?**

A. Yes.

**Q. You see it talks about Ellen Cotter noting that the shareholder meeting would be scheduled for May or June?**

A. Yes, I do.

**Q. And you recall that the shareholder meeting actually did not occur until in or about November of 2015, correct?**

A. I know that it was later in the year, yes.

**Q. When was the first time you heard or learned or were told that the RDI 2015 annual shareholders meeting would not occur in May or June 2015?**

A. I do not remember.

**Q. Do you remember any particular circumstances that account for why that did not occur?**

MR. SEARCY: Objection. Vague, lacks foundation.

THE WITNESS: No, I do not.

BY MR. KRUM:

**Q. Did you ever hear or learn or were you ever told why the meeting was not going to proceed**

**in May or June of 2015?**

A. Not that I recall.

**Q. I direct your attention to the next sub head on the third page of Exhibit 119. It's entitled "delegated authority."**

**Do you see that?**

A. Yes, I do.

**Q. You see that the second paragraph beneath that reads,**

**"The board discussed this proposed delegation of authority and asked a few questions, which Mr. Cotter answered to their satisfaction."**

**Do you see that?**

A. Yes, I do.

**Q. And of course if you want to review the prior paragraph to which it refers, let me know, but do you recall there being a discussion at a board meeting with respect to the scope of the C.E.O.'s delegated authority and that following the discussion the board approved what Mr. Cotter had proposed?**

MR. SEARCY: Objection. Vague.

THE WITNESS: I remember a discussion. I remember that what we ended up with is not what

deemed to incorporate any changes of which the parties have been properly notified pursuant to the stipulation.

So that's the typical --

MR. SEARCY: All right. That sounds good to me.

MR. NATION: Okay.

VIDEOTAPE OPERATOR: All right. And the this concludes the deposition -- this concludes the deposition of Mr. Douglas McEachern on May 6, 2016, which consists of five media files.

The original media files will be retained by Hutchings Litigation Services.

Off the video record at 5:54 P.M.

(Whereupon at 5:54 P.M. the deposition proceedings were concluded.)

* * *

# EXHIBIT 13

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Superior Court of California
County of Los Angeles
FEB 05 2015
Sherri R. Carter, Executive Officer/Clerk
By: Betzaida F. Mendez, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES, CENTRAL DISTRICT

In re

**JAMES J. COTTER LIVING TRUST dated August 1, 2000**

CASE NO. BP BP159755

**PETITION FOR ORDER DETERMINING VALIDITY OF TRUST AMENDMENT AND FORGIVENESS OF LOAN**
[Prob. C. § 17200(b)(1), (3)]

Date: APR 10 2015
Time: 8:30 AM
Dept: 9

Petitioners Ann Margaret Cotter ("Margaret") and Ellen Cotter ("Ellen") (collectively "Petitioners") petition this Court for an Order determining the validity of a trust amendment and forgiveness of a loan, and allege as follows.

**JURISDICTION AND VENUE**

1. The Court has jurisdiction over this matter under Prob. C. §17000 (a) and (b).

2. Venue is properly in Los Angeles County under Prob. C. §17005 as the principal place of administration of the trust is Los Angeles County.

**PARTIES**

3. Petitioners are the daughters of James J. Cotter, Sr. ("James Sr."). James Sr. passed away on September 13, 2014. James Sr. was a resident of Nevada at his death.

4. In addition to Petitioners, James Sr. is survived by his son, James J. Cotter, Jr. ("JR").

**BACKGROUND FACTS**

5. James Sr. was the former Chief Executive Officer, Chairman of the Board and the controlling shareholder of Reading International Inc. ("RDI") and held numerous real estate investments including, in particular, citrus farm operations in Fresno and Tulare Counties. RDI is a publicly-traded company with two classes of stock; James Sr. controlled over 70% of the voting shares and also owned a significant amount of non-voting stock. Petitioner Ellen, RDI's Chief Operating Officer (for US cinemas), has been an executive at RDI for over 17 years. In March 2013, Ellen was appointed to the Board of Directors of RDI. Petitioner Margaret, who has been a long-time Board member of RDI, has also been the head of RDI's live theater operations for 15 years and has been heading up the day to day pre-development process and transition of RDI's New York theater properties to major realty developments. Until 2013, when he was made President of RDI, JR worked for the Cotter family citrus farm operations, and was a member of the Board of RDI.

6. On or about August 1, 2000, James Sr. created the James J. Cotter Living Trust ("Original Trust"). On May 17, 2006, James Sr. executed the First Amendment to and Complete Restatement of the Original Trust. Between 2006 and 2013, James Sr. made various partial amendments to the Original Trust.

7. In the spring of 2013, James Sr. was diagnosed with metastatic prostate cancer. Because Margaret was pregnant at the time (with a high-risk pregnancy), James Sr. did not share his diagnosis with Petitioners until the fall of 2013–after Margaret had delivered her child. James Sr. also did share information concerning his cancer with JR during the spring of 2013.

8. On June 5, 2013, James Sr. executed the 2013 Amendment to and Complete Restatement of Declaration of Trust (the "2013 Trust"). A true and correct copy of the 2013 Trust is attached hereto as Exhibit A. The 2013 Trust provided for the following

distributions of James Sr.'s primary assets upon his death. First, the voting stock of RDI would be distributed to a separate trust (the "RDI Voting Trust") for the benefit of James Sr.'s grandchildren. Margaret and JR have children; Ellen does not. The sole trustee of the RDI Voting Trust would be Margaret. Because James Sr.'s voting stock controlled RDI, Margaret as Trustee of the RDI Voting Trust would have effective control over RDI under the terms of the 2013 Trust. The 2013 Trust also expressed James Sr.'s wish that Margaret would become the "chairperson" of RDI and that she would support JR as President of RDI.

9. Second, the 2013 Trust provided that the citrus farm operations (which were now defined as Cecilia Packing Corporation ("Cecilia"), James J. Cotter Management, an interest in South Hill Partnership, and 1,700 acres in Tulare, Kern and Fresno Counties) were to be divided equally among James Sr.'s three children. The 2013 Trust provided for no further limitations or restrictions on what each child could do with his or her respective interests in the citrus farm operations upon distribution. Importantly, JR had used the citrus operations as a means of funding his lifestyle. For example, Cecilia provided essentially free financing to JR to purchase citrus orchards in his own name. Cecilia also provided JR with financial assistance, which was taken out of the citrus operations, to purchase a Los Angeles residence. In addition, during the spring of 2014, when JR allegedly was devoting all his time to running RDI, JR convinced James Sr. to give JR a 10-year employment agreement to pay JR $200,000 annually for serving as a "director" of Cecilia. Obviously, the terms of the 2013 Trust would have allowed Margaret and Ellen to put a stop to this conduct after James Sr.'s death and would have put JR at great risk because Ellen and Margaret would control Cecilia by virtue of their joint 2/3rds ownership.

10. Third, the 2013 Trust provided that the residue of James Sr.'s estate–as well as his retirement benefits from RDI–would go to the James J. Cotter Foundation. Of course, this donation would have provided a significant tax deduction for the Estate of James Sr.

11. Fourth, the 2013 Trust provided that Margaret and Ellen would serve as the trustees of the 2013 Trust after James Sr.'s death.

12. The documents described in paragraphs 6 through 11, above, were drafted by attorneys at Gibson, Dunn & Crutcher and, later, by Charles A. Larson, a former partner at Gibson, Dunn & Crutcher. Petitioners are informed and believe that all of the pre-2014 estate planning documents were drafted by Charles Larson after he had spoken directly with James Sr.

13. In November 2013, James Sr. finally informed Margaret and Ellen of his medical diagnosis, at which time he told them about the seriousness of his condition. Ellen promptly made arrangements to move to James Sr.'s apartment and she began caring for him in mid-December 2013.

14. Although Charles Larson had been responsible for most of James Sr.'s prior estate planning, James Sr. decided to change lawyers in early 2014. In February 2014, James Sr. began working with Scot Kirkpatrick, an estate planning attorney in Atlanta, to create a tax-advantaged estate plan. James Sr., Petitioners, and JR all attended a meeting with Scot Kirkpatrick concerning James Sr.'s estate planning in or about February 2014.

15. In May and early June 2014, Scot Kirkpatrick corresponded with James Sr. about proposed changes to James Sr.'s estate plan, including the need to revise the plan to reflect James Sr.'s residence in Nevada. Based on these discussions, Kirkpatrick began drafting a new trust to replace the 2013 Trust.

16. On June 9, 2014, James Sr. provided JR with a packet of documents which included changes to James Sr.'s estate plan that James Sr. had been discussing with Scot Kirkpatrick, as well as a copy of the 2013 Trust. Petitioners are informed and believe that JR had not previously seen the 2013 Trust. Upon information and belief, Petitioners allege that included in the packet was a draft amended and restated trust prepared by Kirkpatrick which would have made changes to James Sr.'s estate plan that were not favorable to JR.

//

17. Two days later, on June 11, 2014, JR arranged a dinner with James Sr. and Margaret. James Sr. had received several hours of radium treatment earlier that day. At the dinner, JR discussed James Sr.'s assets and urged James Sr. to take action to benefit his grandchildren. JR also stated that Margaret and JR should both be co-trustees of the RDI Voting Trust. (Under the then-current 2013 Trust, Margaret would be sole trustee of the RDI Voting Trust.)

18. On or about June 14, 2014, James Sr. contacted Scot Kirkpatrick and said that JR was pressuring him about his estate planning. In response to the call, Kirkpatrick made changes to the draft amended and restated trust that he had sent to James Sr. the week before. James Sr. and Kirkpatrick agreed that Kirkpatrick would travel to Los Angeles on June 30 to meet with James Sr. to execute the new estate plan.

19. On June 16, 2014, James Sr. was admitted to the hospital after having suffered a fall at his Los Angeles apartment. At the time of his hospital admission, there was no determination as to what had caused his fall. James Sr.'s mental health had been deteriorating over the preceding weeks. An initial neurological examine at the hospital reported that James Sr. was unable to remember the month or to provide the name of the hospital to which he had been admitted. Moreover, a neuropsychiatric evaluation of James Sr. conducted on June 24, 2014 - - eight days after his admission - - concluded that James Sr. had serious cognitive deficits, which deficits appear to have occurred in the weeks immediately prior to June 24, 2014. The neuropsychiatric evaluation concluded that James Sr. "experiences major cognitive compromise." Doctors ultimately concluded that James Sr. had suffered a stroke.

20. On June 19, 2014 Kirkpatrick–who did not know that James Sr. had been admitted to the hospital–sent a revised trust (the "Kirkpatrick Trust") to James Sr. for his signature in anticipation of their June 30 meeting. Kirkpatrick believed the Kirkpatrick Trust reflected the testamentary intent of James Sr. as expressed to Kirkpatrick over the previous few weeks–prior to James Sr.'s hospitalization. James Sr. never had an opportunity to sign the Kirkpatrick Trust.

21. Also, on June 19, 2014, less than a week prior to the June 24 neuropsychiatric evaluation which concluded that James Sr. had major cognitive impairment, JR made his own arrangements to try to get James Sr. to amend the 2013 Trust in a manner favoring JR.

22. At 7:14 a.m. on June 19, 2014, JR sent Charles Larson (the estate planning attorney that James Sr. had replaced with Scot Kirkpatrick) an email titled "Amendment," with an attached chart detailing various changes JR wanted made to the 2013 Trust. Petitioners are informed and believe, and thereupon allege, that Charles Larson had had no communication with James Sr. during the prior six months about changes to the Trust (or anything else), and took all his instructions concerning the proposed amendment from JR. Less than two hours later, at 9:03 a.m., Charles Larson emailed a draft amendment to JR with a note saying, "let me know if this properly reflects his wishes *as you have relayed them to me*." [Emphasis added.] JR then brought the draft amendment he had just received from Charles Larson to James Sr.'s hospital room, where Petitioner Margaret was present. JR informed Margaret that Charles Larson had prepared the amendment based on Larson's review of videos that JR had allegedly taken of James Sr. expressing his desires for revisions to his estate plan. Upon information and belief, Petitioners allege that JR never provided such videos to Larson, and that Larson simply relied on instructions from JR. (When Margaret later asked Larson for such videos, Larson told her that he had none.) JR explained to Margaret that he had asked Larson to draft the amendment because Scot Kirkpatrick was "too slow" in preparing amendment documents. JR further explained that the primary purpose of the amendment was to provide that the residue of James Sr.'s estate would go to his three children rather than to the Foundation–something that Margaret believed was consistent with James Sr.'s wishes. Margaret was severely distressed about her father's condition and had not slept much the previous three nights because she had stayed with her father in the hospital room. As a result, Margaret merely scanned the proposed amendment. JR asked Margaret to try to get James Sr. to sign the proposed amendment, since Margaret and JR both knew that

James Sr. would be reluctant to sign a document presented to him by JR. JR sat in a corner of James Sr.'s hospital room, and (Margaret was subsequently informed) surreptitiously videotaped the events on his iPhone. Margaret then read James Sr. a bullet-point summary provided to her by JR of the terms of the proposed amendment. When Margaret asked James Sr. to sign, he initially refused. Margaret then begged him to sign because "otherwise everything would be going to the Foundation." After tears were shed, James Sr. signed the amendment Charles Larson had drafted that morning at JR's request (the "2014 Hospital Amendment"). The 2014 Hospital Amendment was neither notarized nor witnessed by any third-party. A true and correct copy of the 2014 Hospital Amendment is attached hereto as Exhibit B.

23. Immediately after the 2014 Hospital Amendment was signed, JR took possession of the document and left the hospital room. JR did not leave a copy of the 2014 Hospital Amendment with Margaret or with James Sr. Despite repeated requests from Margaret to JR for a copy, Margaret did not see a copy of the 2014 Hospital Amendment until nearly six weeks later, on August 29, 2014.

24. The 2014 Hospital Amendment made significant changes to the 2013 Trust, changes which were different from the changes reflected in the draft Kirkpatrick Trust which Scot Kirkpatrick had discussed directly with James Sr. First, the 2014 Hospital Amendment made JR and Margaret co-trustees of the RDI Voting Trust instead of Margaret being the sole trustee. The 2014 Hospital Amendment also provided that if JR and Margaret could not agree in their capacities as co-trustees of the RDI Voting Trust, voting control would alternate every year. This unconventional dispute resolution mechanism had never appeared in any previous document relating to James SR's estate planning. Suddenly, JR went from having zero voting power over RDI in the 2013 Trust to having an effective veto right over any decisions relating to RDI in the 2014 Hospital Amendment.

25. Second, the 2014 Hospital Amendment provided that the citrus operations assets would go into a newly-created Cotter Citrus Trust ("Citrus Trust"), of which all

three children would serve as co-trustees. The 2014 Hospital Amendment also provided that the citrus operations, which were the part of James Sr.'s business empire with which JR had been most involved, should be maintained as a single business and that none of the assets of the Citrus Trust could be disposed of unless the trustees agreed unanimously. This marked a major change from the 2013 Trust, which had simply gifted the citrus operations evenly to the three children without further restriction.

26. Third, the 2014 Hospital Amendment made multiple specific bequests of property to be divided among the three children and also provided that the Trust residue would go equally to the three children. In contrast, under the 2013 Trust, all the specific bequest properties and the entire Trust residue would have gone to the Foundation.

27. Fourth, the 2014 Hospital Amendment added JR as a co-trustee of the Trust along with Petitioners, a significant change since California law requires unanimous trustee consent for action. Under the 2013 Trust, only the Petitioners were named as co-trustees. As a result, the 2014 Hospital Amendment gave JR a veto power over trustee decision-making.

28. The 2014 Hospital Amendment was not the only document JR arranged for James Sr. to sign while James Sr. was in the hospital. Back in 2013, shortly after JR learned of James Sr.'s cancer diagnosis, JR borrowed $1.5 million from James Sr. to purchase a home in Brentwood, California. While JR was supposed to pay interest on the loan, upon information and belief, Petitioners allege that JR never paid any interest. On June 9, 2014, James Sr., JR and Margaret were at James Sr.'s apartment when JR asked James Sr. to sign a letter forgiving the $1.5 million loan. James Sr. adamantly refused to sign the loan forgiveness. But after James Sr. was hospitalized, JR was able to get James Sr. to sign a note "forgiving" the $1.5 million loan for no consideration.

29. Following the execution of the 2014 Hospital Amendment, James Sr. purportedly signed a number of other documents specifically impacting the citrus operations. After consultation with Charles Larson, JR informed Ellen and Margaret that he was going to implement a plan to help save taxes regarding the citrus assets. The plan

required the execution of various legal documents, all of which are tainted. On July 21, 2014, a registration for Cotter Family Farms LLC was filed. On July 23, 2014, quitclaim deeds for properties in Fresno and Tulare Counties were "signed" (with a signature stamp) quitclaiming assets from James Sr. to his Trust. Upon information and belief, Petitioners allege that JR used a stamp to mark James Sr.'s signature. These deeds were ineffective, both because the statutory requirements for a stamp signature for James Sr. were not met, and because the use of a signature stamp triggers special notarization rules which were not followed. On July 25, 2014, an Operating Agreement for Cotter Family Farms LLC was created with James Sr., as Trustee of the 2013 Trust, as the sole initial member. The Cotter Family Farms LLC Agreement contains a schedule which indicates that various properties were contributed by James Sr.'s Trust to the LLC.

30. On August 1, 2014, James Sr., purported to resign as Trustee of his Trust, and Petitioners and JR took over as successor Co-Trustees, each signing a document entitled "Acceptance of Co-Trustee James J. Cotter Living Trust." At the time of Petitioners' signatures, neither of them had seen a copy of the 2014 Hospital Amendment. Also on August 1, 2014, James Sr. executed a general power of attorney in favor of Ellen, Margaret, and JR. On August 1, 2014, Ellen, Margaret, and JR, exercising their power of attorney, then re-executed certain quitclaim deeds from James Sr. to the Trust.

31. On August 5, 2014, Petitioners and JR, acting in their capacities as Co-Trustees, quitclaimed the Trust's interests in certain real properties in Fresno and Tulare Counties to Cotter Family Farms, LLC.

32. On August 6, 2014, despite the fact that he purportedly had resigned as Trustee of the Trust on August 1, 2014, James Sr. purportedly executed (via signature stamp) a First Amendment to and Complete Restatement of Limited Liability Operating Agreement for Cotter Family Farms LLC ("Amended LLC Agreement") in his capacity as "Trustee of the James J. Cotter Living Trust dated August 1, 2000." While the Amended LLC Agreement refers to additional assets contributed to the LLC by the Trust in connection with the amendment, Petitioners are informed and believe that the

referenced schedule does not exist. The Amended LLC Agreement essentially purports to give JR veto power over all decisions relating to the citrus operations. Moreover, while the Amended LLC Agreement appoints Ellen, Margaret, and JR as co-managers over the LLC, it prohibits them from taking salaries as "managers." Of course, JR had previously signed with Cecilia an undisclosed 10-year employment agreement to pay him $200,000 a year as a "director," in violation of the corporate by-laws.

33. The Amended LLC Agreement purports to restrict severely disposition and operation of the Trust's citrus assets. However, the Amended LLC Agreement cannot be effective since the only signature on behalf of the Trust is James Sr.'s (stamped) "signature" as "trustee" when he had "resigned" as the trustee days before–even assuming he had capacity to sign (which he did not). Moreover, all of the purported transfers of Trust assets to Cotter Family Farms, LLC, are ineffective because they all were effectuated pursuant to documents that were tainted by James Sr.'s lack of capacity or were a product of undue influence.

34. During August 2014, Petitioners began to come to terms with their father's impending death and realized that they needed to pay more attention to their father's estate planning and to evaluate and examine the actions taken by JR. Petitioners began to ask JR for various documents. JR repeatedly refused to provide the requested documents and grew increasingly hostile. Petitioners began to realize that they had been unwittingly coopted into JR's plan to highjack James Sr.'s estate plan. Petitioners therefore stopped cooperating with JR's plans and started investigating what had occurred over the previous few months.

35. On September 13, 2014, James Sr. died.

36. James Sr.'s will had been executed in 2013, at the same time as the 2013 Trust. Significantly, the will was not changed at the time the 2014 Hospital Amendment was signed. The will made Ellen and Margaret co-executors, not JR. The will has been admitted to probate in Nevada, and Ellen and Margaret have been appointed as co-executors.

**FIRST CAUSE OF ACTION**

(Lack of Capacity)

37. Petitioners incorporate the allegations of Paragraphs 1 through 36 above.

38. At the time that James Sr. purported to execute the 2014 Hospital Amendment, he lacked the capacity to do so, lacking the knowledge and understanding necessary to understand the transactions into which he purportedly entered at that time.

39. The 2014 Hospital Amendment should be declared invalid due to James Sr.'s lack of capacity at the time of its execution.

40. At the time that James Sr. (a) purported to execute the loan forgiveness in favor of JR, (b) executed the Cotter Family Farms, LLC Agreement (and formed the entity), (c) executed a power of attorney on August 1, 2014, and (d) signed a resignation of trustee, he lacked the capacity to do so, lacking the knowledge and understanding necessary to understand the transactions into which he purportedly entered at that time. As a result, all of these documents as well as any subsequent documents signed pursuant to these documents should be declared invalid due to James Sr.'s lack of capacity.

**SECOND CAUSE OF ACTION**

(Undue Influence)

41. Petitioners incorporate the allegations of Paragraphs 1 through 36 and 38 through 40, above.

42. At the time James Sr. purported to execute the 2014 Hospital Amendment, he was subject to the undue influence of JR. JR was intimately involved in the drafting of the 2014 Hospital Amendment, having had the only communications with Charles Larson as the estate planning attorney to dictate the terms and conditions of the 2014 Hospital Amendment. JR brought the 2014 Hospital Amendment to James Sr.'s hospital room and caused him to execute the 2014 Hospital Amendment. As James Sr.'s son, JR was in a confidential relationship with James Sr., and JR unduly benefitted from the document in that it put JR into a position of control over the RDI Voting Trust (as opposed to his prior lack of a role); put JR in a position of control over the Citrus Trust, by designating him as

a co-trustee with his sisters, rather than providing for outright distribution; provided that the residue of the property would be distributed to JR and to his siblings, rather than to the Foundation established by James Sr.; and included JR as a co-trustee of the Trust (which in California would require unanimous action of trustees).

43. Given that JR was in a confidential relationship, participated in the drafting of the 2014 Hospital Amendment, and unduly benefitted from the 2014 Hospital Amendment, the 2014 Hospital Amendment was the subject of undue influence and should be overturned.

44. As James Sr. had no role in the drafting of the 2014 Hospital Amendment and did not even review the 2014 Hospital Amendment before it was signed, the entire 2014 Hospital Amendment is tainted by undue influence and must be overturned.

45. At the time James Sr. executed the forgiveness of the $1.5 million loan to JR, he was similarly subject to the undue influence of JR. James Sr. had refused to forgive the loan just days before. The transaction unduly benefits JR by permitting him to keep $1.5 million of James Sr.'s money and imposes a large gift tax obligation on the 2013 Trust as well as depriving the Estate of an asset with which to pay taxes. JR prepared the instrument that purported to forgive the loan. At the time of its execution, JR was in a confidential relationship with James Sr. As a result, the forgiveness of the $1.5 million loan should be set aside.

## THIRD CAUSE OF ACTION

(Fraud)

46. Petitioners incorporate the allegations of Paragraphs 1 through 36, 38 through 40, and 42 through 45, above.

47. Petitioners were harmed because JR misrepresented to Margaret the circumstances under which the 2014 Hospital Amendment had been created. Specifically, JR misrepresented to Margaret that the 2014 Hospital Amendment was created by Charles Larson based on his review of videotapes of James Sr. expressing his desires for revisions to his estate plan. This representation was false because Larson did

not rely on any such videotapes and never communicated with James Sr. regarding the 2014 Hospital Amendment. In fact, Larson simply relied on JR's instructions about what to include in the 2014 Hospital Amendment. JR knew these representations to Margaret were false when he made them and made the misrepresentations with the intent to deceive Margaret. JR further omitted to tell Margaret that he gave Larson the instructions as to what to include in the 2014 Hospital Amendment, and made this material omission with the intent to deceive Margaret. JR knew that Margaret would not ask James Sr. to sign a trust instrument unless she believed that it reflected James Sr.'s true desires.

48. As their brother, JR had a duty not to make misrepresentations or material omissions to Petitioners.

49. The misrepresentations of fact and material omissions by JR were likely to and did in fact mislead Margaret into convincing James Sr. to sign the 2014 Hospital Amendment, which he would not have signed if JR alone had asked him to sign. Margaret took action in reliance on JR's statements and omissions, and was ignorant of their falsity at the time.

50. Petitioners were proximately harmed by JR's misstatements because the misstatements directly led to James Sr.'s signing the 2014 Hospital Amendment, which significantly harms Petitioners. As a result of the above fraud, the 2014 Hospital Amendment should be declared void because it is the product of fraud. Alternatively, Petitioners seek recovery of actual damages. The above described acts by JR were willful, wanton, malicious, and oppressive, were undertaken with the intent to defraud, and justify the awarding of exemplary and punitive damages.

**NOTICE**

51. The following persons are entitled to notice of this petition.

Ann Margaret Cotter

Ellen Marie Cotter

James J. Cotter, Jr.

Gerard Cotter

Victoria Heinrich

Susan Heierman

Eva Baragon

Mary Cotter

Duffy James Drake Cotter

Margot James Drake Cotter

Sophia I. Cotter

Brook E. Cotter

James J. Cotter

James J. Cotter Foundation

WHEREFORE, Petitioner prays for an order of this Court:

1. Determining that the 2014 Hospital Amendment is invalid;

2. Determining that the James Sr.'s forgiveness of the $1.5 million loan to JR is invalid;

3. Double damages pursuant to California Code Section 849;

4. Actual and punitive damages according to proof;

5. Awarding Petitioners their fees and costs of suit; and

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

DATED: February 5, 2015 SACKS, GLAZIER, FRANKLIN & LODISE LLP

By _____
Margaret G. Lodise
Attorneys for Ann Margaret Cotter and Ellen Cotter

## VERIFICATION

I have read the foregoing **PETITION FOR ORDER DETERMINING VALIDITY OF TRUST AMENDMENT AND FORGIVENESS OF LOAN** and I know its contents.

I am a party to this action. The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

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

Executed on February 5, 2015, at NewYork, ~~California~~ New York.

Ann Margaret Cotter

## VERIFICATION

I have read the foregoing **PETITION FOR ORDER DETERMINING VALIDITY OF TRUST AMENDMENT AND FORGIVENESS OF LOAN** and I know its contents.

I am a party to this action. The matters stated in the foregoing document are true of my own knowledge except as to those matters which are stated on information and belief, and as to those matters I believe them to be true.

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

Executed on February 5, 2015, at NewYork, ~~California~~ New York.

Ann Margaret Cotter

# EXHIBIT 14

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

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

FORM 8-K

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

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

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

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

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

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

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

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

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

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

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

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

## Item 1.01 Entry into a Material Definitive Agreement.

### New Compensatory Arrangements for Executive and Management Employees

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

### Amendment to 2010 Stock Incentive Plan

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

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

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

### Item 5.02 (c)

### Andrzej Matyczynski

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

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

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

### Margaret Cotter

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

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

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

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

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

---

The Theater Management Agreement generally provided for the payment of a combination of fixed and incentive fees for the management of our four live theaters. Historically, these fees have equated to approximately 21% of the net cash flow generated by these properties. We currently estimate that fees to be paid to OBI for 2015 will be approximately $390,000. We paid $397,000 and $401,000 in fees with respect to 2014, and 2013, respectively. We also reimbursed OBI for certain travel expenses.

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

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

**Item 5.02(e)**

**Compensation Arrangements**

**Background**

The Executive Committee ("Executive Committee") of the Board of Directors (the "Board"), upon the recommendation of our Chief Executive Officer, requested the Compensation Committee to evaluate the Company's compensation policy for executive officers and outside directors and to establish a plan that encompasses sound corporate practices consistent with the best interests of the Company. The Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for executive and management officers and outside directors of the Company. In January 2016, the Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on the Company's legal counsel, Greenberg Traurig, LLP.

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

**Executive Compensation**

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

# EXHIBIT 15

## Filed Separately Under Seal

# EXHIBIT 16

ORIGINAL

FL-150

| ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address): | FOR COURT USE ONLY |
|---|---|
| William P. Glavin, Esq., SBN: 138132<br>Law Offices of William P. Glavin<br>841 Apollo Street, Suite 450<br>El Segundo, CA 90245<br>TELEPHONE NO.: (310) 882-0000<br>E-MAIL ADDRESS (Optional):<br>ATTORNEY FOR (Name): Petitioner, Guy W. Adams | FILED<br>Superior Court of California<br>County of Los Angeles<br>OCT 09 2013<br>John A. Clarke, Executive Officer/ Clerk<br>By, K. Seals, Deputy |
| SUPERIOR COURT OF CALIFORNIA, COUNTY OF Los Angeles<br>STREET ADDRESS: 111 North Hill Street<br>MAILING ADDRESS: 111 North Hill Street<br>CITY AND ZIP CODE: Los Angeles, CA 90012<br>BRANCH NAME: Central District | |
| PETITIONER/PLAINTIFF: Guy W. Adams<br>RESPONDENT/DEFENDANT: Lois M. Kwasigroch<br>OTHER PARENT/CLAIMANT: | |
| **INCOME AND EXPENSE DECLARATION** | CASE NUMBER: BD590599 |

1. **Employment** *(Give information on your current job or, if you're unemployed, your most recent job.)*

Attach copies of your pay stubs for last two months (black out social security numbers).

a. Employer: GWA Advisors, LLC
b. Employer's address: 433 No. Camden Drive, Suite 810, Beverly Hills, CA 90210
c. Employer's phone number: (310) 385- 1951
d. Occupation: Investment Advisor
e. Date job started: November 2002
f. If unemployed, date job ended:
g. I work about 25 - 40 hours per week.
h. I get paid $ 5,000 gross (before taxes) [X] per month [ ] per week [ ] per hour.

**(If you have more than one job, attach an 8½-by-11-inch sheet of paper and list the same information as above for your other jobs. Write "Question 1—Other Jobs" at the top.)**

2. **Age and education**
   a. My age is *(specify)*: 62
   b. I have completed high school or the equivalent: [X] Yes [ ] No If no, highest grade completed *(specify)*:
   c. Number of years of college completed *(specify)*: 4 [X] Degree(s) obtained *(specify)*:
   d. Number of years of graduate school completed *(specify)*: 2 [X] Degree(s) obtained *(specify)*:
   e. I have: [ ] professional/occupational license(s) *(specify)*:
      [ ] vocational training *(specify)*:

3. **Tax information**
   a. [X] I last filed taxes for tax year *(specify year)*: 2012
   b. My tax filing status is [ ] single [ ] head of household [ ] married, filing separately
      [X] married, filing jointly with *(specify name)*: Lois M. Kwasigroch
   c. I file state tax returns in [X] California [ ] other *(specify state)*:
   d. I claim the following number of exemptions (including myself) on my taxes *(specify)*: 1

4. **Other party's income.** I estimate the gross monthly income (before taxes) of the other party in this case at *(specify)*: $61,836/mo.
   This estimate is based on *(explain)*: W-2 for 2012 shows $742,035

**(If you need more space to answer any questions on this form, attach an 8½-by-11-inch sheet of paper and write the question number before your answer.)** Number of pages attached: _____

I declare under penalty of perjury under the laws of the State of California that the information contained on all pages of this form and any attachments is true and correct.

Date: October 7, 2013

Guy W. Adams
(TYPE OR PRINT NAME)

▶ _____
(SIGNATURE OF DECLARANT)



PENGAD 800-631-6989

EXHIBIT
53
Adams

FL-150

| | |
|---|---|
| ATTORNEY OR PARTY WITHOUT ATTORNEY (Name, State Bar number, and address):<br>William P. Glavin, Esq., SBN: 138132<br>Law Offices of William P. Glavin<br>841 Apollo Street, Suite 450<br>El Segundo, CA 90245<br>TELEPHONE NO.: (310) 882-0000<br>E-MAIL ADDRESS (Optional):<br>ATTORNEY FOR (Name): Petitioner, Guy W. Adams | FOR COURT USE ONLY |
| SUPERIOR COURT OF CALIFORNIA, COUNTY OF Los Angeles<br>STREET ADDRESS: 111 North Hill Street<br>MAILING ADDRESS: 111 North Hill Street<br>CITY AND ZIP CODE: Los Angeles, CA 90012<br>BRANCH NAME: Central District | |
| PETITIONER/PLAINTIFF: Guy W. Adams<br>RESPONDENT/DEFENDANT: Lois M. Kwasigroch<br>OTHER PARENT/CLAIMANT: | |
| **INCOME AND EXPENSE DECLARATION** | CASE NUMBER: |

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Attach copies of your pay stubs for last two months (black out social security numbers).

a. Employer: GWA Advisors, LLC
b. Employer's address: 433 No. Camden Drive, Suite 810, Beverly Hills, CA 90210
c. Employer's phone number: (310) 385- 1951
d. Occupation: Investment Advisor
e. Date job started: November 2002
f. If unemployed, date job ended:
g. I work about 25 - 40 hours per week.
h. I get paid $ 5,000 gross (before taxes) [X] per month [ ] per week [ ] per hour.

(If you have more than one job, attach an 8½-by-11-inch sheet of paper and list the same information as above for your other jobs. Write "Question 1—Other Jobs" at the top.)

2. Age and education
   a. My age is (specify): 62
   b. I have completed high school or the equivalent: [X] Yes [ ] No If no, highest grade completed (specify):
   c. Number of years of college completed (specify): 4 [X] Degree(s) obtained (specify):
   d. Number of years of graduate school completed (specify): 2 [X] Degree(s) obtained (specify):
   e. I have: [ ] professional/occupational license(s) (specify):
      [ ] vocational training (specify):

3. Tax information
   a. [X] I last filed taxes for tax year (specify year): 2012
   b. My tax filing status is [ ] single [ ] head of household [ ] married, filing separately
      [X] married, filing jointly with (specify name): Lois M. Kwasigroch
   c. I file state tax returns in [X] California [ ] other (specify state):
   d. I claim the following number of exemptions (including myself) on my taxes (specify): 1

4. Other party's income. I estimate the gross monthly income (before taxes) of the other party in this case at (specify): $61,836/mo.
   This estimate is based on (explain): W-2 for 2012 shows $742,035

(If you need more space to answer any questions on this form, attach an 8½-by-11-inch sheet of paper and write the question number before your answer.) Number of pages attached: _____

I declare under penalty of perjury under the laws of the State of California that the information contained on all pages of this form and any attachments is true and correct.

Date: October 7, 2013

Guy W. Adams
(TYPE OR PRINT NAME)

(SIGNATURE OF DECLARANT)

| PETITIONER/PLAINTIFF: Guy W. Adams<br>RESPONDENT/DEFENDANT: Lois M. Kwasigroch<br>OTHER PARENT/CLAIMANT: | CASE NUMBER: |
|---|---|

**Attach copies of your pay stubs for the last two months and proof of any other income. Take a copy of your latest federal tax return to the court hearing.** ***(Black out your social security number on the pay stub and tax return.)***

5. **Income** *(For average monthly, add up all the income you received in each category in the last 12 months and divide the total by 12.)*

| | Last month | Average monthly |
|---|---|---|
| a. Salary or wages (gross, before taxes) | $ | 8,472* |
| b. Overtime (gross, before taxes) | $ 0 | 0 |
| c. Commissions or bonuses | $ | 2,083* |
| d. Public assistance (for example: TANF, SSI, GA/GR) ☐ currently receiving | $ 0 | 0 |
| e. Spousal support ☐ from this marriage ☐ from a different marriage | $ 0 | 0 |
| f. Partner support ☐ from this domestic partnership ☐ from a different domestic partnership | $ 0 | 0 |
| g. Pension/retirement fund payments | $ 0 | 0 |
| h. Social security retirement (not SSI) | $ 0 | 0 |
| i. Disability: ☐ Social security (not SSI) ☐ State disability (SDI) ☐ Private insurance | $ 0 | 0 |
| j. Unemployment compensation | $ 0 | 0 |
| k. Workers' compensation | $ 0 | 0 |
| l. Other (military BAQ, royalty payments, etc.) *(specify):* | $ 0 | 0 |

6. **Investment income** *(Attach a schedule showing gross receipts less cash expenses for each piece of property.)*

| | | |
|---|---|---|
| a. Dividends/interest | $ 0 | 0 |
| b. Rental property income | $ 0 | 0 |
| c. Trust income | $ 0 | 0 |
| d. Other *(specify):* | $ 0 | 0 |

**(*) See Attachment 9**

7. **Income from self-employment, after business expenses for all businesses** $ 4,667 2,011*

I am the ☒ owner/sole proprietor ☐ business partner ☐ other *(specify):*

Number of years in this business *(specify):* 11

Name of business *(specify):* GWA Capital Partners, LLC and GWA Advisors, LLC

Type of business *(specify):* Investment Manger and Investment Advisor

**Attach a profit and loss statement for the last two years or a Schedule C from your last federal tax return. Black out your social security number. If you have more than one business, provide the information above for each of your businesses.**

**See Attached Exhibit 1**

8. ☐ **Additional income.** I received one-time money (lottery winnings, inheritance, etc.) in the last 12 months *(specify source and amount):*

9. ☒ **Change in income.** My financial situation has changed significantly over the last 12 months because *(specify):*

**See Attachment 9 (Exhibit 2)**

10. **Deductions**

| | Last month |
|---|---|
| a. Required union dues | $ 0 |
| b. Required retirement payments (not social security, FICA, 401(k), or IRA) | $ 0 |
| c. Medical, hospital, dental, and other health insurance premiums *(total monthly amount)* | $ |
| d. Child support that I pay for children from other relationships | $ 0 |
| e. Spousal support that I pay by court order from a different marriage | $ 0 |
| f. Partner support that I pay by court order from a different domestic partnership | $ 0 |
| g. Necessary job-related expenses not reimbursed by my employer *(attach explanation labeled "Question 10g")* | $ 0 |

11. **Assets**

| | | Total |
|---|---|---|
| a. Cash and checking accounts, savings, credit union, money market, and other deposit accounts | Approx. | $ 96,000 |
| b. Stocks, bonds, and other assets I could easily sell | Approx. | $ 243,000 |
| c. All other property, ☒ real and ☒ personal *(estimate fair market value minus the debts you owe)* | | $ 2,802,798 |

| PETITIONER/PLAINTIFF: Guy W. Adams<br>RESPONDENT/DEFENDANT: Lois M. Kwasigroch<br>OTHER PARENT/CLAIMANT: | CASE NUMBER: |
|---|---|

12. **The following people live with me:** During Marriage

| Name | Age | How the person is related to me? *(ex: son)* | That person's gross monthly income | Pays some of the household expenses? |
|---|---|---|---|---|
| a. Lois M. Kwasigroch | | Wife | 61,836 | [X] Yes [ ] No |
| b. | | | | [ ] Yes [ ] No |
| c. | | | | [ ] Yes [ ] No |
| d. | | | | [ ] Yes [ ] No |
| e. | | | | [ ] Yes [ ] No |

**See Exhibit 3 (Combined Expenses/Spending)**

13. **Average monthly expenses** [ ] Estimated expenses [ ] Actual expenses [ ] Proposed needs

a. Home:
   (1) [ ] Rent or [ ] mortgage . . . $ _____
   If mortgage:
   (a) average principal: $ _____
   (b) average interest: $ _____
   (2) Real property taxes . . . . . $ _____
   (3) Homeowner's or renter's insurance (if not included above) . . . . . $ _____
   (4) Maintenance and repair . . . . . $ _____
b. Health-care costs not paid by insurance . . . $ _____
c. Child care . . . . . $ _____
d. Groceries and household supplies . . . . . $ _____
e. Eating out . . . . . $ _____
f. Utilities (gas, electric, water, trash) . . . . . $ _____
g. Telephone, cell phone, and e-mail . . . . . $ _____
h. Laundry and cleaning . . . . . $ _____
i. Clothes . . . . . $ _____
j. Education . . . . . $ _____
k. Entertainment, gifts, and vacation . . . . . $ _____
l. Auto expenses and transportation (insurance, gas, repairs, bus, etc.) . . . . . $ _____
m. Insurance (life, accident, etc.; do not include auto, home, or health insurance) . . . $ _____
n. Savings and investments . . . . . $ _____
o. Charitable contributions . . . . . $ _____
p. Monthly payments listed in item 14 *(itemize below in 14 and insert total here)* . . $ _____
q. Other *(specify)*: . . . . . $ _____
r. **TOTAL EXPENSES** (a–q) *(do not add in the amounts in a(1)(a) and (b))* $ _____
s. Amount of expenses paid by others $ _____

14. **Installment payments and debts not listed above**

| Paid to | For | Amount | Balance | Date of last payment |
|---|---|---|---|---|
| | | $ | $ | |
| | | $ | $ | |
| | | $ | $ | |
| | | $ | $ | |
| | | $ | $ | |
| | | $ | $ | |

15. **Attorney fees** *(This is required if either party is requesting attorney fees.)*
   a. To date, I have paid my attorney this amount for fees and costs *(specify)*: $ 10,000
   b. The source of this money was *(specify)*: Savings account.
   c. I still owe the following fees and costs to my attorney *(specify total owed)*: $ 0
   d. My attorney's hourly rate is *(specify)*: $ $450/hr

I confirm this fee arrangement.

Date: October 7, 2013

William P. Glavin
(TYPE OR PRINT NAME OF ATTORNEY)

(SIGNATURE OF ATTORNEY)

| PETITIONER/PLAINTIFF: Guy W. Adams<br>RESPONDENT/DEFENDANT: Lois M. Kwasigroch<br>OTHER PARENT/CLAIMANT: | CASE NUMBER: |
|---|---|

## CHILD SUPPORT INFORMATION

**(NOTE: Fill out this page only if your case involves child support.)**

16. **Number of children**
    a. I have *(specify number)*: 0 children under the age of 18 with the other parent in this case.
    b. The children spend percent of their time with me and percent of their time with the other parent.
    *(If you're not sure about percentage or it has not been agreed on, please describe your parenting schedule here.)*

17. **Children's health-care expenses**
    a. ☐ I do ☐ I do not have health insurance available to me for the children through my job.
    b. Name of insurance company:
    c. Address of insurance company:

    d. The monthly cost for the children's health insurance is or would be *(specify)*: $
    *(Do not include the amount your employer pays.)*

18. **Additional expenses for the children in this case** — Amount per month
    a. Child care so I can work or get job training . . . . . $ _____
    b. Children's health care not covered by insurance . . . . . $ _____
    c. Travel expenses for visitation . . . . . $ _____
    d. Children's educational or other special needs *(specify below)*: . . . . . $ _____

19. **Special hardships.** I ask the court to consider the following special financial circumstances *(attach documentation of any item listed here, including court orders)*:

| | Amount per month | For how many months? |
|---|---|---|
| a. Extraordinary health expenses not included in 18b. . . . . | $ _____ | _____ |
| b. Major losses not covered by insurance (examples: fire, theft, other insured loss) . . . . . | $ _____ | _____ |
| c. (1) Expenses for my minor children who are from other relationships and are living with me . . . . . | $ _____ | _____ |
| (2) Names and ages of those children *(specify)*: | | |
| (3) Child support I receive for those children . . . . . | $ _____ | |

The expenses listed in a, b, and c create an extreme financial hardship because *(explain)*:

20. **Other information I want the court to know concerning support in my case** *(specify)*:
Moving into my rental apartment and furnishing it, I spent over $15,000.

# Exhibit 1



RDI-A05912

**Attachment No. 9 and GWA Consulting Income Schedule**
**(Exhibit 1)**

The attached schedule reflects my change in income. I no longer receive an income from Mercer (Column C) and included in my average monthly income Line 5(a), page 2, is a one time fee that I will not receive in the future and is not indicative of my regular/average income.

9. Change in Income.

Column A - is "at will" on a monthly basis

Column B - is "at will" and is on a short-term basis that can end abruptly

Column C - This income ended May 31, 2013

Column D - This Income was a one-time fee. No further compensation is expected from this source.

## GWA Consulting Income
## 9/1/2012 through 8/31/2013

| | Column A | Column B | Column C | Column D | |
|---|---|---|---|---|---|
| | JJC Farms | Tiedeman | Mercer | Captive Ins. | TOTAL Amount |
| TOTAL INCOME | $48,000 | $8,000 | $45,667 | $25,000 | $126,667 |
| Per Month | 4,000 | 667 | 3,806 | 2,083 | 10,556 |

| | | | |
|---|---|---|---|
| Total Expenses LTM | Capital Ptnrs | | $ 73,752 |
| Total Expenses LTM | Advisors | | $ 28,787 |
| TOTAL BUSINESS EXPENSES | 9/1/12 – 8/31/13 | | $ 102,539 |
| | | Per Mo | $ 8,545 |
| LTM Net Income | | | $ 24,128 |
| | | Per Mo | $ 2,011 |



RDI-A05914

JCOTTER014961

# Exhibit 2

## GWA Advisors, LLC

| | 2011<br>Jan - Dec 11 | |
|---|---|---|
| Income | | |
| GWA Capital | $(84,285.11) | **Note 1** |
| Consulting Fee Income | 54,500.00 | |
| Mercer Stock | 101,640.00 | Note 2 |
| Total Income | 71,854.89 | |
| Total Expense | 00000.00 | |
| **Net Income** | **$ 71,854.89** | |

| | 2012<br>Jan - Dec 12 | |
|---|---|---|
| Income | | |
| GWA Capital | $(70,273.86) | Note 1 |
| Consulting Fee Income | 69,500.00 | |
| Mercer Stock | 29,850.00 | Note 2 |
| Total Income | 29,076.14 | |
| Expense | 00000.00 | |
| **Net Income** | **$ 29,076.14** | |

Note 1 Advisors has no expenses. Advisor owns Captial Partners All income and expenses from Captial Partners are reflected in this line item.

Note 2 Represents stock grant awards. This amount is shown for tax purposes, as income, however it is NOT CASH and cannot be sold for one year.

GWA CAPITAL PARTNERS, LLC
Profit & Loss
January through December 2012

| | 2012 |
|---|---|
| | Accrual Basis |
| Gain on Capital Account | |
| GWA Investments | $(7,191.72) |
| Other Income | 3.29 |
| **Total Income** | **$(7,188.43)** |
| Moving Expense | $5,861.81 |
| Bank Service Charge | 99.00 |
| Data Service | 7,520.95 |
| Depreciation | 393.69 |
| Dues and Subscriptions | 743.99 |
| Equipment Purchases | 1,746.07 |
| Licenses and Permits | 1,047.00 |
| Marketing and Sales | 68.33 |
| Meals and Entertainment | 6,332.47 |
| Miscellaneous | 162.80 |
| Office Supplies | 1,518.71 |
| Parking | 2,183.89 |
| Postage and Delivery | 266.82 |
| Accounting | 5,657.00 |
| Legal | 460.00 |
| Other Professional Services | 412.95 |
| Total Professional Fees 6,529.95 | |
| Rent - Office | 9,380.00 |
| Rent - Other | 3,925.00 |
| Repairs and Maintenance | 2,004.64 |
| Software | 320.74 |
| Income Tax | 1,600.00 |
| Taxes - Other | 800.00 |
| Total Taxes 2,400.00 | |
| Telephone | 4,308.01 |
| Airfare | 2,560.02 |
| Lodging | 2,880.72 |
| Other | 423.77 |
| Taxi | 250.00 |
| Transportation | 156.74 |
| Total Travel 6,271.25 | |
| **Total Expense** | **$ 63,085.12** |
| **Net Income** | **$(70,273.55)** |

| GWA CAPITAL PARTNERS, LLC | |
|---|---|
| Profit & Loss | 2011 |
| January through December 2011 | Accrual Basis |
| | |
| Gain on Capital Account | |
| GWA Investments | $(10,528.59) |
| Total Income | $(10,528.59) |
| | |
| Bank Service Charge | 49.00 |
| Data Service | 18,246.08 |
| Depreciation | 539.00 |
| Dues and Subscriptions | 1,379.48 |
| Equipment Purchases | 4,714.43 |
| Licenses and Permits | 1,469.00 |
| Marketing and Sales | 64.90 |
| Meals and Entertainment | 4,718.31 |
| Miscellaneous | 9.99 |
| Office Supplies | 1,508.99 |
| Parking | 1,976.03 |
| Postage and Delivery | 206.92 |
| | |
| Accounting | 5,455.00 |
| Other Professional Services | 737.63 |
| Total Professional Fees 6,192.63 | |
| Rent - Other | 3,968.00 |
| Repairs and Maintenance | 5,641.25 |
| Software | 1,130.38 |
| Taxes | 3,954.00 |
| Telephone | 5,117.29 |
| | |
| Airfare | 3,372.46 |
| Lodging | 9,411.07 |
| Other | 74.24 |
| Taxi | 245.00 |
| Transportation | 308.40 |
| Total Travel | 13,411.17 |
| | |
| Total Expenses | $74,296.85 |
| | |
| Interest Income | 1.33 |
| Net Income | $(84,824.11) |

## GWA Assets and Liabilities

(As Of August 31, 2013)

| | | Cash | Stock |
|---|---|---|---|
| **Personal** | | | |
| | Cash | $92,289 | |
| | Stock | | $143,975 |
| **Capital Partners** | | | |
| | Cash | 2,994 | |
| | Stock | | 99,456 |
| **Advisors** | | | |
| | Cash | 1,688 | 0 |
| | **TOTALS** | **$96,971** | **$243,431** |
| **IRA** | | | |
| | Cash | $44,804 | |
| | Stock | | $1,678 |
| **Retirement Plan for Decurion Corporation *** | | | |
| | Cash/ Stock Value | U / K | U / K |
| **Debt and Liabilities** | | $ 0 | |

* Defined Contribution Plan from past employment in 1994.



RDI-A05919

# Exhibit 3

Average Combined Spending by Category

| 1/1/2011 through 12/31/2012<br>Category | Annual Expenses | | |
|---|---|---|---|
| Auto Lease- LMK | $ 6,600 | * | |
| Auto:Fuel | 4,800 | | |
| Auto:Fuel-LMK | 2,400 | * | |
| Auto:Insurance-Guy | 763 | | |
| Auto:Insurance-LMK | 1,650 | * | |
| Auto License - Fees | 158 | | |
| Auto:Service | 1,944 | | |
| Apartment Rent – Guy | 36,000 | * | |
| Bank Charge | 121 | | |
| Charitable | 1,097 | | |
| Christmas + Gifts | 2,638 | | |
| Christmas + Gifts-LMK | 3,000 | * | |
| College Fees - LMK | 30,000 | * | |
| Clothing-Guy | 2,400 | | |
| Clothing-LMK | 4,000 | * | |
| Dependent Support - LMK | 6,000 | * | |
| Entertainment - Guy | 2,676 | | |
| Entertainment-LMK | 2,400 | * | |
| Groceries:Fast Foods | 868 | | |
| Groceries:Food Store | 8,222 | | |
| Groceries:Food Store-LMK | 4,000 | * | |
| Household:Gardener | 5,100 | | Ave 425/ mo |
| Household:Maintenance | 85 | | |
| Household:Maintenance-LMK | 4,800 | * | |
| Housing:Expenses (Wells) | 3,460 | | |
| Housing:Expense (HB) | 1,016 | | |
| Housing: Interest-LMK-Wells | 61,126 | | |
| Housing Interest-LMK-SB | 32,850 | | |

| | | | |
|---|---|---|---|
| Property Tax-Wells - LMK | | 13,938 | |
| Property Tax - SB - LMK | | $12,878 | |
| Santa Barbara Homeowners Fee-LMK | | 11,760 | * |
| Storage Rental | | 3,600 | |
| Insurance:Life Insurance | | 1,383 | |
| Insurance-Houses - LMK | | 1,500 | * |
| Medical-Guy | | 2,714 | |
| Medical-LMK | | 3,000 | * |
| Misc-Guy | | 4,855 | |
| Misc-LMK | | 5,000 | * |
| Utilities | | 12,600 | |
| Vacation-Guy | | 6,000 | * |
| Vacation- LMK | | 1,500 | * |
| Major Expenditures-LMK | | 4,200 | * |
| Major Expenditures-Guy | | 3,718 | |
| OVERALL TOTAL | /Yr | $318,820 | |
| | /Mo | $ 26,568 | |

*Estimate

# Exhibit 4

In Re Marriage of Adams

Petitioner's Income and Expense Declaration

**Exhibit 4**

13 q. Other. Miscellaneous Expenses (Monthly):

| | | |
|---|---|---|
| Gym membership and vitamins | $ | 222 |
| Bed, furniture and furnishings for HB residence; Bed, furniture and furnishings for Santa Barbara condo; contribution to Grandchildren education | | 309 |
| Political contributions (non-deductible) | | 15 |
| Supplies and other expenses | | 117 |
| Bank Charges | | 10 |
| Credit Card Interest Expenses | | 6 |
| Credit Card Fees/Costs for Card | | 16 |
| Total | $ | 695 |

## DECLARATION OF GUY W. ADAMS

I, Guy W. Adams, declare as follows:

1. I am the Petitioner in the instant matter. I make and submit this declaration in support of my Request for Order Re Spousal Support and Attorneys Fees and Costs. The facts stated herein are known to me personally, and if called upon as a witness, I could and would competently testify thereto.

2. I offer this Declaration in lieu of personal testimony, pursuant to §§2009 and 2015.5 of the *California Code of Civil Procedure*, Rule 5.118(f) of *California Rules of Court*, and pursuant to the authority of *Reifler vs. Superior Court* (1974) 39 Cal. App.3d 479, and *Marriage of Stevenot* (1984) 154 Cal.App.3d 1051.

3. Respondent, Lois M. Kwasigroch (hereinafter "Lois") and I married on September 29, 2007 and separated on September 1, 2013, a period of 5 years and 11 months. We do not have any children together, however, Lois has a daughter, Annelise Alexander, age 20, from a prior marriage. Lois and I did not sign a prenuptial agreement prior to our marriage.

## SPOUSAL SUPPORT

4. Prior to our marriage, I owned and operated two businesses: GWA Capital Partners, an investment management company, and GWA Advisors, a investment consulting firm. At that time, GWA Capital Partners had four employees. Prior to our marriage, both of my businesses were prospering, but the 2007-08 market meltdown resulted in significant investment losses for both companies. By the end 2008, most of my investors had pulled out, and my businesses' combined value had declined by approximately 70%. At that time, I had to lay off all of my employees. Since that time, I have worked to rebuild my businesses. I am currently devoting most of my time to advisory assignments.

5. Lois is an attorney specializing in biotech patent litigation. She started working at her current employer, Amgen, a few months prior to our marriage in 2007.

She is presently an Associate General Counsel at Amgen. Prior to starting work at Amgen, Lois was a partner at Jones Day.

6. Lois' income far exceeds mine. Pursuant to our 2012 tax return, my gross income from both of my businesses was $100,350 before any business expenses. (See 2012 tax returns, attached hereto as Exhibit "A"). Per schedule C of our tax returns, my business expenses were $63,962. (See Exhibit "A"). My current income is approximately $5,000 per month, most of which I earn from short-term consulting assignments. Also, in 2013, my income has decreased because my 10 year contract that I had with Mercer, one of my major clients, ended on May 31, 2013.

7. In contrast to me, Lois' income has not been negatively impacted by the recent economic recession. Pursuant to our 2012 tax return, Lois' gross income from her employment at Amgen was $742,035. (See Exhibit "A"). Considering Lois' monthly income of $61,833, my monthly income of $5,000, both of us filing as single and claiming one deduction, and Lois' property tax expenses of $1,161 and mortgage interest deduction of $5,093, Lois' monthly spousal support obligation to me is $22,377. (See Dissomaster, attached hereto as Exhibit "B").

**ATTORNEYS FEES AND COSTS**

8. In addition to earning significantly more income than me, Lois has more assets than me. In 2007, when Lois and I married, my IRA account had an approximate balance of $161,991. Today the balance of my IRA account is less than $50,000. Most of the loss in value of my IRA was a result of the 2007-08 market decline. I have one other retirement account which has an approximate value of $20,000. Lois has several retirement accounts. Her 401(k) and IRAs have appreciated significantly during our marriage, in large part due to the contributions by her employer. I estimate that the current value of Lois' 401(k) and IRAs is in excess of $600,000. In addition to her retirement accounts, Lois has checking and savings accounts to which I do not have access, so I am unaware as to their current balances.

9. In addition to her liquid assets, Lois has a residence that is primarily her separate property. During our marriage, Lois and I primarily resided in a house which Lois acquired in 1998, prior to our marriage. Although the residence is Lois' separate property, we made significant improvements to the property during our marriage using our community property. Additionally, Lois refinanced the property twice during our marriage, and we paid the mortgage from our community property earnings. Since our separation, Lois has continued to reside in the property.

10. On May 25, 2012, Lois and I purchased a second home in Montecito, California for $1,211,927. The down payment for this purchase came predominately from Lois' bonus payment received in March of that year. Since our purchase of this property, the residence has increased in value. Since our separation, Lois has had exclusive use and occupancy of the Montecito property.

11 Since our separation, I have incurred significant expenses locating, leasing and furnishing an apartment while Lois has remained living in both of our family residences.

12. Additionally, I have paid $10,000 to retain an attorney to represent me in this litigation. Based on Lois' statements to me regarding support and division of our assets, I anticipate that I will incur significant legal fees before our dissolution matter is resolved.

**RELIEF REQUESTED**

13. I respectfully request that Lois be ordered to pay me $22,377 per month as and for spousal support.

14. I further respectfully request that Lois be ordered to make a $25,000 contribution to my attorneys fees and costs forthwith.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 7th day of October 2013, at El Segundo, California.

Guy W. Adams

# EXHIBIT 17

## Filed Separately Under Seal

# EXHIBIT 18

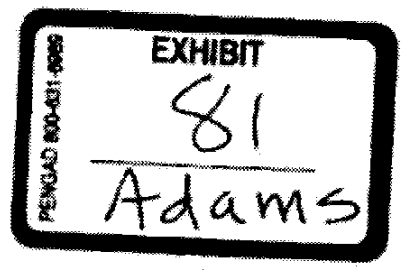
## Filed Separately Under Seal

# EXHIBIT 19

**From:** Kane <elkane@san.rr.com>
**Sent:** Monday, May 18, 2015 10:16 PM
**To:** Guy Adams

See if you can get someone else to second the motion. If the vote is 5-3 I might want to abstain. and make it 4—3. If it's needed I will vote. It's personal and goes back 51 years. If no one else will second it I will.





# EXHIBIT 20

**From:** Kane <elkane@san.rr.com>
**Sent:** Tuesday, May 19, 2015 12:27 AM
**To:** Guy Adams
**Subject:** Re:

which are?

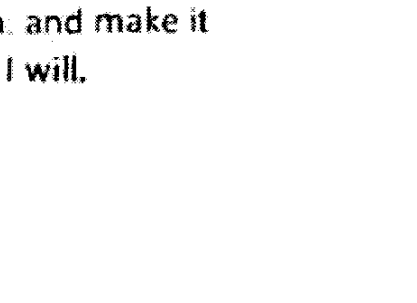
**From:** Guy Adams
**Sent:** Monday, May 18, 2015 3:26 PM
**To:** Kane
**Subject:** RE:

Ok.
Can you second the other motions?

**From:** Kane [mailto:elkane@san.rr.com]
**Sent:** Monday, May 18, 2015 3:16 PM
**To:** Guy Adams
**Subject:**

See if you can get someone else to second the motion. If the vote is 5-3 I might want to abstain. and make it 4—3. If it's needed I will vote. It's personal and goes back 51 years. If no one else will second it I will.





# EXHIBIT 21

## Filed Separately Under Seal

# EXHIBIT 22

## Filed Separately Under Seal

# EXHIBIT 23

## Filed Separately Under Seal

# EXHIBIT 24

## Filed Separately Under Seal

# EXHIBIT 25

## Filed Separately Under Seal

# EXHIBIT 26

## Filed Separately Under Seal

# EXHIBIT 27

Message

**From:** Margaret Cotter [Margaret Cotter]
**Sent:** 6/4/2015 6:14:53 PM
**To:** James Cotter JR
**CC:** Ellen Cotter
**Subject:** RE: John Genovese

I told you. give me a call I will articulate over the phone.

**From:** James Cotter JR
**Sent:** Thursday, June 04, 2015 2:14 PM
**To:** Margaret Cotter
**Subject:** RE: John Genovese

Currently reviewing with lawyers…can you please tell me your thoughts about John?

**From:** Margaret Cotter
**Sent:** Thursday, June 04, 2015 11:11 AM
**To:** James Cotter JR; Ellen Cotter
**Subject:** RE: John Genovese

Frankly, I would be more concerned about yourself and getting your position squared away than dealing with another employee. I think your priorities are a little skewed. What is the status of the paperwork we sent you yesterday.

**From:** James Cotter JR
**Sent:** Thursday, June 04, 2015 1:53 PM
**To:** Margaret Cotter; Ellen Cotter
**Subject:** RE: John Genovese
**Importance:** High

Bill and Dev do not believe Ellen's candidate has experience to oversee our U.S. real estate. I do not believe he does either. Bill and Dev are very impressed with John and believe he should be hired. We have met a lot of candidates and John is by far the best. If the Company waits any longer, we will lose this candidate. You should not view him as a threat to your role or Edifice's role. The decision to wait is not in the Company's best interest, whether I am here or not. This Company needs an experienced real estate developer who has been there and done that. He has long tenure at Macerich and Equity Office. This is a no-brainer. What are your reasons for not wanting to hire John? If he does not work out, we can fire him and lose one year salary. If he works out, we will be able to move all our properties forward at fast pace. You gave me one reason, that of him being arrogant. He has experience in all areas- retail leasing, construction, buying, selling, financing…a full-service real estate guy. I would note that John scored highest on team play on Korn Ferry's test. He is to be viewed as a resource and he fully understands corporate structure here and the mandate to help everyone. There is now a fear of losing John as a candidate. Why he is not the right guy?

I am talking to Korn Ferry this morning and would like both of your input.

EXH 156
DATE 5-12-16
WIT M. Cotter
PATRICIA HUBBARD

RDI0047818

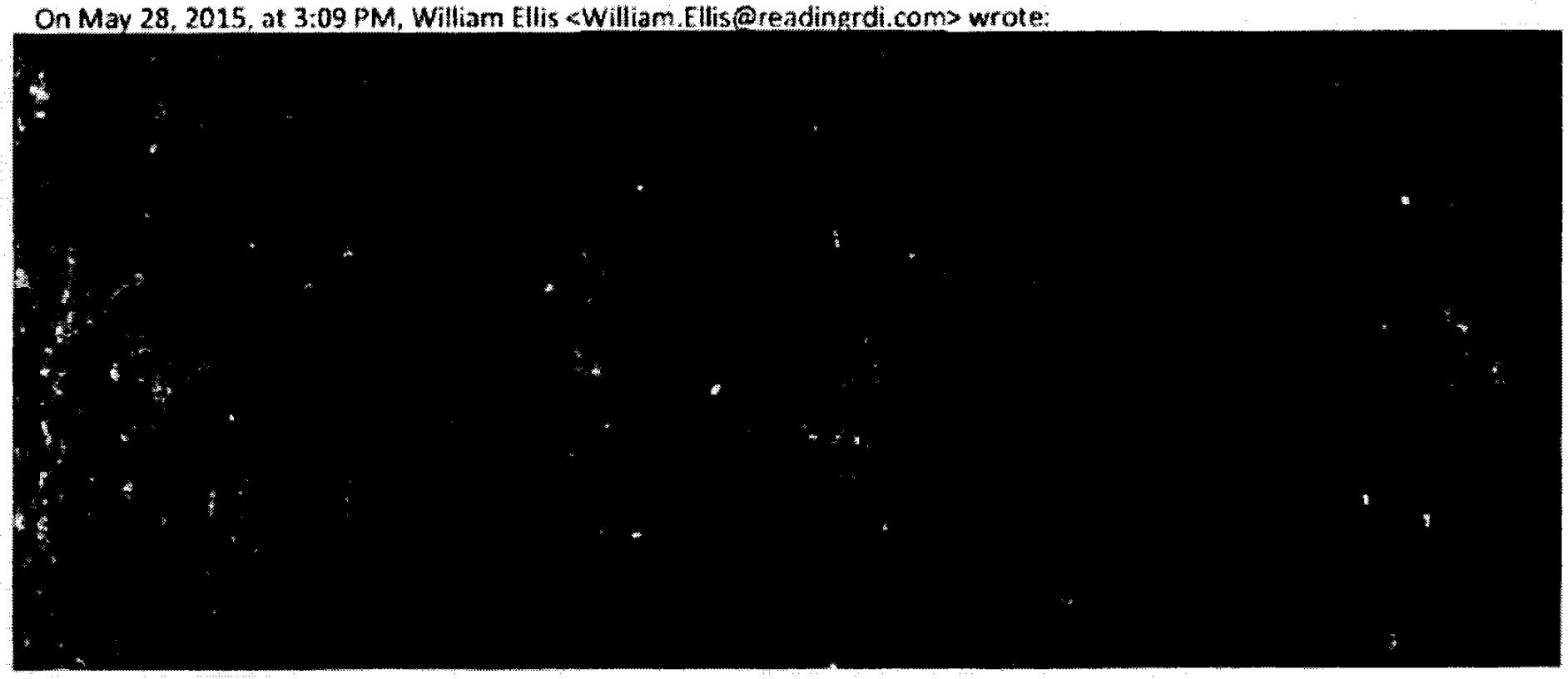
281

**From:** Margaret Cotter
**Sent:** Thursday, May 28, 2015 7:33 PM
**To:** William Ellis
**Cc:** James Cotter JR; Ellen Cotter; Dev Ghose; Craig Tompkins
**Subject:** Re: John Genovese

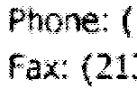
Bill and team: we are not finished with our search. Ellen has a candidate that she has worked with and spoke to you about. I am not in favor of hiring John for reasons I may have discussed with you personally. If not I will share when I see you. I think this search should and will continue.
Before hiring anyone I think we need to get Edifice's agreement signed. They have a staff of people working on our project and were anticipating getting signed in May.

Sent from my iPhone

On May 28, 2015, at 3:09 PM, William Ellis <William.Ellis@readingrdi.com> wrote:



**William D. Ellis**
General Counsel
Reading International, Inc.
6100 Center Drive, Suite 900
Los Angeles, CA 90045
Phone: (323) 271-1054
Fax: (213) 235-2229



May 27, 2015

**Candidate Assessment**

**Reading International, Inc.**

**FOR THE POSITION OF:**

## Head of Real Estate

## John Genovese

President

GENCO Realty Group, LLC.

## Korn Ferry's Four Dimensions of Leadership

By leveraging the largest set of data on talent—more than 2.5 million assessments— Korn Ferry has insight into the dimensions of talent crucial for executives. The four dimensions include competencies, traits, drivers, and experiences. Taking all four dimensions into account gives your company a holistic view of how each candidate's qualities fit a specific role.

### Experiences

Experiences are the roles and assignments that make up a candidate's career history and resume. Examples of experiences include things like managing a turnaround, taking a global assignment, or managing a crisis. Learning from experiences is instrumental to developing readiness for new challenges and roles. Korn Ferry has identified the qualities that make an experience most developmental. Highly developmental assignments are those that take people out of their comfort zone and involve high visibility, a risk of failure, ambiguity, and a broad scope of responsibility.

### Traits

Traits are personality characteristics that exert a strong influence on behavior. These include attitudes, such as optimism, and other natural leanings, such as social astuteness. Traits are core to who a person is, but they don't represent a predetermined fate. Depending on the role and context, specific traits may be more or less crucial for success. Korn Ferry has identified 14 key traits for executive candidates.

### Competencies

Competencies are the leadership skills that matter most for success in the 21st century. Korn Ferry has identified key competencies related to high performance in executive roles. Examples include situational adaptability and global perspective. These skills enable leaders to make a meaningful impact because they determine how leaders drive results. The unique competency profile generated for this role is based on the nature of the position, the organization, and key requirements.

### Drivers

Drivers are the preferences, values, and motivations that influence a person's career aspirations. They lie at the heart of critical questions: What is important to me? What do I find rewarding? Drivers are informed by who a person is, but also by the circumstances or context at any given time. Most importantly, Drivers factor in to culture fit, engagement and performance, as well as talent retention. They operate as a pivot point for all other dimensions (Traits, Competencies, Experiences).

**********

## Summary

John thrives on complex, problems, and pursues cutting-edge solutions with intellectual rigor. Candidates like John place an ideal emphasis on working with other people in pursuit of collective goals, sharing credit for accomplishments, and building strong teams. They are passionate and steadfast in the pursuit of ambitious goals despite obstacles or setbacks. In general, John is motivated to integrate work and life in a sustainable, enjoyable, and meaningful way.

## Experiences

Experiences comprise career history. They are key roles and assignments such as managing a turnaround, taking a global assignment, or handling a crisis. Korn Ferry has identified the experiences most instrumental to developing a leader's readiness for new challenges and roles. Depending on the industry, function, and level, certain experiences may be more or less crucial for success.

KEY EXPERIENCES FOR JOHN

- **External stakeholders (government, lobbies, media, shareholders, unions)**
- **Financial acumen**
- **Development Project Depth**
- **Urban retail asset expertise**
- **Large scale team Leadership**

John tackles complex challenges with an optimal Traits balance of creativity, flexibility and careful analysis. Candidates like John motivate and influence others with an ideal mix of strong interpersonal skills, emotional intelligence, and a focus on relationships. They have tremendous drive, very high expectations, and are not likely to give up easily.

## Competencies

John establishes systems that monitor organizational performance and holds others accountable for meeting or exceeding objectives. Candidates like John create a culture that encourages experimentation and learning in order to identify new ideas and opportunities that will drive performance. They build partnerships across functional, cultural, organizational, and global boundaries to connect key people who can help accomplish goals.

**Ensures accountability ★**
**Engages and inspires**
**Navigates networks**
**Develops talent**
**Nimble learning**
**Cultivates innovation**
**Aligns execution ★**

**Situational adaptability**
**Courage ★**
**Global perspective**
**Strategic vision ★**
**Financial acumen**
**Manages ambiguity ★**
**Balances stakeholders**
**Persuades**

## Drivers

John is motivated by a variety of tasks and responsibilities and the flexibility to set a schedule and pace. John is also motivated by the opportunity to work with others on a common goal. An ideal work context would allow for team efforts to be pursued at a sustainable pace. In general, John may be less energized by stability and consistency, and more invigorated when work is unpredictable and ambiguous.

<John Genovese.docx>

# EXHIBIT 28

Timestamp: 6/3/2015 11:42 AM CDT

# Confidential Settlement Memo of Understanding

The following is intended to be used as a part of confidential and "without prejudice" settlement negotiations between Ellen Marie Cotter ("EMC") and Ann Margaret Cotter ("AMC"), on the one hand, and James J. Cotter, Jr. ("JJC") on the other hand. It is provided under the understanding that the contents hereof are confidential, except to the extent the disclosure of certain terms are required by law, and is not to be used, including in any litigation, for any purpose other than to enforce the terms hereof.

The proposal outlined below sets forth the basis on which EMC and AMC would be willing to proceed towards a negotiated settlement, but, with respect to the items related to the management structure of Reading International, Inc. (the "Company") only, is subject to the ultimate approval of the independent directors, in the exercise of their fiduciary duties and obligations. Nothing herein is intended to interfere with the appropriate exercise by the directors of their fiduciary duties and obligations.

If these terms are acceptable to JJC, then JJC should sign below to indicate his agreement. AMC and EMC will do the same. By signing below, the parties agree that the terms of this Understanding represent a binding agreement, subject to approval by the independent directors of the Company Management Structure (as detailed below) and necessary court approvals. If the Company Management Structure is not approved by the Company Board or implemented, EMC and AMC (but not JJC) shall have the option to treat this agreement as void and no longer binding. If the necessary court approvals are not obtained, this agreement will be void and no longer binding. The parties acknowledge that their agreement will be memorialized in a more formal document, and the parties agree to work diligently and good faith to prepare all required documentation that reflects the terms of this Understanding. The initial draft of such documentation will be prepared by counsel to EMC and AMC.

| TERM/CONDITION | EMC/AMC SETTLEMENT TERMS AND CONDITIONS |
|---|---|
| Reading International Management Structure (JJC, EMC & AMC would cooperate in good faith in the implementation of these changes) | JJC would continue to serve as CEO and President under the terms of his existing contract, but in the overall management structure and subject to the limitations set forth below:<br><br>*Executive Committee Structure*<br><br>The existing Executive Committee would be renewed as a standing committee of the Board of Directors, as follows:<br><br>• Members: EMC, AMC, JJC and Guy Adams (Chairman). Decision-making will be by majority rule.<br>• Delegated Authority to the Executive Committee would be as determined by the Board of Directors, but would include, at a minimum, the following:<br>(i) Approval over the Hiring/Firing/Compensation of all senior level consultants/employees;<br>(ii) Review and approval/disapproval of all contracts/commitments with an overall exposure to the Company in excess of $2.5 million; and |



EXH 167
DATE 5-13-16
WIT M. Cotter
PATRICIA HUBBARD

| | |
|---|---|
| | (iii) Review and approval of annual Budget and Business Plan.<br><br>Meetings would be held on a regularly scheduled basis weekly. Executive Committee members would naturally be free to attend and participate in internal meetings called by the CEO, and would endeavor to make themselves reasonably available to attend such meetings as to which they may be invited by the CEO.<br>Unless approved in advance by the Executive Committee, all investor relations will be handled by CEO with CFO in consultation with the GC. CEO will not conduct investor relations meetings alone. All press releases and public filings would be subject to review and sign-off by the Executive Committee and the GC.<br><br>The Company would enter into employment agreements with EMC and AMC on substantially the same terms and conditions as JJC.<br><br>EMC will be appointed President of the US Cinema division.<br><br>Margaret Cotter will be appointed as Chairman of the NYC Real Estate Oversight Committee (members to include JJC, AMC, SCT and WE).<br><br>It is recognized that the implementation of the above will require the adoption of various bylaws, policies and procedures.<br><br>The provisions above related to the Management Committee will be effective immediately upon approval by the Company's Board of Directors.<br><br>For purposes of this agreement and the provisions herein, JJC, AMC and EMC agree that, as of the date hereof, the following are "independent" directors: Guy Adams, Edward Kane, William Gould, Tim Storey and Doug McCeachran. |
| Reading Voting Stock – Class B | JJC will decline to serve as Co-Trustee of the Voting Trust and renounces any intention or right to serve as trustee or a successor trustee.<br><br>Margaret Cotter will be the Sole Voting Trustee of the Voting Stock.<br><br>It is acknowledged that the parties will work on a mutually agreeable successor trustee provision to be included in the final settlement documentation.<br><br>JJC, EMC and AMC will sign an acknowledgement that there is an inconsistency in the 2014 Amendment between SR's expressed intent that AMC serve as Chair and another provision that says SR intended for rotation. Unless AMC agrees otherwise, JJC, EMC and |

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| | AMC will agree that SR intended for AMC to serve as Chair and that neither EMC nor JJC have any right to serve as Chair. |
| Cooperation of Parties to explore division of Estate/Trust | With respect to any specific bequest of assets of the trust and estate which are required to be distributed to EMC, AMC and JJC jointly, the parties agree to work cooperatively together to explore a way to divide these assets so that co-ownership of the assets will not be required. The parties understand that the foregoing provisions are subject to final payment of federal estate tax, costs of administration, and receipt of the closing letter from the IRS for the federal estate tax return. |
| 2014 Trust Amendment | Subject to the terms and conditions herein, EMC and AMC will drop any challenge to the enforceability of the 2014 Amendment. |
| Trustees of the Living Trust | JJC resigns as Trustee and renounces any right to serve as a trustee or successor trustee. |
| Specific Bequests | The Laguna Beach Condo will be sold immediately to a third party for cash to provide liquidity to the Estate. The parties will agree to consent to such sale under terms determined by AMC and EMC in their sole discretion as Co-Trustees.<br><br>The parties acknowledge that the gift to AMC in Article III K of the trust of the condominium/coop at 120 Central Park South shall be satisfied with Trustor's interest in 59th Street LLC (an LLC to which the condo was transferred in 2014 and which owns no other assets other than the condo). |
| Ownership of Agriculture Assets | Article III H of the trust shall be clarified to reflect Trustor's intent that the Trustees of the Citrus Trust shall distribute the assets of the Citrus Trust outright to the Trustor's issue, by right of representation, and terminate the Citrus Trust. JJC, EMC and AMC will also sign an acknowledgment that they have unanimously agreed that subject to payment of estate taxes and costs of administration in the Trustor's estate, the assets of the Citrus Trust, including ownership interests in the LLC, SHALL be distributed outright to the Trustor's issue, by right of representation.<br><br>Cotter Family Farms, LLC Agreement amended as follows:<br><br>• Majority rule for decision-making by Co-Managers; and<br>• Remove restrictions on distributions or sale of assets, such that a majority of the Co-Managers can decide in their discretion to make distributions or sell assets. |
| JJC's "Lead Director" Agreement with Cecelia - $200,000 per annum | EMC and AMC acknowledge that JJC's "Lead Director" Agreement will continue. |
| $1.5 million Loan | The parties recognize the forgiveness of the $1.5 million loan from the Trustor to JJC, and acknowledge that there are no other outstanding loans/amounts personally due from EMC, AMC, JJC, or their issue to the trust or estate. (Note: there are, however, |

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| | outstanding balances due to estate/trust from James J. Cotter, Jr. 2012 Trust; Ellen M. Cotter 2012 Trust; Margaret Cotter 2012 Trust; and the James J. Cotter 2013 Irrevocable Trust, in which EMC, AMC, JJC or their issue have an interest.) |
| RDI Stock owned by SR individually | JJC, EMC, and AMC agree that the RDI stock (voting and non-voting) listed on RDI's stock register as still held in the name of SR on the date of death is owned by SR's Estate, not the Trust. |
| Legal Expenses | All legal expenses and other professional fees incurred to date by JJC, EMC, AMC, the Trust, and the Estate relating to the litigation or administration issues will reimbursed by Trust or Estate as appropriate, and JJC will sign an acknowledgment that this is appropriate and reasonable. |
| Mutual Releases | JJC, EMC, and AMC agree to abate all litigation amongst each other and to refrain from instituting any new claims based on conduct that has occurred as of the date of this agreement pending obtaining approval of the Company Management Structure above and all necessary court approvals of this settlement.<br><br>Once all approvals have been obtained, JJC, EMC, and AMC agree to the following:<br><br>-JJC, EMC, and AMC will enter into mutual releases for all claims, known or unknown, relating to SR's Trust, SR's Estate, the management of the Company, or any matter covered by this Agreement (excluding any claim to enforce this Agreement) that have been brought against JJC, EMC, and AMC (all whether in their individual or representative capacities).<br><br>-JJC will release all claims against the Company's Officers/ Directors/Consultants or the Company based on conduct occurring prior to the date of the release.<br><br>-JJC will disclaim any right to bring a derivative claim against the Company's Officers/ Directors/Consultants, and JJC will agree not to cooperate or participate in any suit by another asserting claims that JJC will release under this agreement.<br><br>-EMC and AMC will take all actions to have their claims pending in CA and NV over SR's estate and trust dismissed with prejudice, except to the extent such dismissal would be inconsistent with any term of this Agreement.<br><br>-JJC will dismiss the petition filed in NV relating to the Company Voting Stock.<br><br>-JJC, EMC, and AMC will take whatever action is necessary to cause Company to dismiss its request for instructions filed in NV relating to the RDI stock owned by SR. |

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| 2014 Gifts | JJC delivers EMC check for $28,000. |
| Gerald Cotter | The parties acknowledge that the typographical error in Article III A. of the trust (gift to Gerard Cotter) shall be corrected to reflect Trustor's intent that the gift to Gerard Cotter is $150,000 without offset. |
| James J. Cotter Foundation | AMC, EMC and JJC will become co-trustees and/or co-directors of the James J. Cotter Foundation. With respect to funds to be donated annually by the foundation to other charities, AMC, EMC and JJC in his or her capacity as a trustee or director will each designate a proportionate one-third share of the funds to be distributed to the charitable beneficiaries as each shall select. Otherwise, decision making will be done by majority rule. This paragraph is subject to any requirements of federal or state tax or substantive law. |
| Court Approval | The parties will use their best efforts to obtain court approval in CA and NV of any settlement agreement. |
| Counseling | AMC, JJC and EMC will engage in professional counseling to determine how to work cooperatively together and with respect. |
| Confidentiality | JJC, AMC, and EMC agree that this agreement will be kept confidential, except to the extent the disclosure of certain terms are required by law, and the fact of the agreement or any of its terms is not to be used, including in any litigation, for any purpose other than to enforce the terms hereof. |

**AGREED:**

_____

James J. Cotter, Jr. (individually and in all representative capacities)

_____

Ellen Cotter (individually and in all representative capacities)

_____

Margaret Cotter (individually and in all representative capacities)

# EXHIBIT 29

## Filed Separately Under Seal

# EXHIBIT 30

## Filed Separately Under Seal

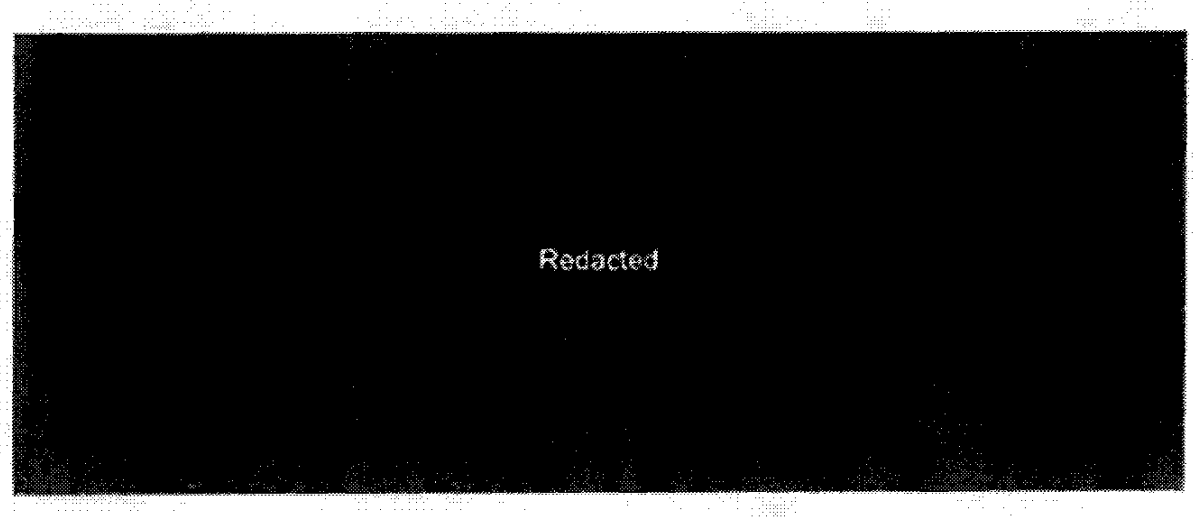
# EXHIBIT 31

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

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

EXH 306
DATE 6-9-16
WIT Kane
PATRICIA HUBBARD

# EXHIBIT 32




**From:** Harry Susman [mailto:HSUSMAN@SusmanGodfrey.com]
**Sent:** Wednesday, May 27, 2015 3:39 PM
**To:** Adam Streisand
**Cc:** Meg Lodise
**Subject:** Confidential Settlement Proposal--Subject to R. 408

Adam: Attached is the proposal that I mentioned on the phone.

Attention: This message is sent by a law firm and may contain information that is privileged or confidential. If you received this transmission in error, please notify the sender by reply e-mail and delete the message and any attachments.

[redacted]

Timestamp: 5/27/2015 3:49 PM CDT

# Confidential Settlement Memo of Understanding

The following is intended to be used as a part of confidential and "without prejudice" settlement negotiations between Ellen Cotter and Margaret Cotter, on the one hand, and James J. Cotter, Jr. ("JJC") on the other hand. It is provided under the understanding that the contents hereof are confidential and not to be used in any litigation or other proceeding.

The proposal outlined below sets forth the basis on which Ellen Cotter ("EMC") and Margaret Cotter ("AMC") would be willing to proceed towards a negotiated settlement, but, with respect to the items related to the Company's management structure only, is subject to the ultimate approval of the independent directors, in the exercise of their fiduciary duties and obligations. Nothing herein is intended to interfere with the appropriate exercise by the directors of their fiduciary duties and obligations.

If these terms are acceptable to JJC, then JJC should sign below to indicate his agreement. AMC and EMC will do the same. By signing below, the parties agree that the terms of this Understanding represent a binding agreement, subject to approval by the independent directors of the RDI management structure and necessary court approvals. However, the parties acknowledge that their agreement will be memorialized in a more formal document, and the parties agree to work diligently and good faith to prepare all required documentation that reflects the terms of this Understanding. The initial draft of such documentation will be prepared by counsel to Ellen Cotter and Margaret Cotter.

| TERM/CONDITION | EMC/AMC SETTLEMENT TERMS AND CONDITIONS |
|---|---|
| Reading International Management Structure (JJC, EMC & AMC would cooperate in good faith in the implementation of this changes) | JJC would continue to serve as CEO and President under the terms of his existing contract, but in the overall management structure and subject to the limitations set forth below:<br><br>*Executive Committee Structure*<br><br>The existing Executive Committee would be renewed as a standing committee of the Board of Directors, as follows:<br><br>• Members: EMC, AMC, JJC and Guy Adams (Chairman).<br>• Delegated Authority to the Executive Committee would be as determined by the Board of Directors, but would include, at a minimum, the following:<br>(i) Approval over the Hiring/Firing/Compensation of all senior level consultants/employees;<br>(ii) Review and approval/disapproval of all contracts/commitments have an overall exposure to the Company in excess of $1 million; and<br>(iii) Review and approval of annual Budget and Business Plan.<br><br>Meetings would be held on a regularly scheduled basis weekly. Executive Committee members would naturally be free to attend and participate in internal meetings called by the CEO, and would |

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| | endeavor to make themselves reasonably available to attend such meetings as to which they may be invited by the CEO.<br><br>Unless approved in advance by the Executive Committee, all investor relations would be handled by CFO in consultation with the GC, not CEO. All press releases and public filings would be subject to review and sign-off by the Executive Committee and the GC.<br><br>The Company would enter into employment agreements with EMC and AMC on substantially the same terms and conditions as JR.<br><br>EMC will be appointed President of the US Cinema division.<br><br>Margaret Cotter will be appointed as Chairman of the NYC Real Estate Oversight Committee (members to include JJC, AMC, SCI and WE).<br><br>It is recognized that the implementation of the above will require the adoption of various bylaws, policies and procedures. |
| Reading Voting Stock – Class B | JJC will decline to serve as Co-Trustee of the Voting Trust and renounces any intention or desire to serve as a successor trustee.<br><br>Margaret Cotter will be the Sole Voting Trustee of the Voting Stock.<br><br>JJC, EMC and AMC will sign an acknowledgement that there is an inconsistency in the 2014 Amendment between SR's expressed intent that AMC serve as Chair and another provision that says SR intended for rotation, JJC, EMC and AMC will agree that SR intended for AMC to serve as Chair and that neither EMC nor JR wish to serve as Chair. |
| Immediate Release and Waiver signed by JJC with respect to all litigation, including any matters covered by the specified litigation | 1. California Superior Court case<br>2. Nevada case filed by JJC<br>3 All threats against Directors<br>4 All threats of Company Derivative Action<br>5 Agreement that Reading International, Inc. can drop the interpleader action in Nevada and recognize the Estate as the owner of Class B Shares and Option<br>6. JJC further agrees to not sue Company over these matters or participate in any lawsuit related to the Company |
| 2014 Trust Amendment | Subject to the terms and conditions herein, EMC and AMC will drop any challenge to the enforceability of the 2014 Amendment. |
| Trustees of the Living Trust | JJC resigns as Trustee and renounces any intent or desire to serve as successor trustee while either EMC or AMC are alive. |
| Specific Bequests | Laguna Beach Condo will be sold immediately to provide liquidity to the Estate. The parties will agree to consent to such sale under terms determined by AMC and EMC in their sole discretion as Co-Trustees. |

| | |
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| Ownership of Agriculture Assets | Cotter Family Farms, LLC Agreement amended<br>• Majority rule for decision-making by Co-Managers;<br>• Remove restrictions on distributions or sale of assets;<br>• JJC, EMC and AMC will sign an agreement that they have unanimously agreed that the assets of the Citrus Trust, including ownership interests in the LLC, will be distributed pro rata to EMC, AMC, and JJC. |
| JJC's "Lead Director" Agreement with Cecelia - $200,000 per annum | JJC's "lead director" Agreement will be voided. JJC will relinquish any remaining rights in such Agreement. |
| $1.5 million Loan | As executors, EMC and AMC will work out a reasonable payment back to Estate over time, taking into due consideration JJC's ability to make such repayments. |
| Legal Expenses | All legal expenses and other professional fees incurred to date by JJC, EMC, AMC, the Trust, and the Estate relating to the litigation or administration issues will reimbursed by Trust or Estate as appropriate, and JJC will sign an acknowledgment that this is appropriate and reasonable. |
| Release by EMC and AMC | EMC and AMC will take all actions to have their claims pending in CA and NV over SR's estate and trust dismissed with prejudice, except to the extent such dismissal would be inconsistent with any term of this Agreement, such as with regard to the $1.5 million loan (in which case the parties will work to carve out such claims). |
| 2014 Gifts | JJC delivers EMC check for $28,000. |
| James J. Cotter Foundation | AMC, EMC and JJC will become co-trustees and/or co-directors of the James J. Cotter Foundation. They further will agree that decision-making will be done by majority rule. |
| Court Approval | The parties will use their best efforts to obtain court approval in CA and NV of any settlement agreement. |
| Counseling | AMC, JJC and EMC will engage in professional counseling to determine how to work cooperatively together and with respect. |

AGREED:

_____

James J. Cotter, Jr. (individually and in all representative capacities)

_____

Ellen Cotter (individually and in all representative capacities)

_____

Margaret Cotter (individual and in all representative capacities)

Timestamp: 5/27/2015 3:49 PM CDT



JCOTTER002366

301

RDI-A05961

# EXHIBIT 33

**From:** Margaret Cotter <margaret.cotter@readingrdi.com>
**Sent:** Tuesday, June 09, 2015 3:32 AM
**To:** amcotter1@aol.com
**Subject:** Fwd: Confidential- For Settlement

Sent from my iPhone

Begin forwarded message:

**From:** Margaret Cotter <margaret.cotter@readingrdi.com>
**Date:** June 8, 2015 at 11:20:04 PM EDT
**To:** James Cotter JR <james.j.cotter@readingrdi.com>
**Cc:** Ellen Cotter <Ellen.Cotter@readingrdi.com>
**Subject:** **Re: Confidential- For Settlement**

I object. I will notify the board that you are unwillingly to take our offer despite your acceptance to most of it last week.

Sent from my iPhone

On Jun 8, 2015, at 11:14 PM, James Cotter JR <james.j.cotter@readingrdi.com> wrote:

> I cannot agree to your latest take-it or leave-it global settlement proposal for a number of reasons. However, I remain willing to promptly follow through on a formal settlement process to attempt to resolve all of our family disputes. In the meantime, I remain agreeable to a complete standstill that would bring a halt to all litigation activities and all boardroom or other Reading related threats and posturing. I am agreeable to any reasonable steps to implement a complete standstill and promptly follow through on the best settlement process we can employ. What objection do either of you have to proceeding in that matter?
>
> ---
>
> **From:** James Cotter JR
> **Sent:** Friday, June 05, 2015 2:17 PM
> **To:** Ellen Cotter; Margaret Cotter
> **Subject:** Confidential- For Settlement
>
> My plan is to have response Monday.
>
> Regards,
>
> Jim

# EXHIBIT 34

**From:** Ellen Cotter <Ellen.Cotter@readingrdi.com>
**Sent:** Tuesday, May 19, 2015 6:38 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.

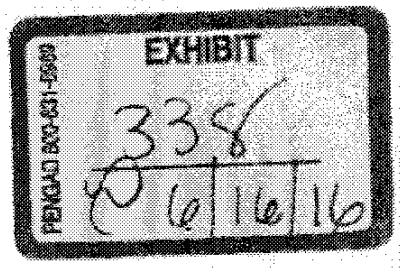
Reading International, Inc.

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




GA00005340

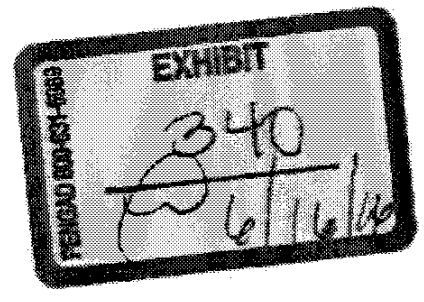
# EXHIBIT 35

**From:** Ellen Cotter <Ellen.Cotter@readingrdi.com>
**Sent:** Wednesday, May 27, 2015 7:10 PM
**To:** dmceachern@deloitte.com; wgould@troygould.com; Tim Storey; Kane (elkane@sanrr.com); Margaret Cotter; James Cotter JR; Guy Adams
**Cc:** William Ellis
**Subject:** Board Meeting - May 29 - 11am

Dear All: This is a reminder that the Board Meeting held last Thursday was adjourned, to reconvene this Friday, May 29, 2015. The Board Meeting will begin at ***11:00am*** at our Los Angeles office.

Thank you.

Ellen Cotter



# EXHIBIT 36

## Filed Separately Under Seal

# EXHIBIT 37

## Filed Separately Under Seal

# EXHIBIT 38

## Filed Separately Under Seal

# EXHIBIT 39

## Filed Separately Under Seal

# EXHIBIT 40

## Filed Separately Under Seal

# EXHIBIT 41

## Filed Separately Under Seal

# EXHIBIT 42

## Filed Separately Under Seal

# EXHIBIT 43

## Filed Separately Under Seal

# EXHIBIT 44

## Filed Separately Under Seal

# EXHIBIT 45

## Filed Separately Under Seal

# EXHIBIT 46

## Filed Separately Under Seal

In the Matter of an Arbitration Under the Unicitral Arbitrator Rules (2010) between HARVEST USA INC (Hong Kong SAR, China); HARVEST GLOBAL INVESTMENTS LTD (Hong Kong SAR, China) and KRANE DISTRIBUTION LLC (Delaware, USA).

In the Matter of the Bermuda Arbitration Act of 1986 (As Amended and Supplemented and in the Matter of an AD Hoc Arbitration Between: Southern Company v. ACE Bermuda Insurance LTD.

Oral Videotaped Deposition in the Matter of John Durham v. The Stephens Group, LLC and Joe Vardell in the District Court of Harris County, Texas, 295th Judicial District (Cause No. 2013-25000).

# EXHIBIT C

| Information Considered |
| --- |
| 12 Plaintiffs' First Amended Complaint, dated February 3, 2016 |
| James J. Cotter Jr.'s First Amended Verified Complaint, dated October 22, 2015 |
| [Proposed] James J. Cotter Jr.'s Second Amended Verified Complaint, dated August 2016 |
| Form 8-K of Reading International, Inc., filed July 24, 2013 |
| Form 10-Q of Reading International, Inc., filed August 12, 2014 |
| Form 13D of James J. Cotter Jr., filed September 19, 2014 |
| Form DEF 14A of Reading International, Inc., filed May 18, 2016 |
| Form 8-K of Reading International, Inc., filed March 15, 2016 |
| Form DEF 14A of Reading International, Inc., filed October 20, 2015 |
| Press Release, Reading International, Inc., Board of Directors of Reading International Rejected Non-Binding Indication of Interest (July 18, 2016) |
| Amended and Restated Bylaws of Reading International, Inc. |
| Amended and Restated Articles of Incorporation of Reading International, Inc. |
| Transcript of Deposition Guy Adams, dated April 28-29, 2016 |
| Transcript of Deposition of Douglas McEachern, dated May 6, 2016 and July 7, 2016 |
| Transcript of Deposition Margaret Cotter, dated May 12-13, 2016 and June 15, 2016. |
| Transcript of Deposition of Ellen Cotter, dated May 18-19, 2016 |
| Transcript of Deposition of Timothy Storey, dated February 12, 2016 and August 3, 2016 |
| Transcript of Deposition of Edward Kane, dated May 2-3, 2016 and June 9-10, 2016 |
| Transcript of Deposition of William Gould, dated June 8, 2016 and June 29, 2016 |
| Exhibit 61, Bates Stamped GA00001789-GA00001791 |
| Exhibit 64, Bates Stamped GA00005521-GA00005524 |
| Exhibit 65, Bates Stamped GA00005525-GA00005528 |
| Exhibit 77, Bates Stamped GA00005212- GA00005213 |
| Exhibit 80, Bates Stamped GA00005499 |
| Exhibit 83, Bates Stamped GA00005302-GA00005303 |
| Exhibit 119, Bates Stamped GA00005325- GA00005335 |

| |
|---|
| Exhibit 124, Bates Stamped GA0080340 |
| Exhibit 149, Bates Stamped MC00008239-MC00008242 |
| Exhibit 158, Bates Stamped MC00004617-MC00004619 |
| Exhibit 159, Bates Stamped MC00000893-MC00000898 |
| Exhibit 202, Bates Stamped MC00000893-MC00000898 |
| Exhibit 307, Bates Stamped RDI0024998- RDI0025007 |
| Exhibit 307, Bates Stamped RDI0025008- RDI0025022 |
| Exhibit 311, Bates Stamped WG_0000113- WG_0000130 |
| Exhibit 319, Bates Stamped WG_0048419 |
| Exhibit 327, Bates Stamped EC0000269 |

# EXHIBIT 32

ELECTRONICALLY SERVED
06/13/2016 05:09:33 PM

Mark G. Krum
Lewis Roca Rothgerber Christie LLP
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996
Tel: 702-949-8200
Fax: 702-949-8398
E-mail:mkrum@lrrc.com

*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.,<br><br>Plaintiff,<br><br>vs.<br><br>MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive,<br><br>Defendants.<br><br>and<br><br>READING INTERNATIONAL, INC., a Nevada corporation,<br><br>Nominal Defendant. | CASE NO.: A-15-719860-B<br>DEPT. NO. XI<br><br>Coordinated with:<br><br>Case No. P-14-082942-E<br>Dept. No. XI<br><br>Jointly Administered<br><br>**JAMES J. COTTER, JR.'S RESPONSES TO WILLIAM GOULD'S FIRST SET OF REQUESTS FOR ADMISSION** |

COMES NOW, James J. Cotter, Jr. ("Plaintiff" or "Responding Party") and hereby serves his responses to William Gould's ("Defendant" or "Propounding Party") First Set of Requests for Admission (the "Requests").

## GENERAL OBJECTIONS

Responding Party incorporates the following general objections into each specific response and objection set forth below:

(1) Responding Party objects to the Requests to the extent they seek documents or information which is protected by (or which cannot be provided without



Lewis Roca Rothgerber Christie
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

disclosing) attorney client privilege, the attorney-work product doctrine and/or otherwise is privileged or protected from disclosure, including in particular communications of counsel of record for Plaintiff in this action, which communications will not be produced or logged;

(2) Responding Party objects to the Requests to the extent they seek documents or information the production or disclosure of which violates any person or entity's right to privacy;

(3) Responding Party objects to the Requests to the extent they seek documents or information not in Responding Party's possession, custody, or control;

(4) Responding Party objects to the Requests to the extent they seek documents or information within the possession or control of the Propounding Party, or seeks documents or information which is publicly available and/or which otherwise is uniquely or equally available to the Propounding Party;

(5) Responding Party objects to the Requests to the extent they seek information or documents that constitute or disclose confidential, proprietary, or developmental commercial or business information or research, or seeks documents or information otherwise protected from disclosure;

(6) Responding Party objects to the Requests to the extent they attempt or purport to impose obligations exceeding those authorized or imposed by the Nevada Rules of Civil Procedure;

(7) Responding Party objects to the Requests insofar as they seek documents or information beyond the time and scope of matters at issue in the captioned action and/or which are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence; and

(8) Responding Party objects to the Requests because they generally are unlimited as to time, meaning that they generally provide no time frame or date range to limit the scope of documents or information requested.

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

(9) Responding Party is conducting discovery and an ongoing investigation of the facts and law relating to this action, including certain of the Requests. Responding Party's objections and responses are based on the present knowledge, information and belief of Responding Party, as well as the documents in Responding Party's possession, custody or control. For these reasons, among others, the objections and responses provided are made without prejudice to Responding Party's right to produce evidence of subsequently discovered facts or to supplement, modify or otherwise change or amend the objections and responses or to rely on additional evidence in pretrial proceedings and trial. Responding Party expressly reserves the right to amend, supplement, or modify these objections and responses.

**REQUESTS FOR ADMISSION**

**REQUEST NO. 1**

Admit that William Gould is not liable for the termination of James J. Cotter, Jr.

**RESPONSE TO REQUEST NO. 1**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 1 as follows: Responding Party denies Request No. 1.

**REQUEST NO. 2**

Admit that William Gould did not vote for the termination of James J. Cotter, Jr..

**RESPONSE TO REQUEST NO. 2**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 2 as follows: Responding Party admits Request No. 2.

**REQUEST NO. 3**

Admit that William Gould did not draft the June 18, 2015 Form 8K.

**RESPONSE TO REQUEST NO. 3**

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

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 3 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 3, and on that basis denies Request No. 3.

**REQUEST NO. 4**

Admit that William Gould did not approve the June 18, 2015 Form 8K.

**RESPONSE TO REQUEST NO. 4**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 4 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 4, and on that basis denies Request No. 4.

**REQUEST NO. 5**

Admit that William Gould did not draft the October 13, 2015 Form 8-K.

**RESPONSE TO REQUEST NO. 5**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 5 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 5, and on that basis denies Request No. 5.

**REQUEST NO. 6**

Admit that William Gould did not approve the October 13, 2015 Form 8-K.

**RESPONSE TO REQUEST NO. 6**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 6 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 6, and on that basis denies Request No. 6.

**REQUEST NO. 7**

Admit that William Gould does not determine whether the Company files a Form 8-K.

**RESPONSE TO REQUEST NO. 7**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 7 as follows: Responding Party admits Request No. 7.

**REQUEST NO. 8**

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

Admit that William Gould did not participate in any decision whether to file a Form 8-K with respect to the Executive Committee.

**RESPONSE TO REQUEST NO. 8**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 8 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 8, and on that basis denies Request No. 8.

**REQUEST NO. 9**

Admit that William Gould did not draft the June 15, 2015 press release.

**RESPONSE TO REQUEST NO. 9**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 9 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 9, and on that basis denies Request No. 9.

**REQUEST NO. 10**

Admit that William Gould did not approve the June 15, 2015 press release.

**RESPONSE TO REQUEST NO. 10**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 10 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 10, and on that basis denies Request No. 10.

**REQUEST NO. 11**

Admit that Gould was not a member of the nominating committee, which nominated Codding to be a Director.

**RESPONSE TO REQUEST NO. 11**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 11 as follows: Responding Party admits Request No. 11.

**REQUEST NO. 12**

Admit that Gould was not on the nominating committee, which nominated Wrotniak to be a director.

Lewis Roca ROTHGERBER CHRISTIE
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**RESPONSE TO REQUEST NO. 12**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 12 as follows: Responding Party admits Request No. 12.

**REQUEST NO. 13**

Admit that Gould did not draft the October 20, 2015 Proxy Statement.

**RESPONSE TO REQUEST NO. 13**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 13 as follows: Responding Party admits Request No. 13.

**REQUEST NO. 14**

Admit that Gould did not approve the October 20, 2015 Proxy Statement.

**RESPONSE TO REQUEST NO. 14**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 14 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 14, and on that basis denies Request No. 14.

**REQUEST NO. 15**

Admit that Ellen Cotter is qualified to be CEO of RDI.

**RESPONSE TO REQUEST NO. 15**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 15 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 15, and on that basis denies Request No. 15.

DATED this 13th day of June, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

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

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

**CERTIFICATE OF SERVICE**

I hereby certify that on this 13th day of June, 2016, I caused a true and correct copy of the foregoing **JAMES J. COTTER, JR.'S RESPONSES TO WILLIAM GOULD'S FIRST SET OF REQUESTS FOR ADMISSION** was electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

DATED this 13th day of June, 2016.

*/s/ Jessie M. Helm*
An employee of Lewis Roca Rothgerber Christie LLP

Lewis Roca Rothgerber Christie LLP
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

# EXHIBIT 32

ELECTRONICALLY SERVED
06/13/2016 05:09:33 PM

Mark G. Krum
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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.,<br><br>Plaintiff,<br><br>vs.<br><br>MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive,<br><br>Defendants.<br><br>and<br><br>READING INTERNATIONAL, INC., a Nevada corporation,<br><br>Nominal Defendant. | CASE NO.: A-15-719860-B<br>DEPT. NO. XI<br><br>Coordinated with:<br><br>Case No. P-14-082942-E<br>Dept. No. XI<br><br>Jointly Administered<br><br>**JAMES J. COTTER, JR.'S RESPONSES TO WILLIAM GOULD'S FIRST SET OF REQUESTS FOR ADMISSION** |

COMES NOW, James J. Cotter, Jr. ("Plaintiff" or "Responding Party") and hereby serves his responses to William Gould's ("Defendant" or "Propounding Party") First Set of Requests for Admission (the "Requests").

## GENERAL OBJECTIONS

Responding Party incorporates the following general objections into each specific response and objection set forth below:

(1) Responding Party objects to the Requests to the extent they seek documents or information which is protected by (or which cannot be provided without



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disclosing) attorney client privilege, the attorney-work product doctrine and/or otherwise is privileged or protected from disclosure, including in particular communications of counsel of record for Plaintiff in this action, which communications will not be produced or logged;

(2) Responding Party objects to the Requests to the extent they seek documents or information the production or disclosure of which violates any person or entity's right to privacy;

(3) Responding Party objects to the Requests to the extent they seek documents or information not in Responding Party's possession, custody, or control;

(4) Responding Party objects to the Requests to the extent they seek documents or information within the possession or control of the Propounding Party, or seeks documents or information which is publicly available and/or which otherwise is uniquely or equally available to the Propounding Party;

(5) Responding Party objects to the Requests to the extent they seek information or documents that constitute or disclose confidential, proprietary, or developmental commercial or business information or research, or seeks documents or information otherwise protected from disclosure;

(6) Responding Party objects to the Requests to the extent they attempt or purport to impose obligations exceeding those authorized or imposed by the Nevada Rules of Civil Procedure;

(7) Responding Party objects to the Requests insofar as they seek documents or information beyond the time and scope of matters at issue in the captioned action and/or which are neither relevant nor reasonably calculated to lead to the discovery of admissible evidence; and

(8) Responding Party objects to the Requests because they generally are unlimited as to time, meaning that they generally provide no time frame or date range to limit the scope of documents or information requested.

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(9) Responding Party is conducting discovery and an ongoing investigation of the facts and law relating to this action, including certain of the Requests. Responding Party's objections and responses are based on the present knowledge, information and belief of Responding Party, as well as the documents in Responding Party's possession, custody or control. For these reasons, among others, the objections and responses provided are made without prejudice to Responding Party's right to produce evidence of subsequently discovered facts or to supplement, modify or otherwise change or amend the objections and responses or to rely on additional evidence in pretrial proceedings and trial. Responding Party expressly reserves the right to amend, supplement, or modify these objections and responses.

**REQUESTS FOR ADMISSION**

**REQUEST NO. 1**

Admit that William Gould is not liable for the termination of James J. Cotter, Jr.

**RESPONSE TO REQUEST NO. 1**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 1 as follows: Responding Party denies Request No. 1.

**REQUEST NO. 2**

Admit that William Gould did not vote for the termination of James J. Cotter, Jr..

**RESPONSE TO REQUEST NO. 2**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 2 as follows: Responding Party admits Request No. 2.

**REQUEST NO. 3**

Admit that William Gould did not draft the June 18, 2015 Form 8K.

**RESPONSE TO REQUEST NO. 3**

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

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 3 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 3, and on that basis denies Request No. 3.

**REQUEST NO. 4**

Admit that William Gould did not approve the June 18, 2015 Form 8K.

**RESPONSE TO REQUEST NO. 4**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 4 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 4, and on that basis denies Request No. 4.

**REQUEST NO. 5**

Admit that William Gould did not draft the October 13, 2015 Form 8-K.

**RESPONSE TO REQUEST NO. 5**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 5 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 5, and on that basis denies Request No. 5.

**REQUEST NO. 6**

Admit that William Gould did not approve the October 13, 2015 Form 8-K.

**RESPONSE TO REQUEST NO. 6**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 6 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 6, and on that basis denies Request No. 6.

**REQUEST NO. 7**

Admit that William Gould does not determine whether the Company files a Form 8-K.

**RESPONSE TO REQUEST NO. 7**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 7 as follows: Responding Party admits Request No. 7.

**REQUEST NO. 8**

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

Admit that William Gould did not participate in any decision whether to file a Form 8-K with respect to the Executive Committee.

**RESPONSE TO REQUEST NO. 8**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 8 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 8, and on that basis denies Request No. 8.

**REQUEST NO. 9**

Admit that William Gould did not draft the June 15, 2015 press release.

**RESPONSE TO REQUEST NO. 9**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 9 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 9, and on that basis denies Request No. 9.

**REQUEST NO. 10**

Admit that William Gould did not approve the June 15, 2015 press release.

**RESPONSE TO REQUEST NO. 10**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 10 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 10, and on that basis denies Request No. 10.

**REQUEST NO. 11**

Admit that Gould was not a member of the nominating committee, which nominated Codding to be a Director.

**RESPONSE TO REQUEST NO. 11**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 11 as follows: Responding Party admits Request No. 11.

**REQUEST NO. 12**

Admit that Gould was not on the nominating committee, which nominated Wrotniak to be a director.

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Las Vegas, NV 89169-5996

**RESPONSE TO REQUEST NO. 12**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 12 as follows: Responding Party admits Request No. 12.

**REQUEST NO. 13**

Admit that Gould did not draft the October 20, 2015 Proxy Statement.

**RESPONSE TO REQUEST NO. 13**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 13 as follows: Responding Party admits Request No. 13.

**REQUEST NO. 14**

Admit that Gould did not approve the October 20, 2015 Proxy Statement.

**RESPONSE TO REQUEST NO. 14**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 14 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 14, and on that basis denies Request No. 14.

**REQUEST NO. 15**

Admit that Ellen Cotter is qualified to be CEO of RDI.

**RESPONSE TO REQUEST NO. 15**

Subject to and without waiving the foregoing objections, Responding Party responds to Request No. 15 as follows: Responding Party presently lacks information sufficient to admit or deny Request No. 15, and on that basis denies Request No. 15.

DATED this 13th day of June, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

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

Lewis Roca ROTHGERBER CHRISTIE
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Las Vegas, NV 89169-5996

**CERTIFICATE OF SERVICE**

I hereby certify that on this 13th day of June, 2016, I caused a true and correct copy of the foregoing **JAMES J. COTTER, JR.'S RESPONSES TO WILLIAM GOULD'S FIRST SET OF REQUESTS FOR ADMISSION** was electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

DATED this 13th day of June, 2016.

*/s/ Jessie M. Helm*
An employee of Lewis Roca Rothgerber Christie LLP

Lewis Roca Rothgerber Christie LLP
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

# EXHIBIT 33

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

Complete caption, next page.

VIDEOTAPED DEPOSITION OF GUY ADAMS

LOS ANGELES, CALIFORNIA

FRIDAY, APRIL 29, 2016

VOLUME II

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER 305149

THE WITNESS: My recollection was, we agreed we would fill that board seat and that there would be -- we would entertain other people for consideration.

BY MR. KRUM:

**Q. And how long thereafter was Mr. Wrotniak proposed?**

A. Three or four weeks.

**Q. And he was proposed by Ellen and Margaret?**

A. Yes.

**Q. And you personally, Mr. Adams, how did you first hear about Mr. Wrotniak, was it --**

A. The first time?

**Q. Yes.**

A. I think Ellen mentioned it to me in her office just in passing. Said she had another good candidate.

**Q. What did you say in response?**

A. Who is he? What's his background?

**Q. What did she say?**

A. Michael Wrotniak. He's a commodity trader in New York. He's CEO of his company. I think she mentioned that Margaret knew him, or she knew him. One of them knew him. And I asked, Does

he know about the litigation? Does he know about the suit between the siblings and he's still willing to serve? Unlike Fehmi, is Mike Wrotniak willing to serve? And she said, Yes, we told him all that and he's still willing to serve.

**Q. Was it your view, then, that RDI needed a board member with experience in commodities trading?**

MR. SWANIS: Objection; form.

THE WITNESS: It didn't bother me that he had commodity trading. We just lost approximately $6 billion in foreign currency exchange in Australia. If we had somebody that knew more about commodities trading and exchange rates, that might have helped us.

It was interesting to me more than the commodities that he was a CEO of a company. He ran a company, P & L bottom line responsibility, and he grew it during his career substantially.

BY MR. KRUM:

**Q. How many employees did his company have?**

MR. TAYBACK: Objection; vague.

You can answer.

THE WITNESS: I don't remember. I mean --

///

BY MR. KRUM:

**Q. Did you ever know?**

A. At some point, yes. I'd say it's less than a hundred. Maybe over 50, something like that.

**Q. It was a private company; right?**

A. Yes.

**Q. And what diligence, if any, did you do after that initial conversation with Ms. Cotter and before the board voted to add Mr. Wrotniak?**

MR. TAYBACK: Objection. You mean personally, you, Guy Adams?

MR. KRUM: Yes.

THE WITNESS: What did I do?

BY MR. KRUM:

**Q. Yes.**

A. I phoned him up and spoke to him.

**Q. For how long?**

A. Over an hour.

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

A. I asked him to explain his background, where he started, where he went to school, what he did, how he got his job. And the company expanded quite a bit and how he did that expansion. I asked him about his business.

At one point, I knew the precise number of employees, what he grew it to and from, where most of his business was located, trading partners, countries he does with, and how long he's been in the business. And I asked him what he thought about -- if he had any questions about Reading.

**Q. Did he?**

A. Yeah. The only question I remember he asked -- that I remember, he asked about what our expansion plans were overseas. He said, Now that you've gone to Australia and New Zealand, do you have any other expansion plans? And I said, Well, not at this time. I don't know if it's ruled out, but right now we're not talking about that.

**Q. Well, in point of fact, the Australia and New Zealand operations were acquired; correct?**

A. Jim Senior went down there with nothing but a briefcase and he bought; he built, so I think no, he didn't just acquire. I think he did construct and build and acquire both.

**Q. Okay. Did you ask Mr. Wrotniak what experience, if any, he had with respect to real estate development?**

A. We talked about real estate, the New York properties, specifically, and I told him there was

quite a bit of development going on in Australia and New Zealand. And he talked about what he thought about Australia and New Zealand, the opportunity, and he said he knew the two properties in New York and he thought they were in Manhattan and they were actually good pieces of real estate.

**Q. Did you ask him what experience, if any, he had in cinema operations?**

A. No, I did not.

**Q. He didn't have any; right?**

A. No, not to my knowledge.

**Q. Now, what diligence -- what was the program, if any, actually -- excuse me.**

**What was the program, if any -- third time is a charm. Let me start over.**

**Who, if anyone, at RDI was charged with performing any due diligence on directorial candidates, including, but not limited to the two we've already discussed, Fehmi and Wrotniak?**

A. To my recollection, Ed Kane also spoke to Michael Wrotniak by phone. And while I'm not certain of this, I think Doug McEachern spoke to him by phone as well before we put his name in contingent to the board.

**Q. But my question, Mr. Adams, is, was there**

**any formal or informal due diligence plan with respect to directorial candidates? And if the answer is yes, what was it?**

A. To my recollection, the company in the past has had a procedure where the -- Jim Cotter Senior put somebody and said this is who I'd like to go on the board and the board voted for it.

Wrotniak, several people spoke to him and gave positive feedback to Ellen, and Ellen proposed him to the board, is my recollection.

**Q. When you spoke to Mr. Wrotniak, did you ask him what his relationship was with any of the Cotters?**

A. Yes.

**Q. What did he say?**

A. He said his wife went to school with Margaret Cotter.

**Q. Anything else?**

A. He said, My wife and Margaret were close friends. He says, I'm not. I'm independent and I told both of the Cotter women that I would always vote my mind and be independent. And I said, Well, good.

**Q. Did you ask anything else about the relationship between Mr. Wrotniak, his wife and/or**

BY MR. KRUM:

**Q. How do you know that's not the case?**

A. My impression was it was a step towards better process, better governance practice.

**Q. Well, the reality is that Mr. Storey was not renominated because, among other purported reasons, Ellen and Margaret Cotter wouldn't support him; correct?**

MR. TAYBACK: Objection to the form of the question.

MR. SWANIS: Form.

MR. TAYBACK: Foundation.

THE WITNESS: There were three people on the committee when we met, the nominating committee. We were unanimous that he would not be renominated.

BY MR. KRUM:

**Q. Mr. Storey was not renominated because, among other purported reasons, Ellen and Margaret Cotter would not support him; correct?**

MR. TAYBACK: Objection; form and foundation as to what everybody's reasons were.

You can answer.

THE WITNESS: That wasn't the only reason. Each of us had our reasons to not support his nomination. One of them was if we did nominate

him, the controlling share of voting the stock would not vote for him.

BY MR. KRUM:

**Q. What was your reason? What were you -- strike that. I don't mean to mischaracterize your testimony.**

**What reasons, other than anything you've already said, accounted for why you determined not to renominate Mr. Storey?**

A. I thought Mr. Storey, while good intentions to coach Jim Junior and perform his duties as ombudsman, et cetera, I think the months and months of him doing that was more divisive to the Cotter siblings than uniting and bringing them together and calming the situation down.

**Q. Why do you think that?**

A. Just an opinion I have.

**Q. I understand.**

**How did you -- on what did you base that opinion?**

A. The siblings became more difficult for them to work together, in my opinion, late in the spring. Tim had many things that he was going -- he would tell the board that he's working with Junior on and we'll get it done very shortly, and

then next month, same thing, everything's going great but the things on his list weren't done. Next month, the same thing.

And we would ask Tim what's the problem with -- we're supposed to make -- on Tim's sheet, his own sheet, was Margaret becoming an employee. Tim, how's that coming? Well, we're having some difficulties there. And I'm sure there were. By Tim being involved in this management, he was -- as a director, he was down into the small things of operations as ombudsman. And I think in, my opinion, that was just more divisive and he certainly didn't get along with some directors.

**Q. Did you ever hear or learn or were you ever told that Mr. Storey made Margaret Cotter mad or exacerbated the dynamic between Margaret and Jim Junior or anything of that nature?**

MR. TAYBACK: Object to the form of the question; vague.

BY MR. KRUM:

**Q. It's an open-ended question so you can answer as you see fit, Mr. Adams.**

A. Thank you.

MR. TAYBACK: Still, objection.

THE WITNESS: No, I didn't hear that but it

was clear he had a low opinion of Margaret in her abilities as an executive.

BY MR. KRUM:

**Q. What did you ever discuss or communicate with Ed Kane about how, if at all, Mr. Storey's conduct affected the views of Ellen or Margaret or both?**

MR. TAYBACK: Objection; vague as to time.

You can answer.

THE WITNESS: I don't know if we discussed that specifically. Ed Kane shared my view that Tim's intervention as ombudsman was divisive to the siblings. He shared that view with me or I shared the view with him.

And I think Tim's style in the boardroom was a little hard for Mr. Kane. They didn't get along. Tim Storey had a propensity to talk over people in the boardroom and Ed Kane just found that -- took offense to that, let's say. They didn't see eye to eye on everything.

BY MR. KRUM:

**Q. Mr. Adams, as to you, why was it that your view that Mr. Storey's work as ombudsman was divisive between Ellen and Margaret on the one hand and Jim Junior on the other hand?**

A. And management.

**Q. Right.**

**Did you communicate to any of those people that you just identified, anything about the subject of when Ms. Codding's employment would terminate or had terminated?**

A. No.

**Q. Have you since learned that her employment terminated in October 2015 after the proxy was issued and before the annual shareholders meeting?**

MR. TAYBACK: Objection; form and foundation.

THE WITNESS: No.

BY MR. KRUM:

**Q. Was any background check of any sort done regarding Ms. Codding before she was nominated?**

MR. TAYBACK: Objection; foundation; form.

BY MR. KRUM:

**Q. To your knowledge.**

A. Not to my knowledge.

**Q. How about Mr. Wrotniak?**

A. Not to my knowledge.

**Q. Do you recall that at some point, a directorial candidate by the name of Gil Borok came to your attention?**

A. Gil, yes.

**Q. Who was he?**

A. My recollection is Jim Junior interviewed him for the CFO position and he's CFO of a large company, a large REIT.

**Q. REIT, meaning real estate --**

A. Investment trust. Sorry.

**Q. Go ahead. I interrupted you.**

A. That's who he is.

**Q. And by the time his name came to your attention, had you already determined to add Ms. Codding to the board of directors?**

A. I would say no because I remember -- no, we -- we looked at Gil.

**Q. Who did what, to your knowledge?**

A. Well, the nominating committee, again. Ed Kane was out of town so Doug McEachern and I called Gil. Doug knows Gil, and we called him and Doug and Gil know each other so they talked for a while. And he stated he was interested. And we asked if he had any questions and we talked to him for a good 20, 25 minutes. He didn't have too many questions.

We talked to him a little bit and then I said, Gil, do you know that there's a derivative

lawsuit that Jim Junior has filed against all the directors? And he said, No, I didn't know that.

And I said, Do you know there's a lawsuit where the siblings are contesting the trust? And he said, No, I didn't know that. And then he said, Really, guys, I haven't done any due diligence on this. I met Jim Junior when he interviewed me. I haven't done any due diligence.

And then Doug asked him, Is it okay with your company, your board, for you to serve on the board of a public company? And he said, No, I haven't asked them. And then he said, How much time does this take for you guys to be on the board? And Doug said, This week, I've spent eight hours. And I said, I, too, have spent eight hours this week, and that was on the nominating committee.

And he said, I didn't know the background, what was going on with the company and I have a full-time job. Let me think about this and I'll get back to you. And Doug started to give him his number and he said, I already have your number, Doug. So they obviously know each other.

And Doug and I spoke after that and we thought he was really not informed about being a

director, but we would wait to see what he said. And he called -- my recollection --

**Q. Let me exhaust that first conversation before you go on to the next one.**

A. Okay.

**Q. Thank you.**

**What else, if anything, besides what you testified, did you or Mr. McEachern communicate to Mr. Borok about the amount of time he might expect or you actually spent to serve as a director of RDI? I don't know whether it's a weekly or monthly or annual basis.**

MR. TAYBACK: On that one call?

MR. KRUM: On that one call, right, yeah.

THE WITNESS: Oh, I told him that, yeah, I put in eight hours, too. I'm on the nominating committee. We're putting time in on this. I put it in context. I didn't. Doug just said, Yeah, I got eight hours logged this week, and I said how many hours I had and I put it in context.

BY MR. KRUM:

**Q. That was it in terms of the discussion of time demands?**

A. Yes.

**Q. Was anything else said by any of the**

**three of you with respect to the lawsuit, the California trust lawsuit?**

A. Other than there was one, we didn't say -- that's all.

**Q. What else, if anything, was said about this derivative case?**

A. That it existed.

**Q. What did you ask Mr. Borok, if anything, about his experience, whether as a chief financial officer, in the real estate development space or anything else?**

A. We talked to him about his real estate experience, and he has a lot of real estate experience, obviously. And Doug knew him, I guess, professionally and knew financially he was very competent in that regard. And I remember that Doug liked him.

**Q. So what did you and Mr. McEachern say to each other, if anything, about Mr. Borok following the telephone call you just described?**

A. Let's see what he says when he calls back.

**Q. So what happened next with Mr. Borok?**

A. Well, he called back the very next day to Doug and said, Thank you for considering me, but

I'm not interested at this time. And if the lawsuits ever get settled and things calm down, please keep me in mind.

**Q. And you weren't party to that conversation?**

A. No, I was not.

**Q. Mr. McEachern reported that to you?**

A. Yes.

**Q. What else, if anything else, did you or Kane or McEachern or the three of you do before selecting Judy Codding?**

A. Other than --

**Q. This is just a wrap-up question. I don't mean to imply anything.**

A. Okay. I don't remember anything else at this time.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 68, a document bearing production numbers GA00005529 through 32.

(Exhibit 68 was marked for identification.)

MR. TAYBACK: Is this 68, is that what you said?

MR. KRUM: 68.

**Q. Mr. Adams, take whatever time you need.**

# EXHIBIT 34

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF ELLEN COTTER

TAKEN ON MAY 19, 2016

VOLUME II

Job Number 308469

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

**the context of larger discussions you were having with your mother?**

A. I don't recall the conversations.

**Q. If your mother had said to you in words or substance that she thought that it was a bad idea to ask Ms. Codding to join the RDI board of directors or expressed any such sentiment with reservations, would that have made any difference to how you proceeded?**

MR. SEARCY: Objection. Lacks foundation, calls for speculation.

THE WITNESS: My mother's opinions on Judy Codding had no bearing on me asking Judy to be on the board. Judy has an amazing background. And I've known of her for years.

So, whatever my mother thought about her did not factor into my analysis at all.

BY MR. KRUM:

**Q. How have you known -- how had you known of Ms. Codding for years?**

A. I had known of her reputation.

**Q. Had you ever met her?**

A. Yes.

**Q. On how many occasions?**

A. I don't know. I don't know.

**Q. Can you estimate?**

A. It wasn't frequent. Prior to asking Judy to consider being on the board I might have met her -- I don't know -- between five and ten times maybe.

**Q. Over what period of time?**

A. Probably the last 15 years.

**Q. And where had you met her? At your mother's house?**

A. I met her at my mother's house on one occasion that I recall.

**Q. Where else had you met her?**

A. I would have met her with Peggy and Harvey Saferstein.

**Q. Did you ever meet her with your mother other than at your mother's house on one occasion that you recall?**

A. I don't recall.

**Q. Who are Peggy and Harvey Saferstein?**

A. They are family friends.

**Q. Cotter family friends?**

A. Cotter family friends.

**Q. Are they your mother's age? Are they your mother's friends?**

A. Yes.

MR. SEARCY: Mark, we've been going about an hour now. Actually a little bit longer.

MR. KRUM: Sure. Let me wrap this particular subject and we'll take a break.

MR. SEARCY: That's fine.

MR. KRUM: But I'll do so promptly.

BY MR. KRUM:

**Q. So, you -- in prior testimony you used the word "amazing" with respect to Ms. Codding.**

**Do you have that in mind?**

A. I've always been very impressed with her background and what she's accomplished.

**Q. And what do you understand her background to be?**

A. She began her career as an educator on the East Coast, was a principal in a school, I think, in Bronxville and came out to L.A., and I think ultimately became the head of the Pasadena School District.

And -- and then started her own company called America's Choice, which was an education company that was for profit. She was the C.E.O. of that company for a number of years. She had -- I don't know how many thousand people reporting to her.

And then she ultimately sold that company to Pearson, which is the largest education company in the world.

**Q. What was the business of America's Choice?**

A. It was education.

**Q. Was it textbooks or was it software? Was it tutorials? Or do you know?**

A. I believe she was -- she would assist school districts in -- in their teaching.

**Q. Curriculum?**

A. Yeah. Exactly. But also assisting the teachers.

**Q. Okay. Did I interrupt you or were you finished describing her career up -- and you reached the point of Pearson?**

A. I also knew that she had been on several boards, had done work with several high-profile foundations. So she's -- she's lectured around the world. She had done work in China.

And I was -- I was just very impressed with her background, but also her demeanor. Because I thought that she -- she was very collaborative and she had a good personality.

**Q. When you say she had been on several**

# EXHIBIT 35

DISTRICT COURT
CLARK COUNTY, NEVADA

| | |
|---|---|
| JAMES J. COTTER, JR. individually and derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS WILLIAM GOULD, and DOES 1 through 100, inclusive, Defendants. | Index No. A-15-179860-B |
| READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant. | |

VIDEOTAPED DEPOSITION OF ELLEN COTTER

New York, New York

Thursday, June 16, 2016

Reported by:
MICHELLE COX
JOB NO. 316936

**could convene a telephonic board for the purpose of deciding which -- strike that.**

**Who among them would be selected to fill the audit committee vacancy created by the resignation of Mr. Storey?**

A I don't -- I don't remember the specifics, but my recollection is we needed somebody on the audit committee that had a finance background. And Michael Wrotniak had a perfect background.

**Q Was there any other director who qualified to join the audit committee?**

A I don't believe so.

**Q When Michael Wrotniak was selected to be added to the RDI board of directors, was it anticipated that he would fill a vacancy on the audit committee created by Mr. Storey's so-called retirement?**

A When Michael was put on the board or considered for the board, I'm not sure whether the audit committee position was taken into account.

But clearly his finance background was important for all of us.

**Q When did it first -- strike that.**

**Q Sure.**
A Well, it was fairly soon after I was appointed as the interim CEO that we were getting the process together to look for a permanent CEO.
**Q And the next steps were that a CEO search committee was appointed, and you were charged with hiring the search firm to assist the company in identifying and hiring, identifying candidates and selecting one to be the CEO, right?**
A I think the board delegated to me the responsibility of finding an appropriate search firm. And I can't remember if the search committee was appointed after that delegation, but I knew I had the responsibility to talk to several leading recruiting firms, pick one, report back to the board and the search committee was eventually appointed.
**Q Who were the search firms with whom you communicated?**
A Korn Ferry, Heidrick Struggles and Russell Reynolds.
**Q With respect to Heidrick Struggles, with whom did you communicate?**

**Q What happened next with respect to their respective candidacies for the CEO position?**

A Once Korn Ferry was selected?

**Q Yes.**

A Once Korn Ferry was selected, the process was first establishing what the job description was, what the specification was, what was the type of person they were looking for, what the qualities were we were looking for. So that took some time.

We talked about -- Korn Ferry has a proprietary assessment function that I thought would have been a benefit for us.

And then they, once a search committee was established, Korn Ferry started their search, their external search. And I'm not sure exactly, you know, what they did or how they contacted Wayne or Andrew.

**Q Do you know whether they contacted either or both Wayne Smith or Andrzej Matyczynski?**

A I'm not -- I'm not really sure if they did or how they did. They certainly knew that the two of them had submitted their résumés for the position.

**Q What communications did you have with**

**being the permanent CEO of RDI?**

A I don't remember.

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

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

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

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

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

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

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

A I don't -- I don't remember.

**Q Was it Margaret Cotter?**

A I don't remember.

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

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

**Q Okay. When?**

A I don't remember.

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

A Circumstances would have been, Do you

think, named Sydney.

**Q Sydney Cooke?**

A Sydney Cooke.

I can't remember who else I met with.

**Q What is the first communication you had with anybody at Korn Ferry about you being a candidate or possibly being a candidate for CEO, that you recall?**

A It would have been sometime in the fall. I can't remember exactly when.

**Q With whom at Korn Ferry did you have that communication?**

A Bob Mayes.

**Q Was it a conversation, as distinct from an e-mail, for example?**

A Yes, I would have talked to him on the phone.

**Q What did you say and what did he say?**

A As -- I can't recall the specifics of the conversation, but I told him that I was considering becoming a candidate. And that when I had actually made that determination, that I should step out of the process and not be -- because I was on the search committee, and so I should step out of process and let the

process be handled without me.

**Q I'm sorry. You should step out of the CEO search process when?**

A Whenever I had called Bob and told him that I was considering this, I would have coupled that with, I'm also going to take myself out of the process.

But outside of the administrative things and making sure that they got their bills paid, and making sure that they were meeting with the rest of the search committee, I would not be participating in the interview process.

**Q Commencing from the phone call to Mayes to tell him you were considering being a candidate or commencing when you decided to be a candidate?**

A Well, I don't know if they are that much different. I mean, so . . .

**Q I'm not implying anything.**

A Yeah.

**Q I'm just trying to cover all the possibilities that occur to me. Sometimes there are too many.**

**Okay. So what did he say to you during this call, phone call?**

**Where in that series of events you just described was the conversation in which Mr. Gould encouraged you to think about being a candidate for the position of CEO?**

A It was certainly well after we had the job description solidified.

**Q And by "job description," you're referring to the position specification?**

A Yes.

And it was probably well after we had -- had résumés circulated for candidates.

I can't remember if we had actually interviewed -- well, no, we wouldn't have interviewed anybody by then.

**Q Why?**

A Well, because I hadn't participated in any of the interviews.

**Q Was it before the interviews that you decided to become a candidate for the position of CEO at RDI?**

A It -- before the interviews actually commenced, I had considered being a candidate.

MR. KRUM: What's our next number?

THE COURT REPORTER: 330.

MR. KRUM: I'll ask the court reporter to

**shareholders meeting occurred?**

A Yes.

And I -- my recollection is there were sort of a couple rounds of interviews. So I think that this -- whenever it occurred after the shareholders meeting, I think was the first set of interviews that occurred.

**Q And you did not participate in those, correct?**

A No.

**Q Okay. Let me ask it differently: Did you participate in those interviews?**

A No.

**Q So by that time, you had already communicated to -- you already communicated or disclosed that you were either considering being a candidate or were a candidate, right?**

A I must have, yeah.

**Q What communications, if any, did you have with anyone, including but not limited to Bill Gould, about updating the public's disclosures regarding the CEO search, after you had become a candidate?**

MR. TAYBACK: I would just say, I don't think he intends to include communications with

**Q Well, that obviates any privilege issues.**

MR. KRUM: I'll ask the court reporter to mark as Exhibit 337 [sic], a document that purports to be a May 19 e-mail from Ellen Cotter to other members of the RDI board of directors, carbon copy to Bill Ellis, bears Production No. GA5340.

(Deposition Exhibit 338, E-mail dated May 19, 2015, from Ellen Cotter to Margaret Cotter and Others, marked for identification as of this date.)

(Discussion off the record.)

MR. KRUM: So let me correct the record.

What the court reporter has marked as Exhibit 338, is a May 19th e-mail from Ellen Cotter to other members of the board of directors, copied to William Ellis, "Subject: Agenda - Board of Directors Meeting, May 21, 2015." It Production No. GA5340.

That's deposition Exhibit 338.

BY MR. KRUM:

**Q Ms. Cotter, do you recognize Exhibit 338?**

A Yes.

**Q What is it?**

A It's an agenda for a board meeting of

May 21, 2015.

**Q And did you send it on or about May 19, 2015, at 6:38 p.m.?**

A Yes.

**Q What time would that have been in New Zealand -- what day and what time would that have been in New Zealand or Australia, do you know?**

**The next morning, right?**

A It would have been Wednesday.

**Q Wednesday morning something?**

A Yeah.

**Q This was not a regularly scheduled RDI board of directors meeting, correct?**

A No, it was a special meeting.

**Q And Exhibit 338 was the first distribution of an agenda for that special meeting, right?**

A I believe so.

**Q Item 1 reads: "Status of President and CEO."**

**Do you see that?**

A Yes.

**Q And what that referred to was the termination of Jim Cotter, Jr. as president and CEO, right?**

**Q Well, you had discussions with each of -- Guy Adams, Ed Kane, Doug McEachern and Margaret Cotter about terminating Jim Cotter, Jr. as CEO prior to distributing Exhibit 338 on May 19th, correct?**

MR. TAYBACK: Objection. Asked and answered.

A Yes.

**Q You had no such discussions with Tim Storey, correct?**

A I did have discussions with Tim Storey.

**Q What discussions did you have with Tim Storey and when did you have them?**

A I had had discussions with Tim Storey about Jim and his performance.

**Q Okay. The question is: What discussions did you have with Tim Storey, if any, prior to distributing Exhibit 338 on May 19, 2015, about terminating Jim Cotter, Jr. as president and CEO?**

A I don't remember the specific discussion that I had with Tim.

**Q Did you have any conversation with Tim Storey prior to distributing Exhibit 338 on May 19, 2015, in which the subject of**

# EXHIBIT 36

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

vs. Case No.

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

and

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

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(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.

Los Angeles, California

Monday, May 16, 2016

Volume I

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

MR. KRUM: Same objections.

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

BY MR. TAYBACK:

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

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

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

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

A. Technically, I believe he's independent.

Q. Technically.

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

A. I don't --

Q. -- what you think?

You don't know.

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

A. Right.

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

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

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

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

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

Does he have no connection to your family?

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

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

A. Maybe since -- at least since 2002.

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

A. He was.

Q. A close friend?

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

Q. So he did business with your father?

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

with Ellen and Margaret. So --

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

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

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

MR. KRUM: Asked and answered.

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

BY MR. TAYBACK:

Q. So the answer's yes?

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

BY MR. TAYBACK:

Q. Well, was your answer --

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

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

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

BY MR. TAYBACK:

Q. I think you can answer it yes -- or not. But I think the answer's yes, and I want to make 11:35:48

sure I understand the answer.

MR. KRUM: All right. Same objections.

You can answer.

THE WITNESS: Okay. Yes.

BY MR. TAYBACK: 11:35:54

Q. Guy Adams, is he independent?

MR. KRUM: Same -- may call for a legal conclusion.

BY MR. TAYBACK:

Q. In your view? 11:36:03

A. No.

Q. Okay. Why not?

A. A significant portion of his income derives from entities that are controlled by my two sisters, 11:36:28
a significant portion. And I don't see how Mr. Adams can make decisions that, in one way or the other, impact Ellen and Margaret and do so in an independent way.

He is fully involved with a number of entities that my two sisters now purportedly 11:36:48
control, and his livelihood really depends on them.

Q. Would he be independent if you controlled those entities?

MR. KRUM: Objection, calls for a legal conclusion, incomplete hypothetical. 11:37:11

of the stock would be owned by his three children.

Q. And were your -- either of your sisters on the board at the same time?

A. I don't believe my sisters were on the board at that time. I think possibly Margaret might have joined afterwards, and I don't think Ellen joined until 2013. 01:01:37

Q. And do you agree that at the time they joined, respectively, that they were both equally qualified to be board members of Reading? 01:01:50

A. For the same reasons that I listed for myself, as far as having an ownership interest or a potential ownership interest in the company, that --

Q. At least for those reasons.

A. Yeah, at least for those reasons that it would be appropriate that they be -- that they have a seat on the board, yes. 01:02:04

Q. And did you have -- what was the business --

How would you describe the business of Reading in 2002 at the time you became on the board? 01:02:15

A. I mean, it's -- this goes back.

Q. Generally.

A. It owned real estate at the time. This was before it had acquired an interest in U.S. cinemas, 01:02:48

I believe. But again, this goes back 14 years, so I can't tell you.

Q. Had you had any professional experience in real estate acquisition development prior to 2002?

A. I certainly had done real estate and other acquisitions and financings as a corporate lawyer at Whitman Breed prior to 2002. 01:03:14

Q. Other -- so as the corporate lawyer documenting a real estate transaction --

A. Right. 01:03:40

Q. -- have you made any -- had you been engaged in any business where the business decisions were acquisitions, real estate development, things like that?

A. Prior to 2002, no. 01:03:52

Q. Correct.

Did you feel that was an impediment to your being an effective board member of Reading when you first joined the board?

A. Well, it certainly wasn't preferred. But I felt that while I didn't have the real estate experience that would have been preferred for the board and I didn't have the public company experience that would have been preferred for the board, that my interest as a possibly very large 01:04:05 01:04:19

stockholder of Reading outweighed not having the real estate experience and not having the public company experience. So I thought on balance, it was appropriate.

Q. So you would agree that in, at least in that instance, the Reading board could properly weigh certain factors against other factors and make a business decision that would -- came -- that concluded that you were suitable for the board even if you didn't have all of the preferred characteristics of a board member; correct? 01:04:37 01:04:54

MR. KRUM: Objection, vague and ambiguous.

THE WITNESS: Okay.

BY MR. TAYBACK:

Q. Yes? 01:05:09

A. Yes.

Q. Once you came on the board, did you participate in the meetings? That is to say, were you an active participant in the meetings?

A. Early on? 01:05:20

Q. Yes.

A. Again, this takes me back many years. Initially, without having the experience, I might not have been as active as I had come to be over the years. 01:05:42

No?

A. No.

Q. Did you -- have you ever seen board minutes or any document approved by the board of directors of Reading that adopts a succession plan? 02:23:59

A. No.

Q. In -- let's see. In 2013, you became the president of Reading; correct?

A. Yes.

Q. And at that point in time, did you cease being the vice chairman? 02:24:30

A. No.

Q. So you continued to be the vice chairman, you continued to be on the board, and you also became president? 02:24:43

A. Yes.

Q. At the time you became president of Reading, did you leave your position as CEO of the orchards and Cecelia?

A. It was basically converted from being a CEO of Cecelia to being a director of Cecelia and the other agricultural entities. And that was the expectation -- the agreement I had with my father, that he wanted me to stay involved to a degree at Cecelia and the orchards but that I had to curtail 02:24:57 02:25:20

executives. They were consultants also. Correct?

A. That's true. But when I became president, we didn't have a formal org chart that was created that said: Okay, Jim, you know, you've become president. Okay. We're going to create an org chart. Here are all the executives that are reporting to you. 02:30:32

Unfortunately, it wasn't laid out as clearly, given what was going on in the company. So -- but technically, as president of the company, I reported to the CEO and the principal executives of the company reported to me. 02:30:47

But again, when my father was alive, he had a very wheel-and-spoke management structure where technically everybody reported to him. So he wasn't focused on, okay, here is the organizational chart, Jim. I want you to know that Craig Tompkins is going to be reporting to you. 02:31:06

It wasn't like that with my father. So it's difficult for me to say what the organizational structure was at that point in time. That was my understanding. 02:31:18

Q. And did it -- did the company -- the company worked, though, right, the way it was organized when your father was the chairman and CEO? 02:31:31

When you first became vice chairman --

A. Right.

Q. I'll rephrase the question.

A. I mean, gradually, the more and more I learned about the business, the more I thought it could be run better. 02:33:51

And I think it was helpful having management meetings where all the executives got together, you know, and having formal management meetings where, rain or shine, we would meet every week to discuss what was going on, to have action items and deliverables and having everyone on the same page as to what was going on in the company. 02:34:07

Before I became chair- -- vice chairman, we did not have that. And from 2007, as the company grew larger and larger, you needed more of process and -- you know, in place. And it wasn't possible, as the company got bigger, for my dad to be at the center of -- it was his show. That's how he wanted to run it. But it became more difficult. 02:34:23 02:34:43

Q. Other than weekly management meetings, were there any other changes that you sought, after you became vice chairman, to change the way the company was run?

MR. KRUM: Objection, vague. 02:35:05

meeting?

A. We did.

Q. Okay. And was that also held on August 7th or sometime after that? Do you remember?

A. I believe it was held on August 7th. 02:43:39

Q. Where?

A. At Reading's offices.

Q. And you were there in person?

A. I was.

Q. And were -- was there anybody who wasn't able to attend in person? 02:43:51

A. I can't recall.

Q. Did you -- was there a discussion about, in light of your father's resignation, who would be the CEO? Was there a discussion among the board members? 02:44:09

A. I can't recall specifically. I think there was a brief discussion, yes.

Q. How long would you say in total the meeting lasted? 02:44:21

A. I can't recall.

Q. Was there an agenda?

A. There may have been, but I think that the resignation of my father was the significant issue that was going to be discussed at that meeting. 02:44:41

Q. Was there -- were there any -- was there materials of any sort that were distributed either at the meeting or in advance of the meeting?

A. Not to my recollection, no.

Q. The board members who met who comprised the Reading board at that point in time are the same directors that you sued in this lawsuit; correct? 02:44:57

A. Yes.

Q. And at the time that they met, did you have any concerns about the independence of any of those directors? At that time. 02:45:18

A. I did at that time.

Q. Did you express that concern to any person?

A. At that time?

Q. Yes. 02:45:50

A. Not at this time, no.

Q. When's the first time that you expressed the fact that you were concerned about the independence of any director in August of 2014 to anybody? 02:45:59

A. I mean, at some point, I had a discussion with one of the directors relating to Guy Adams, but I can't recall specifically what we had discussed.

Q. Can you recall when that was, approximately when that was? 02:46:18

A. I could -- I cannot.
Q. Certainly, it's after you became CEO?
A. No, I don't think it was. It might have been before, but I can't specifically recall when.
Q. And who was it with whom you spoke? 02:46:31
A. It may have been Bill Gould.
Q. And do you recall what was said by you or by him?
A. Just to disc- -- a general discussion whether Guy Adams was independent. 02:46:46
Q. And did you articulate your view?
A. It was a very short communication, and I can't recall when we spoke, but I do recall having a short conversation with him about Guy.
Q. Other than that conversation that you just 02:47:06 described with Mr. Gould, when's -- when else have you -- when's the next time that you discussed with any person your view that Mr. Adams or any other director wasn't independent as of August 7th, 2014?
A. Well, I had a discussion shortly after my 02:47:30 father's death.

Guy Adams had wanted to provide my dad a massive bonus after his death. And I had a discussion with either Bill Gould and Ed Kane about Guy Adams and Guy comparing my dad to Jack Welch and 02:47:56

that my dad should be entitled to a massive bonus like 3-, $4 million. I can't put -- give you a specific amount, but that was Guy's recommendation.

And following that recommendation, there was a brief discussion that I had -- I can't say if it was with Kane, Gould or both of them -- that, look, this is -- this sounds ridiculous. What is he doing, you know. And there might have been a discussion about Guy's independence. 02:48:16

Q. Was that -- you say it was his recommendation. 02:48:35

Was that an item brought before the board for a vote?

A. It was an item brought to the compensation committee. 02:48:47

Q. Were you on the compensation committee?

A. No.

Q. Okay. Were you present when the compensation committee discussed it?

A. I was. I was. 02:48:53

Q. So you attended the meeting even though you weren't on the compensation committee?

A. Yes.

Q. Okay. And was this -- this is after you're the CEO? 02:49:03

A. Yes.
Q. And was this -- but was it before you were terminated?
A. Yes.
Q. The proposal regarding the additional compensation to your father, was it approved? 02:49:11
A. Not of the quantum that Guy Adams was recommending.
Q. So there was some amount -- quantum meaning -- not meaning referring to the vote, but referring to the -- 02:49:33
A. The amount --
Q. -- dollar amount?
A. -- yes.
Q. So there was some amount approved? 02:49:37
A. There was some amount approved.
Q. But it wasn't the amount that at least one director advocated for?
A. That's right.
Q. Okay. And other than -- and did you discuss -- did you raise the issue of Mr. Adams' independence at that meeting? 02:49:46
A. I can't recall.
Q. Now, on August --
A. It certainly wouldn't have been at that 02:50:00

meeting in front of Guy.

Q. When's the first time that you raised the issue of any director's independence at a board meeting?

A. I can't recall. 02:50:10

Q. Well, you didn't raise it on August 7th, correct, when the board appointed you as CEO?

A. No.

Q. And so you didn't say, you know, Ed Kane's been a family friend for however many years, he's very close to my sisters, and I don't think he should be the one to vote on whether I should be the CEO or not? 02:50:45

A. No.

Q. And you didn't say that Mr. Adams is somebody that I worked with with respect to the captive insurance companies, at the -- the business of the Cotter Orchard and Cecelia, and I don't think he should be somebody that should be deciding whether or not I should be the CEO? 02:50:55 02:51:16

A. I didn't realize at that point the level of income that was coming -- that the amount of money that was being provided to Guy, I never realized it represented such a significant percentage of his total income, that, in fact, all of his livelihood 02:51:34

depended on entities that the Cotters controlled. I did not have an appreciation for that.

Q. Is it your view that only wealthy people can serve on boards?

A. Certainly not, certainly not. 02:51:48

Q. So you're saying at some point as of August 7th, then, you didn't realize that the basis for your conclusion now that Mr. Adams was independent, you didn't actually understand those facts, you didn't know those facts? 02:52:07

MR. KRUM: Objection to the characterization and the testimony.

THE WITNESS: I knew that he was receiving income from Cotter-affiliated entities.

I didn't realize the extent that it 02:52:16 represented of his overall income and that, at the end of the day, he was basically depending on the Cotter entities for his livelihood.

BY MR. TAYBACK:

Q. When did you first learn that fact, the 02:52:31 fact that you felt that his total income was not sufficiently large relative to the amount he was earning from Cotter-related income?

A. Shortly before I was terminated.

Q. So it's fair to say that you obviously 02:52:50

BY MR. TAYBACK:

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

A. I can't recall.

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

A. No.

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

MR. KRUM: Objection, vague and ambiguous.

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

BY MR. TAYBACK:

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

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

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

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

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

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

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

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

A. Right.

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

A. No.

MR. KRUM: Objection, misstates the testimony.

THE WITNESS: I didn't say that.

BY MR. TAYBACK: 03:04:47

Q. Why not? It's within the bylaws; correct?

MR. KRUM: Objection, misstates the testimony.

THE WITNESS: I think I also said I had been working since 2007 as vice chairman. I had 03:04:53 been under the expectation -- working under the expectation that that was the succession plan from 2009. I had become president in 2013, and I had experience over the worldwide operation. And so no, I don't think they're equivalent. 03:05:25

BY MR. TAYBACK:

Q. So it's not just the fact that the bylaws had the provisions that they had that you believe that the directors comported with their fiduciary duties? 03:05:36

A. I don't --

MR. KRUM: Same objections.

THE WITNESS: I don't believe that the action of appointing me as chief executive officer on August 7th, 2014, were required. I think I would 03:05:41

# EXHIBIT 37

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

vs. Case No.

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

and

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

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(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF JAMES COTTER, JR.
Los Angeles, California
Tuesday, May 17, 2016
Volume II

Reported by:
JANICE SCHUTZMAN, CSR No. 9509
Job No. 2312191
Pages 298 - 567

A. I do.
Q. Do you recall whose suggestion that was?
MR. KRUM: Objection, foundation.
THE WITNESS: My recollection is that it was recommended by the so-called independent directors. 09:45AM
BY MR. TAYBACK:
Q. And did you concur in that recommendation?
A. Initially, I was not supportive of the idea. 09:45AM
Q. Why not?
A. Because I didn't think it was necessary.
Q. How was it explained to you? How was the proposal explained to you initially?
A. The proposal that was explained to me where Tim took on this official role as ombudsman was on, I believe, March 13th, where Bill Gould asked me and my two sisters to his office in Century City and independently described to me with Tim Storey present that the so-called independent directors had 09:46AM decided that Tim Storey would become involved as an ombudsman. There had been complaints raised against me by my two sisters. I had reported complaints against my two sisters.
And the board was at a high level and 09:47AM

some point Ellen had made a proposal regarding a corporate govern- -- or an executive committee framework and had distributed to the board that the board was considering.

(At this time MARK E. FERRARIO, ESQ., left the deposition proceedings.)

BY MR. TAYBACK:

Q. So -- but the answer to my question is whose idea was it? What's the answer to that?

MR. KRUM: Same objection. 09:53AM

BY MR. TAYBACK:

Q. Ellen's?

A. The answer to what?

Q. My question was whose idea was it to have a new corporate governance framework as of 09:54AM October 2014?

MR. KRUM: Objection, vague, foundation.

THE WITNESS: As of maybe late August, early September, shortly after I became CEO, my two sisters refused to report to me and refused to be 09:54AM accountable basically to me or anyone, for that matter, and issues had arisen. The disputes with the trust and estate matters had permeated the company.

The board was notified of these issues by 09:54AM

working at Reading; correct?

MR. KRUM: Objection, vague and ambiguous, assumes facts not in evidence.

THE WITNESS: I found it difficult working with them because, by that point, the issues that I was having with them relating to the trust and estate matters had permeated the company, spread to employees like Linda Pham and ultimately to the board, and it was difficult because they wanted to run Reading like a family-owned business and really didn't want to be accountable to anyone. And so I found that difficult running the company.

BY MR. TAYBACK:

Q. And did you trust Mr. Storey's judgment?

MR. KRUM: Objection, vague. 10:26AM

THE WITNESS: At that point in time?

BY MR. TAYBACK:

Q. Yes.

A. I mean, selectively, I thought he had a lot of experience. I trusted some of the things he said but not everything. 10:26AM

Q. You said --

(Off the record.)

BY MR. TAYBACK:

Q. You say at that point in time when I asked 10:26AM

# EXHIBIT 38

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

vs. Case No.

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

and

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

A-15-719860-B

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(CAPTION CONTINUED ON NEXT PAGE.)

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

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

BY MR. TAYBACK:

Q. I just want to make sure that I've got a complete list here because I'll ask you some follow-up questions about these.

You said that you had a lot of experience with Reading. 09:57AM

By that, can you elaborate for me on what you believe is the relevant experience that you had that would make it such that the stockholders would benefit by your reinstatement as CEO now. 09:57AM

A. I was involved with the company since 2002. I was involved as a director. I became more involved in the operations of the company since about 2005. I was familiar with all of the assets and the businesses of Reading with all of the 09:58AM executives since 2007.

And again, I believe that I had done a very good job at the company since my appointment as president and since my appointment as CEO.

Q. Okay. And I'll get to the good job part of it. 09:58AM I just wanted to focus first on the experience that you thought -- the relevant experience, and you've identified that for me.

Would you agree with me that Ellen Cotter also has a lot of experience with Reading? 09:58AM

BY MR. TAYBACK:

Q. When's the very first time that you can remember ever discussing with anybody any concern that you had about the independence of any director on the Reading board? 11:21AM

MR. KRUM: Same objections.

THE WITNESS: Well, when Guy Adams -- after my father died, Guy Adams wanted to reward my father with a bonus, after he had died, a significant, significant bonus, and comparing my dad to Jack 11:21AM Welch and that, given that GE had rewarded Jack Welch such a substantial retirement package when he left GE, that my dad should be similarly rewarded.

And at that point, I remember having a discussion with both Bill Gould and Ed Kane saying, 11:22AM what is generating this? They had both felt it was bizarre behavior, and at that point, we had -- I believe we had discussed whether he was independent.

Again, didn't have any idea as to the level of his reliance on Reading and entities that my 11:22AM sisters controlled. So that's one example.

BY MR. TAYBACK:

Q. So -- but is that the first time that you recall discussing with anybody the indep- -- your concern about the independence of any board member? 11:22AM

THE WITNESS: I didn't sug- --

THE REPORTER: I'm sorry. Objection?

MR. KRUM: Foundation.

THE WITNESS: I never suggested that the bonus that was awarded or that Guy wanted to be awarded to my father would have -- any of it would have circled back to Guy. 11:31AM

My only point was there didn't appear to be a legitimate business reason for his recommendation, and without that, the question was, well, what's driving this? And it wasn't just a question shared by me. It was a question shared by Bill Gould and Ed Kane. 11:31AM

BY MR. TAYBACK:

Q. At the -- as of May 21st, approximately then, by that point in time, you knew that Mr. Adams did not favor retaining you as CEO; correct? 11:31AM

A. I knew that he wanted to become interim CEO and by virtue of that, yes, he wanted to, he did not favor me remaining as CEO. 11:31AM

Q. The fact that they were even talking about an interim CEO meant that you weren't going to be CEO; correct?

A. Correct.

Q. The step before finding an interim CEO is 11:32AM

to have terminated you as CEO; correct?

A. Yes.

Q. So by the time that you started to have conversations around May 21st regarding Mr. Adams' independence, you already knew that he, as a board member, did not favor retaining you as CEO; correct? 11:32AM

MR. KRUM: Objection, misstates the testimony.

THE WITNESS: No, not true.

I don't know when I learned about it. I never even knew that my position as CEO was in jeopardy until literally days before that board meeting. 11:32AM

BY MR. TAYBACK:

Q. When you say that board meeting, you mean -- 11:32AM

A. May 21st.

And I had only learned through a conversation with a director that -- who was speculating, that Guy was looking to become interim CEO. And, you know, once I saw the agenda item where the first item on the agenda was the status of the president and CEO, I knew that something was going down. 11:33AM

Q. Isn't it true that, in fact, it was the 11:33AM

fact that Mr. -- that you knew that Mr. Adams did not -- Mr. Adams had decided that he wanted to terminate you as CEO, that that's what prompted you to raise issues about the level of Mr. Adams' compensation from Cotter-controlled entities and his independence? 11:33AM

MR. KRUM: Objection, vague.

THE WITNESS: I don't think that -- again, it's similar to why he would have awarded my dad a massive posthumous bonus. I didn't have a reason for it, but my speculation was he's doing this because he's not independent. 11:34AM

Now, when I learned that he was looking to terminate me and that he had been working with my sisters in terms of orchestrating my termination, I thought, like I did with the bonus, there's no valid business reason for terminating me as CEO. 11:34AM

I did -- I was performing very well. I had done nothing wrong. There was no business reason for him to terminate me. 11:34AM

So I thought, hey, there must be another reason driving this. And that did lead me to question -- further question his independence and his reliance on my sisters and on Reading for his livelihood. 11:35AM

BY MR. TAYBACK:

Q. So it is correct that you began to question Mr. Adams' independence because you knew that he was in favor of your termination as CEO?

MR. KRUM: Objection, misstates the testimony. 11:35AM

THE WITNESS: Even had I not been terminated as CEO, having a director on board with that kind of reliance on the controlling stockholder is something I would have wanted to address in time. 11:35AM

BY MR. TAYBACK:

Q. So certainly, then, in September of 2014 when you started to have questions about Mr. Adams' independence based upon his recommendation of a bonus, you must have undertaken some steps then to get to the bottom of why Mr. Adams might lack independence? 11:35AM

A. Well, there was a lot going on in September of 2014 with my father's death, with taking on the role of CEO, with the art- -- this artificial crisis that my sister Ellen and Margaret generated in the company, with their efforts to create an executive committee, their absolute refusal to report to me as CEO. There were a number of issues that I was dealing with. 11:36AM 11:36AM

And while that would have been a good issue to address, you have to do it over time. And there was only so much that I could focus on.

Q. So between September of 2014 and roughly May 21st of 2015, you didn't do anything to investigate your professed view that Mr. Adams lacked independence as a board member; correct? 11:36AM

MR. KRUM: Objection --

THE WITNESS: Between --

MR. KRUM: -- misstates the testimony, assumes facts not in evidence, conflates the chronology. 11:36AM

THE WITNESS: Between September 14th and?

BY MR. TAYBACK:

Q. Between September of 2014 -- 11:36AM

A. Right.

Q. -- and May -- roughly May 21st of 2015, you did not do anything to investigate your professed belief that Mr. Adams lacked independence as a board member; correct? 11:37AM

MR. KRUM: Same objections.

THE WITNESS: Again, I don't know when I undertook to investigate Guy Adams's reliance on Reading and entities my sisters purportedly controlled. 11:37AM

BY MR. TAYBACK:

Q. But it was not significantly before May 21st, 2015?

A. That I had investigated it?

Q. Yes. 11:37AM

A. That seems correct.

Q. You knew Mr. Adams was compensated for the work that he did with respect to the captive insurance companies utilized by Cecelia; correct?

A. I did. 11:38AM

Q. You'd known that for a long time because you were involved with Cecilia; correct?

A. I knew that he was compensated, yes.

Q. And you knew exactly how much he was compensated; correct? 11:38AM

A. I did.

Q. In fact, was part of your job at Cecelia to work with Mr. Adams with respect to the captive insurance companies that he had helped set up?

A. I don't know if I was working with 11:38AM Mr. Adams. I certainly got him information when he requested it.

Q. And did -- at any point in time, did you feel, while you worked with Mr. Adams with respect to those captive insurance companies, that he 11:38AM

MR. KRUM: Asked and answered.

BY MR. TAYBACK:

Q. You don't have an opinion as to whether or not the actions they actually took exceeded Nevada law? 04:25PM

A. I don't have an opinion, no.

Q. The -- with respect to the appointment of Mr. Wrotniak, you agree, as you certified previously, that there are, in fact, no qualifications required to be a director or to sit on even a certain committee; correct? 04:26PM

MR. KRUM: Objection, asked and answered or incomplete hypothetical.

THE WITNESS: I mean, none that I'm aware of. 04:26PM

MR. KRUM: Well --

BY MR. TAYBACK:

Q. So --

MR. KRUM: -- excuse me.

Misstates the testimony, too. 04:26PM

BY MR. TAYBACK:

Q. So when you say Mr. Wrotniak was unqualified, that's your opinion. It's not like there were qualifications that are required for appointment to a particular committee? 04:26PM

# EXHIBIT 39

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF MARGARET COTTER

TAKEN ON MAY 13, 2016

VOLUME II

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

A. The meeting that I told him about Simon Roberts?

**Q. Yes.**

A. I think they were at the meeting about other possible candidates for the board.

**Q. So, having gone through that sequence, does that refresh your recollection at all about the time frame in which you had this communication with Mr. Roberts and meeting with other directors in which you discussed your communication with Mr. Roberts?**

A. I don't recall when I first had a conversation with Mr. Roberts.

The meeting with the other directors I believe was sometime in 2015 in the fall.

**Q. Was there any other person with whom you spoke or communicated about becoming an RDI director at any point in time in 2015?**

A. Michael Wrotniak.

**Q. Who is he?**

A. He is somebody that I went to college with, and he is married to a friend of mine.

**Q. What's her name?**

A. Patricia Wrotniak.

**Q. How long have you known Michael**

**Wrotniak?**

A. I met him in college, so --

**Q. We have your education. You don't have to do the calculations.**

A. Thank you.

**Q. And how long have you known his wife Patricia?**

A. I've known her longer than Michael Wrotniak.

**Q. Dating back to when, whether my date or place in life?**

A. Freshman year in college.

**Q. So you've known her since freshman in college and Michael Wrotniak since later in college?**

A. That's correct.

**Q. I assume because she started dating him, correct?**

A. That's correct.

**Q. Sometimes lawyers can fuse together a couple points of data.**

**When did you first communicate with either Patricia or Michael Wrotniak about Michael Wrotniak joining the RDI board of directors?**

A. Sometime in the fall of 2015.

**Q. Describe your relationship with Patricia**

**Wrotniak, please.**

A. She is a college friend. I speak to her -- I don't know -- once every three or four weeks. I see her maybe four times a year. It varies. She had kids very early on after college, so I really didn't see her that much.

And now that I have kids and work, I don't see her that often.

**Q. Does she still -- well, as of today is she one of your best friends?**

MR. SEARCY: Objection. Vague.

THE WITNESS: I would consider her a close friend.

BY MR. KRUM:

**Q. And describe your relationship with Michael Wrotniak.**

A. I don't talk to him or see him as I -- as I had done with Patricia. I would maybe see him once a year if I went to her house for dinner, but I wouldn't consider I have, you know, an ongoing relationship with him.

**Q. How often do you communicate with him?**

A. Now?

**Q. How often did you communicate with him in 2014?**

A. Oh, he would email me if he wanted show tickets.

**Q. How often did you communicate with him in 2015?**

A. I don't know.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 160 --

THE REPORTER: Yes.

MR. KRUM: -- two pages, the first of which is dated April 9, 2015, and appears to be an email from Margaret Cotter to Kelley Anderson with the subject "Michael Wrotniak." Production numbers are MC2812 and 13.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 160 by the Certified Shorthand Reporter and is attached hereto.)

MR. FERRARIO: This has a red mark on it.

MR. KRUM: A what?

MR. FERRARIO: 158. There you go.

MR. KRUM: Oh, I passed you a prior exhibit --

MR. FERRARIO: That's all right.

# EXHIBIT 40

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

vs. Case No.

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

A-15-719860-B

and

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

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(CAPTION CONTINUED ON NEXT PAGE.)

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

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

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

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

A. I don't recall, no.

Q. Why weren't you troubled by that?

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

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

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

A. Yes.

Q. -- Pico Holdings?

A. Yeah.

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

# EXHIBIT 41

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD

TAKEN ON JUNE 8, 2016

VOLUME 1

JOB NUMBER 315485

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

**school.**

A. Including high school.

**Q. No. Following high school.**

A. Oh, following. I went to Loyola Marymount University, was an English major, and then after that went to U.C.L.A. Law School, graduated in 1963.

**Q. And in whatever form suits you, if you would, please, describe your professional experience, job position and title.**

A. I'm a partner at the Law Firm of Troy and Gould. Basically I'm a corporate lawyer. I don't do litigation. I do business transactions, security offerings, capital raising, and then disputes among partners.

So those would be my main areas of expertise.

**Q. Has that been the case since you began practice?**

A. It has. But the level of it changed from being more into the weeds than now being more in corporate governance type things.

**Q. And describe for us, if you would, please, your corporate governance practice.**

A. I advise boards of directors on proper

procedures to be followed and how the directors can fulfill their responsibilities in following through and taking actions.

**Q. And by "responsibilities," are you referring to their fiduciary duties?**

A. Yes.

**Q. And I do not intend make this a law exam, Mr. Gould. I'm not going to ask a dozen of these questions, but I'll ask a couple of foundational questions.**

**So if you would, please, with that as context, what in general terms would you describe the fiduciary obligations of directors of public companies to be?**

MR. SWANIS: Objection. Form.

MR. HELPERN: Join.

MR. RHOW: You can answer.

THE WITNESS: Well, I think it -- a fiduciary is very similar to a trust beneficiary type of relationship. And the directors have to use their best efforts and due care in making decisions on behalf of the corporation for the benefit of the corporation and the shareholders. That's the essence of it.

///

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

A. No.

**Q. Okay. So let me backfill a little bit. So the first step in the C.E.O. search process was formation of the committee; is that right?**

A. Yes.

**Q. And how did that come to pass?**

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

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

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

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

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

**Q. Did Ellen select the four members of the committee?**

A. Yes.

**Q. Did anybody respond?**

A. There was responses, and I think, you know -- I think the general feeling was that as long as -- my feeling was -- I should just say it that way -- my feeling was I didn't feel as strongly about it as he did, because any major decisions of the executive committee would have to be reported to the board.

And I felt that a lot of corporations do have executive committees, and it didn't bother me as it bothered Tim.

**Q. When you say, Mr. Gould, any major decisions would have to be reported to the board, are you saying that the executive committee would make the decision but that the board would learn to it?**

MR. SWANIS: Object to form.

MR. HELPERN: Join.

MR. RHOW: I think it's vague, but you can answer.

THE WITNESS: Well, I think that, you know, the problem -- I think both reported, and I think -- I think the executive committee using its judgment would not make important decisions without

having them vetted out by the board. It's like the chief executive of the company would not make major decisions without clearing it with the board.

And so I -- I wasn't concerned until I saw the executive committee -- unless I saw that the executive committee was doing things outside their scope of what I thought their authority should be.

BY MR. KRUM:

**Q. You understand that the executive committee set the date for the 2015 annual shareholders meeting, right?**

MR. HELPERN: Objection to form.

MR. SWANIS: Join.

THE WITNESS: I wasn't aware of that. I mean I may have been aware of it at the time but I've forgotten it.

BY MR. KRUM:

**Q. Do you recall that the executive committee set the date for the -- the record date with respect to the 2015 annual shareholders meeting?**

MR. RHOW: Foundation.

MR. SWANIS: Object to form.

MR. RHOW: Foundation.

MR. HELPERN: Join.

MR. RHOW: You can answer.

THE WITNESS: I can't recall that.

BY MR. KRUM:

**Q. Given the circumstances that existed in 2015, what was your thought at the time about whether the executive committee should set the record date and the annual shareholder meeting date or that the full board should do some?**

MR. SWANIS: Objection. Form, foundation.

MR. HELPERN: Join.

THE WITNESS: I had no thought about it.

BY MR. KRUM:

**Q. What discussion was there at the board meeting you've been describing at which the executive committee was repopulated about who would or should be a member of that executive committee?**

A. Well, I think Tim Storey expressed his concerns about having the committee in general.

I think Jim Cotter, Jr., expressed concerns about having the composition of the executive committee. He was concerned about -- particularly about Guy Adams.

**Q. What did he say about Guy Adams?**

A. He said that Guy Adams, he felt, was not

an independent director.

**Q. Do you recall what, if anything, he said as to why he thought Mr. Adams did not qualify as an independent director?**

A. He -- he said that a large percentage of Guy Adams's income was dependent upon the Cotter family and the corporation.

**Q. Had you ever heard or been told that previously?**

A. I'm not so sure I had known -- I think Jim Cotter, Jr. Had mentioned this at meetings, but I had no direct knowledge of that. I had no idea about Guy Adams's net worth or what his income was.

I did know he had worked for Jim Cotter, Sr., done some work for him. But I had always assumed Guy had a number of other business activities that he really earned his living by.

**Q. Okay. Did you ever learn otherwise?**

MR. SWANIS: Objection to form.

THE WITNESS: Yes.

BY MR. KRUM:

**Q. When?**

A. About three weeks ago or a month ago.

**Q. What did you learn about three weeks or a month ago?**

A. I learned that in Guy Adams's deposition he admitted that a great percentage of his net worth had come from the corporate -- not his net worth, but his earnings had been derived from the corporation and from the Cotter family.

**Q. And by "the corporation" you're referring to RDI?**

A. RDI.

**Q. What, if anything, did you do as a consequence of learning that information?**

A. I was asked whether Guy Adams was -- if I considered him independent for the purposes of his service on the comp committee.

**Q. Who asked you that?**

A. Craig Tompkins and Ellen Cotter.

**Q. What was your response?**

MR. SWANIS: I just want to object to this line of questioning, object on attorney-client privilege.

I didn't know if you were heading into the -- the person that asked him that.

MR. KRUM: Well, no. I haven't asked about what Mr. Tompkins said --

MR. SWANIS: Let me finish.

MR. KRUM: I'm sorry. Go ahead.

MR. SWANIS: To the extent that communications with Mr. Tompkins for the purposes of soliciting or providing information is providing legal advice to the company, those communications are privileged.

To the extent the purpose was not for the purpose of providing -- or communications were not for the purpose of providing advice, then you may answer the question.

THE WITNESS: Thank you. This was not really legal advice. He asked -- They asked my opinion, how I felt about it.

BY MR. KRUM:

**Q. What did you tell him?**

A. I told him that I did not believe he was independent for the purpose of serving on the audit -- on the nomination -- on the compensation committee.

**Q. Did you explain why you thought that?**

A. Yes, I did.

**Q. What did you tell him?**

A. I said that even though he did not violate the test -- the concrete test laid out by the Exchange, that there is an overriding test on particular types of transactions where a person

might be not independent for that type of transaction.

And clearly if Mr. Adams's income was substantially derived from Reading and the Cotter family, if his whole livelihood depended on them, he could not be independent in passing on the compensation of the Cotter family members.

**Q. What other types of transactions were you referencing in your last answer, if any, beyond passing on compensation of Cotter family members?**

A. That -- that's what I was referencing, just that particular matter.

**Q. What types of transactions are subject to the overriding test you just described?**

MR. HELPERN: Objection. Form.

MR. SWANIS: Join. Foundation.

THE WITNESS: Well, if a question -- a party, for example, was totally independent, has a separate business relationship or transaction proposed with the company, even though that person might otherwise be independent for all other purposes, that transaction brings into question that person's independence with respect to that transaction. That's what I was referring to.

///

BY MR. KRUM:

**Q. Mr. Gould, what other discussions, if any, have you had with anyone regarding the subject of Mr. Adams's independence or lack of independence?**

A. The only people I talked to about that were Ellen and Craig Tompkins. I don't recall discussing it with anybody else.

**Q. Mr. Adams has resigned from the RDI board of directors compensation committee, correct?**

A. Yes.

**Q. But he was on the RDI board of directors compensation committee when it approved the compensation packages -- the new compensation packages for Ellen Cotter and Margaret Cotter earlier in calendar year 2016, correct?**

MR. HELPERN: Objection to form.

MR. SWANIS: Join.

BY MR. KRUM:

**Q. Mr. Adams also was a vocal proponent in support of terminating Jim Cotter, Jr., correct?**

MR. SWANIS: Objection to form.

THE WITNESS: Yes.

MR. HELPERN: Join.

MR. RHOW: I'm --

///

**words "given the situation"?**

A. None of the candidates met the perfect profile that we all wish we would come up with, you know, somebody like from central casting.

Ellen did not have certain of the qualities we were looking for in the sense of the real estate experience and this and that. But none of the candidates had what we were looking for.

So, as we interviewed these candidates -- and by the way, all of them were very, very qualified good candidates. They really were. I was very impressed with the quality of the people that Korn Ferry had put forward.

And this became apparent to me, anyway, that Ellen was the type of person who would continue the continuity, that people liked her, that she had had a good reputation, we had been working with her for all these years. And given all those circumstances, she stood head and shoulders above a person who would be asked to come into this horrible vicious situation.

It made it almost an impossible task for somebody to enter this corporate management structure and be able to thrive.

**Q. So is it fair to say your view was that**

foundation.

MR. HELPERN: Join.

THE WITNESS: Yes.

BY MR. KRUM:

**Q. When did you first hear that?**

A. Around the same time frame, early -- early 2015.

**Q. You understood that there were disputes between Ellen and Margaret Cotter on one hand and Jim Cotter, Jr., on the other hand regarding certain trust matters, correct?**

A. Yes.

**Q. And was your understanding of the nature of those disputes?**

A. Well, I didn't get much into those disputes, but my general understanding is that it all basically concerned an amendment to a trust where the -- Margaret had been the sole trustee, and now when Jim, Sr., was very sick, he amended that trust to make Jim, Jr., a co-trustee.

That was the essence of what I knew about it.

**Q. And the trust to which you just referred, was that the trust that was going to hold the RDI class B voting stock?**

A. Yes.

**Q. And so the issue was about whether Margaret alone or Margaret as co-trustee with Jim, Jr., would control over 50 percent of the RDI class B voting stock, right?**

A. Right.

**Q. And the point of that is the person or persons who controlled that voting stock were in a position to select and elect members of the RDI board, right?**

MR. SWANIS: Objection. Form.

THE WITNESS: Yes.

BY MR. KRUM:

**Q. Did any other member of the RDI board of directors ever express in your presence or in an email that you saw a view on the issue of whether Margaret or Margaret and Jim should be trustees of the voting trust?**

MR. SWANIS: Objection. Form.

MR. HELPERN: Join.

THE WITNESS: Well, Jim, Jr., showed me some videos of his father contemporaneously with the signing of the -- of the amendment, and the discussion came up generally, but it was never part of the board proceedings. I don't recall it.

**finished.**

A. I'm ready.

**Q. Do you recognize Exhibit 274?**

A. I do.

**Q. What is it?**

A. It's an email from Jim, Jr., to me giving me some information about Linda Pham's history with the company.

**Q. Do you have any recollection as you sit here today, Mr. Gould, why --**

**Well, did you know at the time why he sent this email to you?**

A. Well, I was then acting as lead director and was communicating with the other directors on the general subject. And I had established a pretty good line of communication with Jim, Jr.

**Q. Okay. What was the status of the Linda Pham investigation as of February 20, 2015?**

A. I'm not certain.

**Q. Meaning you don't recall?**

A. I don't recall.

**Q. Okay. We're done with that exhibit.**

**When was the first time you heard anyone speak of or refer to replacing Jim Cotter, Jr., as C.E.O., including with an interim C.E.O.?**

A. That would have been in late April, early May 2015.

**Q. What happened then?**

A. There was a notice sent out to the board indicating there would be a meeting to discuss, among other things, the status of the -- something like this, the status of the C.E.O. or something like that.

And I called for an independent board meeting to find out what this was all about and what the issues were.

And that's when I first heard it.

**Q. How did you first hear?**

A. At some meeting we had -- there were several meetings, so excuse me if I'm not specific about which one on which date.

But at this meeting I heard the three other directors, Tim -- not Tim Storey, but Guy, Doug and Ed Kane say they felt that -- that Jim's performance was such that he should be replaced.

**Q. Was that at the first supposed board meeting pursuant to the -- where the agenda item was status of president and C.E.O.?**

MR. SWANIS: Objection to form.

THE WITNESS: No. It was before that.

BY MR. KRUM:

**Q. What is Exhibit 11?**

A. Exhibit 11 is a -- basically is an email from me to the independent directors, basically setting the agenda for this telephonic meeting we were going to have.

**Q. Did you send Exhibit 11 on or about March 6 or 7, 2015?**

A. Yes.

**Q. Directing your attention to the next to last page of Exhibit 11, it bears production number 249 in the lower right-hand corner.**

**Do you have that?**

A. I do.

**Q. You see that item number four concerns Tim Storey acting as ombudsman --**

A. Yes.

**Q. -- and so forth?**

A. Yes.

**Q. Is that the arrangement to which you were referring a moment ago?**

A. Yes, it is.

**Q. Does that refresh your recollection --**

A. Yes, it does.

**Q. Let me finish.**

**Does that refresh your recollection that -- that it was in March of 2015 that the five non-Cotter directors agreed to Tim Storey being a committee of one or the ombudsman to work with the Cotters?**

A. Yes.

MR. SWANIS: Objection to form.

MR. HELPERN: Join.

BY MR. KRUM:

**Q. Now, did the -- did the conference call of March 12 occur that's referenced both in the cover email Exhibit 11 and the --**

A. Yes, it did.

**Q. And who said what during that call regarding Tim Storey serving as a committee of one or ombudsman to work with the Cotters?**

A. Well, I think all the directors felt that that was a reasonable approach to try. And it was felt by -- by everybody that hopefully Tim could accomplish three things. First of all, he would mediate -- help mediate the disputes among the three family members; secondly, he would monitor the progress of how Jim, Jr., was coming along and how the other siblings were doing, as well; and finally he would report back to the board as to how he

viewed the progress of -- of these relationships.

And everybody seemed to agree with that.

**Q. When you say "everybody seemed to agree," you mean that no one said anything in words or substance that communicated -- well, strike that.**

**Why do you say everyone seemed to agree?**

A. Well, the only issue I can remember was the fact that we were worried about Tim's time. He lived in Auckland, and he had to fly over here and spend time. And we knew it would be time consuming and expensive.

And he indicated he would be willing to do it.

**Q. What did -- when you say he would help mediate the disputes among the three family members, to what are you referring?**

A. I'm referring to the fact that on one hand Jim was saying that Ellen wasn't giving him the -- her business plan, and she -- Margaret was being -- refusing to do -- excuse me -- to provide anything.

And they were saying that Jim was making unreasonable demands on them and he was asking them for things that he shouldn't be asking them for.

So, Tim, who is a very successful and

foundation.

MR. HELPERN: Join.

THE WITNESS: Yes. We did not wait until the end of June.

BY MR. KRUM:

**Q. Both you and Mr. Storey expressed to Messrs. Kane, Adams and McEachern that the process should be completed, correct?**

A. Yes.

**Q. Did any of them provide any response other than to communicate that they were unwilling to allow that to happen?**

MR. HELPERN: Objection to form.

MR. SWANIS: Join.

THE WITNESS: They clearly made the statements that you had said, that they -- they felt that they were convinced that Jim's performance was such that it had to be cut off at an earlier point; that the time had come to make a decision, and we should not wait the extra month or so to get Tim Storey's final report.

**Q. Did any of the -- any of Messrs. Kane, Adams or McEachern ever provide any responses to any interim reports provided by Mr. Storey?**

MR. HELPERN: Objection. Lacks

that I think was when we received the notice of the board meeting where on the agenda was an item that looked suspicious. And that agenda item was something like "consideration of C.E.O. status."

**Q. When you say -- when you say it looked suspicious, why do you say that?**

A. Because there hadn't -- to me there hadn't been any discussion of that at that point.

**Q. Did that turn out to be -- did that turn out to mean a motion to terminate Jim Cotter, Jr., as the president and C.E.O.?**

MR. HELPERN: Objection. Form and foundation.

MR. SWANIS: Join.

MR. RHOW: You can answer.

THE WITNESS: I forgot the question.

MR. KRUM: Okay. Sure. Would you read the question back, please.

(Whereupon the question was read as follows:

"Question: Did that turn out to be -- did that turn out to mean a motion to terminate Jim Cotter, Jr., as the president and C.E.O.?")

THE WITNESS: It eventually turned out to be that, yes.

BY MR. KRUM:

**Q. And when you say "eventually," is that because the vote did not occur at that first meeting?**

A. That's correct.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 277 what purports to be a May 19th, 6:38 P.M. email from Ellen Cotter to the other members of the RDI board of directors, carbon copy to William Ellis. It bears production number GA5340.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 277 by the Certified Shorthand Reporter and is attached hereto.)

THE WITNESS: Yes. I'm prepared.

BY MR. KRUM:

**Q. Do you recognize Exhibit 277?**

A. Yes.

**Q. What is it?**

A. This is an agenda for the meeting of the board of directors that was scheduled for the 21st

That's fine. I had the time to do it.

So she -- she came out to my office with Craig Tompkins and said that there was -- I think she mentioned the two directors -- she said there was a meeting coming up in like 48 hours, and she said that these were two people that had been vetted out by the three other -- other than Tim Storey and myself, by Guy and -- and Doug, and that there were two very qualified people that she felt should be on the board.

She went through and explained it to me.

I -- I was surprised on the shortness of notice, because the meeting was coming up. And I was also surprised I had not heard about this until that time. I expressed that comment to Ellen.

**Q. What was her response, if any?**

A. Well, they wanted to -- I guess the thought was that this committee, this so-called nominating committee had been doing the work, and they didn't want to get everybody -- to, you know, get things too firm until they had decided it was worth going forward with these two people.

**Q. What information, if any, did Ellen Cotter provide you about these two people?**

A. She provided me with resumes of both

BY MR. KRUM:

**Q. I don't know whether I should be insulted by those objections.**

A. I just have -- corporate governance, I don't know about that. Because they were -- they were involved in their own companies and -- they might have had some corporate governance experience. I think both of them probably did. Not public corporate governance, though.

**Q. So that we can obviate these objections when you use the term "corporate governance," Mr. Gould, what do you mean?**

A. Well, I mean the general best practices that boards of directors should follow in operating companies and overseeing them.

**Q. Did you ever express to Ellen Cotter the notion that the time afforded you and/or other directors who were not members of the special nominating committee to consider the persons proposed was inadequate?**

A. Not exactly in those terms. But I did express my unhappiness that I was brought this information on such short notice.

**Q. Did she indicate that there was some rush?**

A. Yes. Because the -- I thought the proxy statement apparently was in the process of being prepared and had to go out.

**Q. And by that time had you heard or learned that Tim Storey was not going to continue to be a director?**

MR. SWANIS: Objection to form, foundation.

THE WITNESS: Sometime around that time I was informed that he was not going to be staying for reelection.

BY MR. KRUM:

**Q. Who told you what in that regard?**

A. Well, I heard just -- I heard from Ellen who told me that they had decided that -- that the nominating committee had decided that he was not going to be -- that they did not want to nominate him; that the directors, the non- -- except for myself, who, by the way, I have tremendous confidence in Tim Storey, but the other directors had lost confidence in him, and that Ellen and Margaret I still think felt his -- he was focusing too much on process and procedure rather than substance.

**Q. What did she tell you, if anything,**

**what due diligence, if any, RDI had done regarding either or both of them?**

**And by RDI, I mean generally or specifically the so-called nominating committee.**

A. Well, she -- first of all, she had known -- she had known Judy Codding for quite a while. So she went through her statements about that. I don't remember specifically what she said.

But on Michael, again, she had Margaret's strong push on him. And I'm not sure if she went into any questions about diligence, any issues about diligence.

**Q. Did you subsequently learn anything about what diligence, if any, had been done with respect to either or both of Ms. Codding and Mr. Wrotniak?**

A. Well, one -- the one bit of diligence that -- that was somehow missed, and that was the fact that it came to our attention after the first session where the board reviewed -- the two new directors as a whole were taking up the subject of a board meeting, it came to our attention that Andy Shapiro had uncovered by Googling that Judy Codding had been involved in a matter involving -- I think it was in L.A. and something involving the

educational thing.

And there was a -- there were certain criminal things that were mentioned in this -- in this article.

And I was kind of surprised that we hadn't -- we hadn't come up with that. I mean it was embarrassing to have some third party just Google and come up with something at least we should have known about when we first considered; not that it made any difference, because subsequently we did take that into account. We grilled her on it for a great period of time, and she satisfied us.

But I wish I had known it the first go-around.

**Q. When you say, Mr. Gould, that "we grilled her on it," who did what?**

A. Well, the directors asked her questions about it. She was on the call, it was a conference call that was on a Saturday morning. I think it was on a weekend. Maybe it wasn't.

And she answered questions about what happened in this matter and how could she explain this -- this episode that occurred. And she did explain it.

**Q. Were all of the directors on that call?**

A. I believe they were.

**Q. What was said, if anything, about her -- the status of her employment during that phone call?**

MR. SWANIS: Objection. Form.

THE WITNESS: Her employment?

BY MR. KRUM:

**Q. Right. So, for example, was she asked if she expected to continue to be employed by the person -- excuse me -- by the entity by which she then was employed?**

A. I don't recall that discussion.

**Q. Did anybody ask in words or substance "Are you going to get fired on account of these matters that were reported in the press that were brought to our attention" --**

A. Yes.

**Q. -- "by Andy Shapiro?"**

A. Well, yes. And she basically satisfied our concerns. I mean what she basically told us was this was more of a political thing and there was no substance to it.

And this seemed to be confirmed by the way certain governmental entities do business.

**Q. You reviewed the proxy for the 2015 annual shareholders meeting, right?**

A. Yes.

**Q. And you saw that it described her employment?**

A. I didn't read that that carefully about other people. I don't read the whole proxy as to every single aspect of it. I read the parts that pertain to me and then the most important parts of it that I want to make sure are correct. But I didn't dwell on her employment.

**Q. Did you ever hear or learn that her employment had terminated?**

A. I don't recall.

**Q. So as we sit here today, to the best of your knowledge, Ms. Cotter -- Ms. Cotter -- well, it's close.**

A. It's close.

MR. RHOW: You got it both on Ms. and Cotter.

BY MR. KRUM:

**Q. Try again. As you sit here today, Mr. Gould, is it your understanding that Ms. Codding, Judy Codding, continues to be employed by the same entity by which she was employed when she was added to the RDI board of directors?**

A. I don't have any understanding on that.

**Q. Did you ever hear or learn that her employment with the entity by which she was employed when she was added to the RDI board of directors terminated following issuance of the proxy and prior to the 2015 annual shareholders meeting?**

A. The timing I can't tell you, but I do know I did hear that there was a -- some kind of a termination of that employment, yes. I can't tell you when I heard it.

**Q. Who -- who are the persons primarily responsible for preparing the proxy for the 2015 annual shareholders meeting?**

A. Well, for this meeting I think we had a cast of thousands because there was so much involved with the disputing facts that the different sides had.

Basically it would be prepared first by the -- usually be prepared by Craig Tompkins who would take the proxy, put it together, submit it to outside counsel.

Now, there were several different outside counsel that had to be -- had to review this proxy. The various factions had their attorneys who also looked at it.

So that's the way -- by the time the

board got it, it was almost a semi-completed document. And most of us on the board -- I mean I'm just speaking for myself. I don't read every single part of the proxy statement. You read the parts that, you know, pertain to you and the most important parts of it, but a lot of the stuff you just skip over.

**Q. With respect to the proxy statement for the 2015 annual shareholders meeting, did you direct any particular questions to anybody about any aspect of it?**

A. Yes. I think there were some mistakes made in the column of stock ownership and when the -- I think it's in this -- on the proxy statement rather than in the -- in the 10-K, but there were some -- some minor errors. And I think I did comment on those.

**Q. Did you review the portion of the proxy statement for the 2015 annual shareholders meeting that -- well, strike that.**

**What -- when you say mistakes in the column of stock ownership, are you talking about -- well, what were those mistakes, if you recall?**

A. Well, they were -- one was -- there were a couple of them. They had -- the footnote was in

**Q. How did that call come to pass, if you know?**

A. Yes. The call came because there had been this discovery of this letter or this email Andy Shapiro had sent out to the board members about this problem that Judy Codding had had with the City of Los Angeles with this -- this education issue.

And all of us were blind sided. I was blind sided to get that information and was a little bit disappointed that we hadn't done our own Google search.

**Q. Was an email or an outlook calendar invitation or something of that nature sent around to schedule this call with Ms. Codding on a Saturday?**

A. I believe that the call was -- was set up informally. I don't think -- I'm not sure there was an Outlook calendar set up on it.

**Q. When you say "informally," was that mean telephonically?**

A. Telephonically, yes.

**Q. If I told you that Jim Cotter, Jr., was not on the call, would that refresh your recollection as to whether he was?**

MR. SWANIS: Object to form.

# EXHIBIT 42

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD

TAKEN ON JUNE 29, 2016

VOLUME 2

Job No.: 319129

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

**Q. Can you read the handwriting to the right of that?**

A. "8-K will be filed tomorrow."

**Q. Okay. Do you recall to what 8-K that referred?**

A. I don't.

**Q. Okay. So this is in October of 2014. Do you recall any -- any events that warranted or required the filing of an 8-K by the company in October of 2014?**

A. When did the litigation -- it depended on when the litigation got filed. Was that -- had that been filed by that time?

**Q. My understanding, Mr. Gould, is that the litigation was filed in January of 2015.**

A. I see.

MR. RHOW: Don't speculate.

THE WITNESS: I just don't remember when it was.

BY MR. KRUM:

**Q. Okay. Well, I can always find documents to prompt your memory.**

A. Okay.

**Q. Now, as a practical matter, would you have seen the 8-K before it was filed?**

A. As a practical matter, I would have.

**Q. What was the practice you employed in terms of reviewing 8-K's filed by the company?**

A. Usually the company's counsel would submit to the directors before they would file a version of the 8-K for the directors to review.

**Q. Your practice was to review them?**

A. Yes.

**Q. And was it also your practice to communicate to counsel for the company any comments or corrections you had?**

A. Yes.

**Q. Was there a practice at the company with respect to counsel for the company or whomever else distributed the 8-K's undertaking to contact each of the directors and obtain feedback, or was it left to the director to choose whether to respond?**

**How did that process play out typically?**

A. It would be -- it would change a little bit depending on nature of the 8-K. But usually the 8-K draft would come out; say if you have any comments or suggestions, notify Craig Tompkins or whoever was responsible for the preparation of the 8-K.

**Q. And was there a practice that**

**Mr. Tompkins or whomever it was would wait a certain period of time before filing the 8-K so as to make sure directors had an opportunity to review and respond?**

A. We would try, but we had -- the 8-K had a firm deadline. It had to be filed in four days. And so all the directors knew that that was the time frame.

And sometimes these 8-K's would come out at inconvenient times for some directors. They couldn't get back to him in time.

**Q. Directing your attention to the item two items above the "filings 13D's," you see it begins "William 'Bill' Ellis"?**

A. Yes.

**Q. And then there is some handwriting to the right of that.**

**Can you read that?**

A. Yes, I can.

**Q. Was does it --**

A. It says,

"Approve employment agreement. Corporate secretary approve" -- or "corporate secretary," and then it says "approve 60,000 stock

**internal candidates through Korn Ferry's unique proprietary assessment process.**

**Do you see that?**

A. I do.

**Q. Do you recall that Korn Ferry's proprietary assessment process was one of the stated reasons for engaging Korn Ferry?**

A. No.

**Q. Okay. To your knowledge, was any candidate put through a Korn Ferry proprietary assessment process?**

A. To my knowledge, no.

**Q. In fact, the C.E.O. search committee told Korn Ferry not to pursue that process with any candidates because the committee had already settled on Ellen Cotter, correct?**

A. Yes.

**Q. I direct your attention, Mr. Gould, further down on the second paragraph on the first page of Exhibit 375.**

**Toward the end of the line the sentence says -- reads as follows:**

**"But I think that it would be a big mistake for Reading to just anoint one of the internal candidates as**

MR. TAYBACK: That's good.

THE WITNESS: I'm prepared.

BY MR. KRUM:

**Q. Mr. Gould, do you recognize Exhibit 377?**

A. I recognize the interview preparation portion of it.

**Q. Are you talking about the attachments to the emails --**

A. Yes.

**Q. -- the second and third pages?**

A. Yes.

**Q. What did you do -- what did you -- well, strike that.**

**So you received and reviewed the Reading International interview preparation two -- page document?**

A. Yes.

**Q. What did you do with it, if anything, beyond read it?**

A. Well, I thought about the questions and made some notes at the time and got prepared for this call that Korn Ferry said they were going to have with each of us.

MR. TAYBACK: Mark, could I just ask, can we take a short break, just two minutes?

MR. KRUM: Sure.

VIDEOTAPE OPERATOR: We are off the record.

The time is 11:33.

(Brief recess.)

VIDEOTAPE OPERATOR: We are on the record.

The time is 11:39.

BY MR. KRUM:

**Q. Mr. Gould, directing your attention to the -- was it a call or a meeting that followed your receipt of the Korn Ferry interview preparation document.**

A. It was a call.

**Q. Okay. Who participated in that call?**

A. Just myself and Bob Mayes and one other person from Korn Ferry.

**Q. How long did your call last?**

A. My recollection is it was over an hour, maybe an hour and 15 minutes, around that period of time.

**Q. As best you can recall, what did they say and what did you say?**

A. Well, we talked generally about each of these subjects. And, you know, I think at that time

BY MR. KRUM:

**Q. Do you recognize Exhibit 378?**

A. I do.

**Q. Did you receive it on or about the date it bears, September 3, 2015?**

A. Yes.

**Q. What happened next in the -- with respect to the RDI C.E.O. search?**

A. My recollection is that there was a subsequent version of this following this one, but I'm not certain. Because I know I had a conversation with at least Craig Tompkins where he pointed out to me -- and I think he was right -- that there was too much emphasis on solely the real estate side of it.

**Q. Did you have any conversations with anyone at Korn Ferry with respect to the position specification document on or after September 3, 2015?**

A. I can't re- -- I can't remember specific conversation about that.

**Q. So, for example, when you -- when you referred in your prior response to a conversation you had with Craig Tompkins, how did that conclude?**

A. I don't recall.

MR. RHOW: I will ask.

BY MR. KRUM:

**Q. So, Mr. Gould, continuing on on page 23 -- production number 234 in the lower right of Exhibit 386, what does that handwriting say?**

A. Well, again there are three points. One was -- the first point looks like "public company experience."

The second point I'm having a hard time making out, something about exposure. And the third one was "international," I was wondering about his international experience.

**Q. Take a look at the page of Exhibit 386 that bears production number 239 on the lower right. There's some handwriting in the left-hand margin. What does that say?**

A. He was sometimes in California. And then something about relationship, and then "move New York City."

I -- I was making these notes quickly, and I don't -- I can't really recall what they related to.

**Q. Okay. Do you recall what your -- as a general matter what your impressions were of Mr. Brooks, if any, beyond the four points you**

**listed on the page bearing production number WG230?**

A. Yes. I was -- I was impressed with Mr. Brooks. I thought he had a very pleasant personality, he seemed like he had good people skills. He was short of experience on being -- being with a public company. He was primarily a real estate person totally. But overall I thought he -- he conducted himself very well during the interview.

**Q. At the conclusion of the interview did you view Mr. Brooks as a -- as someone who might -- you might approve or suggest offering the C.E.O. position?**

A. I thought he was in the hunt at that point. That was how I would say.

I hadn't reached any conclusions but I felt that I was really grateful to Korn Ferry for at least presenting one good candidate.

**Q. He was the first one you interviewed?**

A. The first one we interviewed.

**Q. Okay. Let's go to the page bearing production 245 in the lower right. This is the first page of the candidate report for Mr. Cruse, C-r-u-s-e, still on Exhibit 386.**

**Do you have that?**

A. Yes.

**Q. Can you read your handwriting on the -- on the face page of the report regarding Mr. Cruse?**

A. Yes. I was impressed with him as you -- as -- I will read what I said. My notes on him were,

"Very impressive, but he might take another position."

He was talking about something else he was interested in. I said, "very" something -- I can't read what I said. But then I note -- then it says,

"I like him, this guy is good, he likes deals and is very impressive."

So, he made a very good impression on me.

**Q. Okay. Let's go to the next page. What does your handwriting next to the blacked out compensation box say?**

A. It says,

"Discretionary, tied to standards."

I was -- I was I guess there -- my note there says,

"Discretionary or tied to

standards."

So I guess I was -- I don't remember what I was actually thinking then. I was wondering about his compensation package, what it would be.

**Q. I direct your attention to the portion of the report on -- regarding Mr. Cruse that bears production number WG255 in the lower right-hand corner, still part of Exhibit 386.**

**Do you see the portion of the text that's underlined?**

**Do you have 255?**

A. I do.

**Q. You see the portion of the text that's underlined concerning Mr. Cruse being willing to function as an interim C.E.O. so RDI had an opportunity to try him out and vice versa?**

A. Yes, I do.

**Q. Do you recall that?**

A. Yes.

**Q. And what were your thoughts about that?**

A. Interesting -- interesting way to go. It might be something we should think about.

**Q. And so what were your thoughts about Mr. Cruse at the conclusion of his interview?**

A. Very favorable. But I did find that he

had -- again, there were some limitations in his background.

As you go through here there were some issues with him, as well. He was presently base -- basically he was operating his own private equity firm. He really hadn't had the kind of experience in anything other than the real estate area, although he had done hotels and deals of that sort.

But I -- I did feel as much as I liked him, I wanted to see more people.

**Q. On the page bearing production number WG254, there is some handwriting in the upper right.**

**What does that say?**

A. Oh, he was talking about his work in the hospitality business. And I was trying to -- I made a note that says hospitality tied to theaters. Because theaters is a -- in a sense kind of a -- it's related to the hospitality business.

**Q. Okay. Let's look at the candidate report on Mr. Chin which begins at WG257 as part of Exhibit 286.**

**Do you have that?**

A. I do.

**Q. You see on the next page that bears production number WG258 there's some handwriting?**

A. Yes.

**Q. At the bottom what does the handwriting say?**

A. Yeah. At the bottom it says -- this is a restructuring guy. His emphasis was really more on companies that are in trouble. He was -- he was a very -- you know, he was a good candidate, but his skills were directed more toward coming in and being a -- a business doctor.

**Q. Okay. And in the left-hand margin, what does that handwritten note say?**

A. "Too high." That relates to compensation. I -- whatever was in that column looked to me that it was way out of anything that RDI would be offering any permanent C.E.O.

**Q. Did you have that thought about the compensation for any candidates other than Mr. Chin?**

A. I don't recall right now whether I did or not.

**Q. Okay. Let's go to the candidate report for Mr. Sheridan, it begins on WG267 of Exhibit 386.**

**The next page 268 has some handwriting in the upper right-hand margin.**

**What does that say?**

A. "Where are you from?"

**Q. Do you have any idea what that meant?**

A. Yes. I was trying to find out what part of the country he was from, because he went to the University of Michigan Law School and -- and the University of Michigan undergraduate, and I was wondering whether he was from Michigan.

**Q. You don't have many notes with respect to Mr. Sheridan.**

**Do you recall what impression you had after you interviewed him?**

A. Well, I remember my impression changed. At first I was a little dubious that a lawyer could be coming in and be the right kind of person for the job.

But after talking to him I was -- I saw that he had a great deal of good experience and seemed to have been performing very well in the areas that he had been trained in.

**Q. So at the conclusion of his interview did you think he was in the hunt?**

A. Yes.

**Q. And was that true for each of the four candidates except for Mr. Chin?**

A. I believe there were -- I think that there were two or three of them that I liked better

than others. And if I had prioritize them, I would put Mr. Sheridan and I think maybe Mr. Brooks are two of the ones that I thought were the better of the two.

**Q. Okay. Did you meet Mr. Clayton? That is the fifth candidate --**

A. Not at this -- not at that session. I think we had a separate meeting later on with Mr. Clayton. I'm not certain.

**Q. What were your impressions of Mr. Clayton?**

A. As I sit here right now I can't recall any particulars of that -- of that meeting, of that interview.

**Q. Did you also meet a candidate by the name of Martin Caverly?**

A. Yes.

**Q. When did you meet him?**

A. I don't remember when, but I do remember meeting him. I believe he came in later at a subsequent session.

**Q. Now, he came in in December, correct?**

A. I believe that's right. I think he could not make the original schedule in -- in November.

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

A. No.

**Q. Why not, if you know?**

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

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

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

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

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

**Q. Do you recall anything at any subsequent point in time prior to the decision to select Ellen?**

MR. TAYBACK: Object to the form of the question.

MR. FERRARIO: I'll object to the extent it calls for attorney-client communications.

MR. RHOW: Do you have --

THE WITNESS: I can't really recall anything else about that, about Ellen, her role in the search committee or anything else.

BY MR. KRUM:

**Q. Did you or anyone else ask her when she had decided to be a candidate?**

A. No.

**Q. Did you or anyone else ask her when she first considered being a candidate?**

A. No.

**Q. Did you or anyone else ask her why she had not disclosed prior to the day of candidate interviews that she was a candidate?**

A. Well, I believe in making her statement to the search committee members other than herself, she indicated that she had just decided that she was going to do it.

**Q. So your -- your memory is that when she**

**announced before the first candidate interview at or about 8:30 in the morning on November 13, 2015, that she had been decided -- she had decided to be a candidate that she also indicated that she had just decided or words to that effect?**

A. Words to that effect.

**Q. And as best you can recall, what did she say in that respect?**

A. Just the -- all I can remember is the notion that she said she had decided that she wanted to give it a try, and so she didn't think it would be proper for her to be on -- working with us on the search committee anymore.

**Q. Okay. But the question I was asking was about what's your best recollection as to what she had said about when she had decided?**

A. I can't recall actually what she said about that.

**Q. And --**

A. My impression was that she had just decided it. That's my impression.

**Q. What's the basis for that impression?**

A. Well, I don't know that. I can't give you any basis for it.

**Q. Okay. Was there any discussion at that**

remember having thought about that.

BY MR. KRUM:

**Q. Did you or, to your knowledge, Mr. McEachern seek the advice of counsel with respect to the conduct of the C.E.O. search at any point in time?**

A. No.

**Q. What happened next after the four candidate interviews of Friday, November 13, 2015?**

A. After that -- after that there was a -- another candidate that was proposed by Korn Ferry. And I believe we had a subsequent session with Mr. Caverly. As I recall, he came in at a different time.

And then we had to interview Ellen.

So there was a subsequent -- one or two subsequent interview sessions sometime in December. One of them was done by Skype and one with the -- the new candidate, which Korn Ferry had recommended was in New York, was running a privately-owned hotel, had been running it. And we interviewed that gentleman on Skype.

**Q. Do you recall his name?**

A. No.

**Q. Did it begin with a D?**

A. Could have.

**Q. Okay. I'm sorry. I don't have the name at hand.**

**And what were your impressions of that candidate?**

A. I thought the candidate was a --was good. I think it would have been better to have the interview in person where you get a better -- can see better the movements and look into their eyes and get a better feel for it.

It wasn't -- I don't think the interview on Skype was as good as a personal interview. He had the camera turned a little funny and it wasn't -- wasn't as good.

**Q. When -- when relative to the other two candidate interviews that occurred after November 13, 2015, was Ellen interviewed?**

A. Ellen was interviewed I believe after the Skype interview in -- with the fellow in New York, and then we had Ellen come in -- it could have been the same day as the -- as the Reading Christmas party.

And we interviewed Ellen -- I think she was the last candidate we interviewed.

**Q. Who -- who is the "we"? You --**

If I recall, he wasn't too aggressive during that interview session.

**Q. With respect to the interview of Ellen Cotter that occurred in December, perhaps on the day of the Reading holiday party, how long did that last?**

A. My guess is it -- I'm mean I'm just trying to put it -- the exact time, I guess, is about 45 minutes.

**Q. Okay. Who led that interview?**

A. I did.

**Q. What did you cover? What were the topics you covered?**

A. Doug -- when I say I led it, I think it was really Doug and myself. He we covered all kinds of things; I mean what prior involvement, what she saw, what her future thinking was about the future of the company, how she saw her shortcomings.

We went through the whole gamut of -- of the same kinds of questions that we asked the others. The only difference with Ellen was that we had had 20 years of prior experience dealing with her. We knew a lot about her.

**Q. So what did that -- what did that mean? That there was less in the interview learning about**

**Q. And how long did those discussions last?**

A. I would say they lasted 30 minutes.

**Q. Who said what?**

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

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."

And Doug said, "You know, I agree with

you."

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

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

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

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

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

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

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

**Q. Did Margaret exhibit any response to**

meetings.

**Q. And in point of fact the executive committee held meetings and conducted business, correct?**

A. It did.

**Q. At any point in time in or after June of 2015, to your knowledge did the company ever disclose in an 8-K or otherwise the changes to the composition and/or the function of the executive committee of the RDI board of directors?**

A. I don't recall. I can't remember it.

**Q. Did you ever have any discussions with anybody regarding the subject of whether the company could or should make a disclosure of any type regarding the changes to the composition and/or the function of the executive committee of the RDI board of directors?**

A. I don't remember that discussion. I know at each of our meetings we had more lawyers than directors. And I think we left that subject up to the lawyers to do -- to decide whether there should be a filing made on it.

**Q. Well, when you say that, that you think you left that subject up to the lawyers, do you actually recall a discussion in which the conclusion**

**was to leave that subject, meaning whether the company could or should make a disclosure regarding the new members or the new function of both of the executive committee, to the lawyers?**

A. No.

**Q. That's just your surmise looking backwards as what might have happened?**

A. That's usually what would happen with these meetings on questions of disclosure and things like that, yes.

**Q. And by the lawyers, to whom are you referring?**

A. The lawyers for the company.

**Q. Ellis --**

A. Bill Ellis, Craig Tompkins and then outside counsel, as well. We usually had outside counsel. Or Mike Bonner would be at almost every meeting. He was a very good securities lawyer.

**Q. I'm not asking you who said what. I'm just asking whether it happened.**

**Did you ever have any discussions with Mike Bonner about the executive committee?**

A. No.

**Q. Did you ever have any discussions with him about S.E.C. filings? Made by the company, of**

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

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

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

**Q. What are the annual revenues of RDI?**

MR. TAYBACK: Objection. Vague as to time.

BY MR. KRUM:

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

A. Well, several -- several hundred million.

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

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

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

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

A. I do remember something like that, yes.

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

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

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

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

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

A. I'm not certain.

**Q. Was this letter -- when you say this letter was public, was this distributed as part of a press release?**

A. It clearly went out to the employees and others at the company, but I'm not -- I don't know whether it went out as a press release or not.

**Q. Did you see drafts of this letter?**

A. I don't recall.

**Q. When you say you're not certain who drafted it, do you have an understanding or expectation based on some other experience?**

A. Well, should I surmise?

MR. RHOW: No.

BY MR. KRUM:

**Q. If you have a --**

A. If have no understanding.

**Q. Okay. If you have a basis, I am entitled to hearing it. But if you're simply surmising as you sit here today, I don't need to hear that.**

A. Okay. I don't have a basis as to who prepared it.

**Q. When did the board meeting occur with respect to the selection of the permanent C.E.O.?**

A. I believe it was in the first week of January. First -- first ten days.

**Q. Did someone make a presentation on behalf of the C.E.O. search committee?**

A. Yes. I did.

**Q. Was it a -- did you have notes or did you have a written presentation that you used?**

A. I basically went through what we had done and presented to the board what had happened and the reasons why we selected Ellen as the preferred candidate to recommend.

And then I don't believe I had prepared notes. I just did it off the cuff.

**Q. Was there any discussion?**

A. Yes.

**Q. Excluding any comments that Jim Cotter, Jr., made or any responses to those comments, was there any discussion?**

A. Yes, there was.

**Q. Ed Kane said he agreed, right?**

A. My -- my recollection is that's right.

**Q. Did he explain why?**

A. I don't remember that he did.

**Q. Okay. What else was said by anyone as best you can recall in terms of the discussion about**

**and Korn Ferry personnel?**

A. Yes.

**Q. Did that occur -- okay.**

**Do you see in the last paragraph of that page that continues over onto the second page, it indicates that on December 17th the committee elected you to serve as the committee's chairman?**

A. Yes.

**Q. What did you do as chairman of this C.E.O. search committee?**

A. I ran the -- well, the meetings, and -- and I also issued the letter, made the report to the board and then issued the -- the letter to the employees.

**Q. And the meetings to which you're referring were on December 17th and the telephonic meeting on December 29th?**

A. Let me see here. It would be the meeting, yes, on December 17th and the telephonic meeting on the 29th and the letter that went out.

**Q. Is this correct that the committee -- the C.E.O. search committee had a meeting on December 17th at 4:00 P.M.?**

MR. RHOW: Bottom of page two.

THE WITNESS: Yes. My recollection --

my recollection is that it is correct.

BY MR. KRUM:

**Q. Was that in person?**

A. Yes. I believe -- I believe we -- that was the day of the -- that might have been the day of the Christmas party.

**Q. Directing your attention to what's labeled as page three of seven, and that is of the C.E.O. search committee report, it's actually the fourth page of Exhibit 313, do you see that it says the committee discussed among other things, and so forth, and then it lists six lengthy bullet points?**

A. Yes.

**Q. Take such time as you need to review those.**

**My question is does that fairly and accurately describe what the committee discussed on the 17th of December?**

A. Generally, yes.

**Q. And when you say "generally," is that a qualification that you --**

A. No. It's just that I can't remember every specific aspect of it, but in general that's my recollection of what was discussed.

**Q. Directing your attention to the third**

**bullet point that begins with the words "The benefits and detriments of the selection of Ellen Cotter as the committee's recommended candidate," do you recall anything other than what's discussed there -- strike that.**

**Do you recall anything other than what's listed there being discussed by the committee with respect to Ellen as a candidate?**

A. I believe that one other factor there was that having Ellen selected would create problems with one of the major shareholders, Jim, Jr.

**Q. Okay.**

A. Which was brought up.

**Q. Anything else?**

A. No.

**Q. Directing your attention to the fourth bullet point that refers to Korn Ferry's recommendation about moving forward with the assessment process for Ellen Cotter, Dan Sheridan and Marty Caverly --**

A. Yes.

**Q. -- what do you recall, if anything, being discussed about that other than the preclusion to not do so?**

A. Well, that because -- just generally

**Exhibit 391 does not reference any actions or observations of the special nominating committee with respect to Mr. Storey not being renominated, correct?**

A. Correct.

**Q. Nor does it make any mention of the fact that Ellen and Margaret Cotter who purported to control and vote approximately 70 percent of the voting stock had taken the position that they would not vote to reelect him?**

A. On that point I don't know whether they had taken that position. I had heard something to that effect, but I don't know whether they had taken that position.

**Q. So, did it occur to you when you read Exhibit 391 and the second paragraph on the third page of the document that simply saying that Mr. Storey had retired was omitting information that some shareholder might consider to be material to the circumstances of his departure from the RDI board of directors?**

A. No. I -- first of all, I wasn't very much involved in that process at all. I didn't know very much about it and was surprised to hear about it. I think I heard it from Tim Storey primarily.

But my knowledge of some of these things about what happened occurred after the actual resignation.

**Q. Okay. Did you ever speak to anybody about issuing a further 8-K updating the disclosure regarding the circumstances of the departure of Tim Storey from the RDI board of directors?**

A. No.

**Q. Do you recall that at one of the meetings in May or June of 2015, Mr. McEachern invited Jim Cotter to resign rather than be terminated?**

A. Yes.

**Q. And do you understand that that's how it came to pass that Mr. Storey retired, is he was given the choice of not being renominated and whatever consequences, if any, flowed from that or, quote, retiring?**

A. I come to -- I've come to learn that. And I don't know how much of that I knew at the time, because I was kept out of that process.

**Q. Directing your attention, Mr. Gould, to the three paragraphs on the third page of Exhibit 391 starting with the word Dr. Codding, do you see those?**

**Cotter-related entities?**

A. No.

**Q. To the best of your recollection, you didn't receive a phone call from him following the May or June meeting in which he refused to speak to the subject at which he explained anything about his relationship or compensation with Cotter-related companies?**

A. I can't recall that conversation.

**Q. At the time you read drafts of Exhibit 392 had you received any information, whether from Guy Adams or any other source, bearing upon the subject of whether he in any respect was financially independent or financially dependent on Cotter family entities?**

A. There were discussions raised by Jim Cotter, Jr., which raised questions about Mr. Adams's financial dependence. But there was no hard evidence provided to anybody as to what whether that would be.

And it had not been our practice to ask people how much of their livelihood -- each director, for example, I had never been asked by the board or anybody else had.

So my answer was if he disclosed this --

and I mentioned this at the board meeting, every director prepares a D and O questionnaire. And they disclose all these things in there.

So all the directors don't have to know the personal finances of Jim, Jr., and myself, but the person collecting those D and O questionnaires does, and that person is a lawyer, and that person will then make a judgment as to whether or not Mr. Adams is independent or not.

**Q. Is it your understanding, Mr. Gould, that certain of the information sought by questions in the D and O questionnaires concerns financial matters and financial dependence as measured by Exchange -- Securities Exchange listing rules?**

A. Yes.

**Q. Do you have an understanding as to whether that measure of independence is the same or different than the measure of independence for the purpose of related party transactions?**

MR. TAYBACK: Objection. Calls for a legal opinion. You're a lawyer, but still objection.

THE WITNESS: Yeah. I think that's kind of a complicated question because I'm not sure that the -- that it calls for exactly all the information

**to the portion that concerns Mr. Wrotniak, and you see that that will carry over to page 17, did you have any communications with anybody about whether that information should be supplemented to include information concerning his historical personal relationship -- his wife's historical close personal relationship with Margaret Cotter?**

A. No.

**Q. Did you think about that?**

A. No.

**Q. That is how he came to be a candidate to be added to the RDI board of directors, right?**

A. Yes.

MR. FERRARIO: Objection. Lacks foundation.

MR. TAYBACK: Objection.

BY MR. KRUM:

**Q. Well, when you had a meeting at your office on Friday, I think it was, Ellen Cotter told you -- Ellen Cotter told you how it was both Judy Codding and Michael Wrotniak had come to be candidates, right?**

A. She did.

**Q. And she was forthright and she told you about the historical personal relationship between**

**Judy Codding and Mary Cotter?**

A. She did.

**Q. And she told you about the relationship between Michael Wrotniak's wife and Margaret, right?**

A. She did.

**Q. Now, directing your attention, Mr. Gould, back to Judy Codding's description on page 15.**

A. Yes.

**Q. Do you see that in the third sentence it says,**

**"She is currently, and has since of 2010 been, the managing director of The System of Courses, a division of Pearson, P.L.C., a leading education company providing education products and services to institutions, governments and direct to individual learners"?**

A. Yes.

**Q. At that -- at the time you reviewed drafts of this document did you have any understanding as to whether she knew or expected that position to terminate?**

A. No.

question.

**Q. Do you recall whether Mr. Shapiro in his email raised the issue of whether Ms. Codding's employment was going to be terminated?**

A. I don't remember.

MR. TAYBACK: Mark, when it's a convenient point for you, can we just take two minutes?

MR. KRUM: Sure. We'll be there in just a couple minutes.

BY MR. KRUM:

**Q. Mr. Gould, I direct your attention to page 21 of Exhibit 392. And in particular to the first line in the chart entitled "Amount and nature of beneficial ownership." You see it says Ellen M. Cotter footnotes two and eight?**

A. Yes.

**Q. And then under the class B stock column it says number of shares 1,173,888 and percentage 69.8?**

A. Yes.

**Q. And of course footnotes two and eight on the next page, page 22, include some explanation of those numbers, right?**

A. Correct.

**Q. Did you review this information?**

A. No.

**Q. You understood at the time there were disputes with respect to who controlled certain RDI stock, such as whether it was part of the James Cotter, Sr. Trust, whether it was part of the Estate, whether it had flowed into the voting trust, whether it had poured over into the voting trust and issues of that sort, right?**

A. Oh, yes.

**Q. And so why is it that you took no steps to ascertain whether this information including as set out in footnotes two and eight on page 22 of Exhibit 392 was correct?**

A. If I spent time going through this proxy statement verifying all the facts in it, I would spend my lifetime doing it.

These are not the things that directors look at. I look at my own facts, how they pertain to me, but I don't know anything -- I pay virtually no attention to what's happening in the litigation among the family members.

So I don't even know where to start. I don't know how many shares they own. I just know that the three of them control the shares of the

stock of the company. But I don't know who owns what shares.

**Q. Well, let me ask you a different question.**

**Did you ever hear or learn or were you ever told that there was a dispute about -- or a question, even, about whether any or all of the Cotters could vote the class B voting stock held in the name of the Jim -- James Cotter, Sr. Living Trust?**

A. Yes, I was told that.

**Q. And you see at footnote eight on page 22 of Exhibit 392, about six lines from the bottom there is a discussion of the 696,080 shares of class B voting stock?**

A. Yes.

**Q. Did it occur to you that if the information about who had the right to vote that stock contained in the proxy statement was erroneous, that owners of class B voting stock who were not members of the Cotter family would be making decisions about whether to vote, how to vote, whether to act and so forth based on erroneous information?**

MR. RHOW: Form of the question,

foundation.

THE WITNESS: No. You know, I never really even thought about that question. I'm assuming -- I had assumed at the time that these -- the facts and legal conclusions were being attended to by the people who were most directly involved in them. And I had no involvement in them.

BY MR. KRUM:

**Q. When you say, Mr. Gould, you had no involvement, you had no discussions with those people about these issues?**

A. That's correct.

**Q. And who were those people?**

A. Those people would be Craig Tompkins and Bill Ellis at the company. They would be the individuals, Jim Cotter, Jr., Margaret and Ellen, and the outside counsel, Mike Bonner and others who helped prepare the -- the proxy statement.

**Q. Okay. Well, there were disputes between Ellen and Margaret on the one hand --**

A. Jim.

**Q. -- and Jim, Jr. on the other hand on those issues, right?**

A. Correct.

MR. FERRARIO: That's what it says.

A. Yes.

**Q. And that it includes in the first paragraph under the words "Change of control of registrant" a description of, among other shares, shares that are reflected in the company's stock register as held in the name of James J. Cotter, Sr.?**

A. Yes.

**Q. And was your view of this the same as the view that you articulated with respect to information of this nature as included in the proxy, meaning that it was someone else's responsibility?**

A. Yes.

MR. KRUM: Ekwan, you don't have the documents that were marked yesterday, do you?

MR. RHOW: I don't.

MR. KRUM: Okay. Here's what I'm going do, and if it's okay, Ekwan, instead of looking at the document --

MR. RHOW: That's fine.

MR. KRUM: -- I'm just going to show him one that has my --

MR. FERRARIO: Are you looking at yesterday's --

MR. KRUM: Yes. 347 is the document

**recollection?**

A. Well, the proposal of the new two candidates to me and I think to Jim, Jr., was done without a great deal of public knowledge. I did not know the process was even going on until that meeting in my office, I believe it was on a Friday, with Craig and Ellen where they informed me of what had been happening.

**Q. And that was the Friday two days before you received this email from Jim, right?**

A. I believe so, yes.

**Q. I direct your attention, Mr. Gould, to the top of the second page of Exhibit 398.**

**Do you see that Mr. Cotter suggests that the board discuss the qualifications of board candidates?**

A. Yes, I do.

**Q. Did you agree with that observation?**

A. Well, there is some truth in the observation that ordinarily boards decide on candidates to some extent based on their qualifications and experience.

But in this case there are a number of other factors that also were in play given the fact that, you know, we had a conflict among the -- the

directors and that unless we made some decisions going forward, the company would continue to be involved in this ongoing dispute as to almost everything.

**Q. Okay. And how did that consideration impact the -- whether or not the board should have discussions about qualifications of candidates to be added to the board?**

A. Well, that's -- that's one of the factors mentioned. And the other factor is that the board become constituted in a way that will help, you know, project the company into the future and have the confidence of the C.E.O. of the company.

And that was another factor that was important to the directors -- or I should say it was important to me.

I mean at this point this company had been involved in dispute after dispute after dispute. Many of Jim's points -- Jim, Jr.'s points as a general principle were valid, but there was also the factor of trying to get this company back on track. And I think that's what I was concerned about in approving the two new directors.

**Q. Did you have any discussions with the so-called special nominating committee about whether**

# EXHIBIT 43

DISTRICT COURT

CLARK COUNTY, NEVADA

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

DEPOSITION OF: EDWARD KANE

TAKEN ON: MAY 2, 2016

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

and it became in- -- difficult.

And so the regulators came down and they suggested that I leave, and I did.

**Q. When did you first meet Jim Cotter, Sr.?**

A. He was in the master's of tax program with me in 1963. So I met him in the fall of 1963.

**Q. When did you and he become friends?**

A. Very shortly thereafter. We found that we had similar backgrounds even though we don't -- didn't have similar religions.

But we were both middle class, lower middle class. We lived in that neighborhood. We didn't have any money when we went to college or law school.

And we just -- just became fast friends.

He was the first person I invited to my house for dinner.

I was married. I had gotten married in the summer of '63. And we started socializing with he and his, I guess, fiance, Mary Ellen Cotter, went to the World's Fair with them, because Mary was working for American Airlines, could get us free tickets.

And then I got the position with Donovan Leisure. And he joined the -- the IRS as a trial

MR. SEARCY: Objection. Vague.

THE WITNESS: Trying to think. I can't think of any.

BY MR. KRUM:

**Q. Answer this as you see fit, Mr. Kane. Describe your historical relationship with Ellen and Margaret Cotter.**

MR. SEARCY: Objection. Vague, overbroad.

THE WITNESS: I knew them as children, just as I know Jim, Jr. I don't think my relationship was any different with the three of them.

It was just a relationship I've had with someone I've known all my -- all their lives.

BY MR. KRUM:

**Q. Do your family and the family of Jim Cotter, Sr., socialize?**

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

**Q. Socialize meaning see each other socially.**

A. No. No. Just because of the distance.

**Q. Between San Diego and Los Angeles?**

A. Right. Right. Right.

A. Probably two, two and a half years ago.

**Q. What was your compensation in that role?**

A. I think I was paid $6500 month.

**Q. And just to be clear, so that ended in -- somewhere between the beginning and the middle of 2014?**

A. Something like that.

**Q. Since that time have you had any income other than as a Reading director?**

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

**Q. Excluding passive investment income.**

A. Well, I have self-funded -- my wife and I have self-funded retirement plans. That's passive, I suppose you could say.

**Q. Okay. So, since the work ended with the Community Medical Group --**

A. Uh-huh.

**Q. -- your sole source of income has been your self-funded retirement plans and your work as a Reading director, correct?**

A. That's correct.

**Q. How many retirement plans do you have, sir?**

A. My wife has one and I have two.

**Q. What are the principal balances of your two self-funded retirement plans?**

A. Mine?

**Q. Yes.**

A. In excess of $2 million.

**Q. What sort of financial obligations do you have of a material magnitude, whether it be rent, mortgage, cars, that kind of thing?**

A. I have home equity loans, less than $200,000.

I have two other home equity loans, but they're joint with my children. One with one child, one with the other, $100,000. But the money is sitting there in a savings account -- in the bank account where -- who gave me that. That's in case there's -- we're in Europe or something or something fatal happens they'll have access to money right away.

So, it's joint accounts, but it's my Social Security number.

(Whereupon Mr. Ferrario re-entered the deposition proceedings at this time.)

BY MR. KRUM:

**Q. Is that it -- excuse me.**

**Is that it in terms of your material financial obligations?**

A. That's it.

**Q. Okay. Mr. Kane, I'm going to show you what previously has been marked as Plaintiff's Exhibit 94.**

(Whereupon the document previously marked as Plaintiffs' Exhibit 94 was referenced and is attached hereto.)

MR. FERRARIO: I think you pick the most inconvenient depo sites I've ever been to. From the room we had to shoehorn everybody into, now to a location without parking.

MR. KRUM: Yeah. I didn't know about the parking. But I called another person who would have had us in a high-rise downtown, but he just retired. So, good for him.

MR. FERRARIO: And actually, Esquire has a pretty nice facility downtown so --

BY MR. KRUM:

**Q. All right. Mr. Kane, take such time as you need to review this document.**

**The first question I'm going to have about this and any other document I show you is do**

**real estate people or New York people with political know-how and/or simply directors with real estate experience in New York City, Australia and New Zealand?**

MR. SEARCY: Objection. Misstates the document.

THE WITNESS: I think it would be helpful to this board to have people with extensive real estate experience. But I don't -- I don't think now that it is a requirement that they be knowledgeable in New York real estate, because I think we have people onboard that are.

BY MR. KRUM:

**Q. Does, to your knowledge, Judy Codding have any real estate expertise?**

A. No.

**Q. Does Michael Wrotniak have any real estate expertise?**

A. Pardon?

**Q. Does Michael Wrotniak have any real estate expertise?**

A. I don't know.

**Q. Did you speak with either of them before they were added to the RDI board of directors?**

A. Yes.

**Q. Both of them?**

A. Yes.

**Q. Did you ask either -- did you ask Wrotniak if he had any --**

A. No.

**Q. -- real estate expertise?**

A. No.

**Q. When you spoke with Mr. Wrotniak, was that in person or by telephone?**

A. I think initially it was by telephone.

**Q. Was anyone else on the call?**

A. Not to my knowledge.

**Q. How long did it last?**

A. I don't remember.

**Q. Was it -- can you give me a time range? Ten minutes? An hour?**

A. I can't.

**Q. Two hours?**

A. I can't -- I don't remember. I remember speaking with him. I don't know how long it went.

**Q. Do you recall what he said or what you said in words or substance?**

A. No.

**Q. Now, when you spoke with Ms. Codding before she was added to the RDI board, was that in**

I think Bill Gould added a lot of value and expertise.

I'm trying to think of the other directors.

Of course Margaret and Ellen added value because of 16 to 20 years in live theaters and cinema.

So, these were a valuable people. But the question that I was addressing was whether he -- he was searching for the value that they added or felt he added himself, which he did.

BY MR. KRUM:

**Q. Well, let's -- I want to be clear on this, Mr. Kane.**

A. Yeah.

**Q. So your -- the value you could add is what you just described with respect to tax matters, right?**

A. Right.

**Q. And did you or did you not add that value during the time you were on the board and Jim Cotter, Sr., was alive?**

A. Absolutely.

**Q. And the value there Mr. Gould could add had to do with corporate governance and legal**

# EXHIBIT 44

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF ROBERT MAYES

TAKEN ON THURSDAY, AUGUST 18, 2016

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400
Job No.: 331292

with him via Skype, but --

**Q. Do you recall any other communications that you or, to your knowledge, anybody else at Korn Ferry had with anybody at RDI again between the meeting following the interviews on that Friday to which you testified and your call where Mr. Tomkins told you to stand down?**

A. Yeah. The only --

MS. LINDSAY: Objection. Lacks foundation.

BY MR. KRUM:

**Q. You can go ahead.**

A. The only communication would have -- would have come from me.

**Q. Okay. Part of the Korn Ferry engagement with RDI for the C.E.O. search was to perform some sort of proprietary Korn Ferry assessment of the final candidates, right?**

MS. LINDSAY: Objection. Lacks foundation.

THE WITNESS: Yes.

BY MR. KRUM:

**Q. Okay. What exactly is that proprietary assessment?**

A. It is a -- what we call a -- a success

plan. It's developed on the other side of the shop within leadership -- within our leadership and consulting business.

In that case we had a Ph.D. named Jim Aggen, who led the success profile. And basically it's a deeper dive on -- on sort of the ingredients not only for the experience of the candidate but for the make-up of the candidate.

And so to develop that success profile, Jim and I, primarily Jim had longer -- had long conversations with each of the search committee members.

And the intention of that success profile is to mainly go deeper with the short list of candidates.

So, that -- that never took place. The second half of that engagement, if you will, never took place.

**Q. So that's the proprietary Korn Ferry assessment was not done with respect to any candidates?**

A. No.

**Q. Not with respect to Ellen Cotter?**

A. No.

**Q. Not with respect to the person who**

**received 20 minutes of conversation during the debriefing following the interviews?**

A. No.

**Q. No one?**

A. No.

(Off-the-record discussion.)

BY MR. KRUM:

**Q. Who's Robert Wagner -- Robert Wagner?**

A. Yeah. Rob's a partner at Korn Ferry. And Rob had a relationship -- has a relationship with Craig Tomkins that dates back to college.

And so our initial relationship with RDI was via that history.

**Q. That's the answer to the next question. Thank you.**

**You worked on a prior engagement for RDI, right?**

A. Yeah. Worked with Jim on the head of real estate search.

**Q. Did you ever communicate to Jim or to Bill Ellis or to anybody else at RDI that you thought one or more of the candidates that Korn Ferry had presented for the head of real estate were good fits for the position?**

MS. LINDSAY: Objection. Vague.

sentence that begins "The" and then the third line says "integrated search/assessment methodology."

Do you see that?

A. Yep.

Q. Is that a reference to the Korn Ferry proprietary assessment about which you testified earlier today?

A. Yes.

Q. Okay. That's all for that.

Okay, Mr. Mayes. I'll show you what previously has been marked as Exhibit 378.

A. Okay.

(Whereupon the document previously marked as Plaintiffs' Exhibit 378 was referenced and is attached hereto.)

BY MR. KRUM:

Q. Do you recognize Exhibit 378?

A. Yep.

Q. What is it?

A. Typical sort of search kick-off email and position spec.

Q. Okay. What's a position spec?

A. It's an approved document that we utilized to effectively source candidates.

**Q. And when you say "source candidates"?**

A. Generate interest among the candidate pool.

**Q. Okay. Does that mean identify the possible candidates and generate interest?**

A. Sure.

**Q. And how is the position spec or position specification document created?**

**What's the -- what was the process done in this case to create the draft position specification that's part of 378?**

A. Individual conversations with each of the search committee members.

**Q. Did you have those conversations?**

A. I did.

**Q. With each of Ellen Cotter, Margaret Cotter, Bill Gould and Doug McEachern?**

A. Correct.

**Q. And do you recall one conversation from another as you sit here today?**

A. No.

**Q. Is the -- is the confidential position specification that's part of Exhibit 378 beginning with the document that has 003 in the lower right-hand corner of the document that was created**

foundation.

THE WITNESS: Oh, sorry. Correct.

BY MR. KRUM:

**Q. I direct your attention back to your September 18 email. The second paragraph, the third sentence reads, quote,**

**"The good news is that the search committee is very much aligned on the mandate and profile of the appropriate chief executive officer, with Craig having a slightly different perspective that we took into account," close quote.**

**Do you see that?**

A. Yep.

**Q. To what does that refer?**

A. As we discussed -- or as we mentioned a moment ago, Craig sort of de-emphasized the need for real estate experience and emphasized the need for consumer-oriented operating business experience.

**Q. And the other -- and the four members of the committee emphasized the need for what?**

A. Real estate experience.

**Q. So at some point in time did Korn Ferry provide to the -- each of the members of the C.E.O.**

THE WITNESS: No.

BY MR. KRUM:

**Q. How many C.E.O. searches have you performed approximately?**

A. A dozen.

**Q. Okay. How many C.E.O. searches are you familiar with such that you would know the composition of the search committee, if any, above and beyond the dozen or so?**

A. 50.

MS. LINDSAY: Objection. Vague.

BY MR. KRUM:

**Q. And in how many of those searches, to your knowledge, was the interim C.E.O. even a member of the C.E.O. search committee?**

A. I don't have a -- I don't have a broad enough -- I can't recall.

**Q. Okay. Directing your attention to the proprietary assessment about which you've testified that was part of the Korn Ferry engagement of RDI, do you have that in mind?**

A. I'm sorry?

**Q. I direct your attention to the --**

A. Oh, sure.

**Q. -- the proprietary assessment that was**

BY MS. LINDSAY:

**Q. What are those reasons?**

MR. KRUM: Same objections.

THE WITNESS: Any number of reasons. In some cases a -- a company will have a preference for an internal candidate, but they want to go to search to sort of evaluate the candidate vis-a-vis the external talent pool.

In other cases, on the opposite end of the spectrum, you know, a client will decide that the right external candidates are just too expensive and would create too much disruption internally -- and/or would create too much disruption internally, so they promote from within.

BY MS. LINDSAY:

**Q. Are there advantages that a company would think that an internal candidate would have?**

MR. KRUM: Same objections.

THE WITNESS: The built-in advantage is less disruption. That's a uniform cause.

Beyond that there's no common -- commonality.

BY MS. LINDSAY:

**Q. What do you mean by "less disruption"?**

A. Change makes team members nervous.



RDI-A05587

**Q. In what way?**

A. The same -- you know, the same way I would be, you know, disrupted if I had a new boss or if you had a new boss or if any one of us had a new boss.

**Q. In your experience, when boards are evaluating candidates or the search committee, whoever is evaluating candidates, is the candidate background and experience only one factor in the evaluation?**

A. It's a large factor, at least for getting the person the initial interview. It's the primary factor.

**Q. Do they also consider other factors, like fit?**

A. Absolutely.

**Q. What are some other factors that they might consider?**

A. Cultural fit, motivation, drivers, personal traits, style. There's many.

**Q. And in your experience, can a strength in one of those factors make up for a weakness in another area?**

A. Yes.

**Q. In your experience, do companies**

**sometimes hire employees who don't ultimately exactly fit the position specification as it was written?**

MR. KRUM: Same objections, vague, incomplete hypothetical.

THE WITNESS: Yeah. I mean there's no -- there's -- I've never met a perfect candidate.

BY MS. LINDSAY:

**Q. So, that happens often?**

MR. KRUM: Same objections, plus mischaracterizes the testimony.

THE WITNESS: Typically, you know, the successful candidate will -- will fit 80 percent of the spec, 80 percent or greater. It's rare for a candidate to be hired without, you know, sort of that threshold.

BY MS. LINDSAY:

**Q. In your experience, do some companies want to fill a position more quickly than others?**

A. Definitely.

**Q. And why might that be a concern?**

MR. KRUM: Same objection.

THE WITNESS: Why does -- I'm sorry. I don't follow.

///



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**assessment process.**

**When was that?**

A. Probably about the time that he had -- he called me. So that would have been December when they indicated that the board was inclined to name Ellen permanent C.E.O.

I encouraged him to run -- encouraged him to run her through the assessment process; not so much as an evaluation but as an onboarding tool.

**Q. And what is marked as Exhibit 422, is that is as a result of Ellen's assessment process?**

A. No. No. They chose not to.

**Q. And do you know why that was?**

A. I believe Craig told me that "We" -- "We, the board, already know her pretty well, so there's no need."

And I think they, you know, frankly, wanted to avoid the expense.

**Q. And what -- so what was this, then?**

A. So that -- that's a candidate report. That's independent of an assessment.

An assessment is a far deeper -- deeper dive on candidates. Sorry. No -- there were no assessments ultimately done relative to this search.

This is -- the first half is the success



RDI-A05590

profile, the second half are the assessments. A success profile was developed, but no assessments ever took place.

**Q. And have you had other searches where an internal candidate came forward and the deep assessment like you spoke about earlier did not take place and the internal candidate was chosen?**

A. Not that -- not that I can recall. But this assessment technology is two years old. So, limited sample size.

**Q. Did you -- you had met with Ellen a number of times, correct?**

A. Yeah.

**Q. Did you ever have any reason to believe that she wasn't a qualified candidate for the position?**

MR. KRUM: Objection. Vague and ambiguous, foundation, assumes facts.

THE WITNESS: I thought relative to the spec that -- that she lacked real estate expertise.

BY MS. HENDRICKS:

**Q. To your knowledge, does she have the operating experience and the other internal experience with the company?**

A. Very much so.

**But were any of the other candidates taken through that comprehensive assessment?**

A. No.

**Q. Okay. Now, you said that -- that in your opinion, Ellen Cotter didn't have the real estate experience.**

**How much time did you spend with her or talking about her real estate experience?**

A. We talked about the real estate needs of the company for a few hours.

**Q. What about her background? Did you talk in detail about her real estate --**

A. No. No.

**Q. Okay. Now, let me ask you a few questions about Bill Gould.**

**On how many occasions did you have conversations with Mr. Gould?**

A. I suspect we had two or three conversations with the search committee which he was on the phone for, and then I had one -- or Jim Aggen and I had one conversation with him relative to the development of the success profile.

**Q. Okay. So you only had one conversation with him separate from the committee; is that correct?**

A. Correct.

**Q. Is that right?**

A. I think so.

**Q. Okay. Now, during the conversations with the search committee, did he ever express any personal opinions or give you any feedback about what he was looking for in a C.E.O.?**

A. Yeah.

**Q. What -- what did he say?**

A. Like I can't remember the specifics, what I can tell you is that all four members of the committee were consistent at the outset. This company really needs real estate expertise, we have this land in Manhattan, we need to figure out what to do with it to optimize value. They were very consistent.

**Q. So they were consistent also that they were trying to look for the right person for the job, correct?**

A. Right.

**Q. Okay. So, it was always clear that they were -- the whole committee, including Bill Gould, was trying to find the right person to be the C.E.O. of the company, correct?**

MR. KRUM: Objection. Foundation.

THE WITNESS: I assume that they were investing the time, that that was their goal.

BY MR. VERA:

**Q. You had no reason to think that everyone on that committee, including Bill Gould, was doing everything they could to try to find the right person, correct?**

MR. KRUM: Same objection. Misstates testimony.

THE WITNESS: Correct. I -- again, firms pay our fees and invest the time. I assume that their interest is to find the right C.E.O.

BY MR. VERA:

**Q. But you -- you heard nothing from Bill Gould to give you any reason to think that he wasn't doing his best as a fiduciary to find the right person for the job?**

A. Correct.

MR. KRUM: Same objection.

BY MR. VERA:

**Q. Thank you.**

**Now, in your separate conversation that you had with Bill Gould, did he give you -- did he say anything else about what he was looking for in a C.E.O.?**

A. I can't recall.

**Q. You don't remember anything else that he said?**

A. I think that the common themes were real estate experience, someone who was a patient leader who could sort of move things along slowly. Family company so things had happened slowly there through the years. Patient leader, and someone who, you know, theoretically had the temperament to deal with activist investors.

Those were the -- the things that came out of my conversations with Doug and Bill. And they were more sophisticated conversations than I had with Ellen and Margaret.

**Q. Now, did you know Bill Gould prior to this search?**

A. No.

**Q. And the time that you met with him separate from the committee, was it on the phone or in person?**

A. Phone.

**Q. Who else was at that meeting or on that call?**

A. Jim Aggen.

**Q. And how long did that conversation last?**

A. Those typically are 45-minute to 60-minute conversations.

**Q. Other than what you've told us so far, did Mr. Gould make any other representations or -- or say anything else to you about what he would like in terms of a new C.E.O.?**

A. Bill was on the phone for the candidate debrief call after the interviews, so he certainly had opinions, but I can't recall.

**Q. But it was your impression that he took the process very seriously, correct?**

A. Yes.

**Q. And he was trying, again, to do everything he could to find the right person for the job?**

MR. KRUM: Same objection.

THE WITNESS: Yeah. I mean he -- he attended all the search committee calls, he was -- he wasn't absent.

BY MR. VERA:

**Q. Right. But did he do or say anything that made you think that he was doing anything other than trying to find the right person for the job?**

A. No.

**Q. Okay.**



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MR. VERA: Thank you. I have no further questions.

MR. KRUM: I have nothing further.

Thank you, Mr. Mayes.

THE WITNESS: Thank you.

MS. LINDSAY: Thank you.

VIDEOTAPE OPERATOR: This concludes the deposition of Mr. Robert Mayes on August 18, 2016, which consists of two media files.

The original media files will be retained by Litigation Services.

We are off the record at 11:17.

(Whereupon at 11:17 A.M. the deposition proceedings were concluded.)

* * *

# EXHIBIT 45

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF DOUGLAS McEACHERN

TAKEN ON MAY 6, 2016

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

**Q. Okay. Well, let me ask a question. Let's try it again.**

**What was your understanding, if any, as to the point of hiring a director of real estate for RDI?**

A. Jim wanted to hire a director of real estate who had been through some development activities in the past and had responsibilities for, take this building, building this building.

**Q. When you say Jim wanted to hire him, were you suggesting that somebody disagreed other than Margaret?**

A. This was his initiative. It wasn't a bad idea.

**Q. Okay. To your knowledge, did anybody other than Margaret ever disagree with the notion of hiring a director of real estate for RDI?**

MR. SEARCY: Objection. Assumes facts, lacks foundation.

THE WITNESS: I don't know. And I can't tell you that Margaret didn't want to hire somebody.

I remember being in discussions where Margaret was there and where she would be reporting.

BY MR. KRUM:

**Q. So, setting aside the subject of**

# EXHIBIT 46

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF DOUGLAS McEACHERN

TAKEN ON JULY 7, 2016

VOLUME II

JOB NUMBER 321640

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

corporate lives.

BY MR. KRUM:

**Q. What -- what did you do and, to your knowledge, what did anybody else who was on the special nominating committee do with respect to Judy Codding?**

MR. SEARCY: Objection. Vague.

THE WITNESS: In addition to going through Ms. Codding's resume, we personally met with her. And I'm trying to remember who all was in the meeting. The minutes are there and they will tell you who was there. It could have been Ed Kane, although I don't think he was a member of the committee. But we typically carpooled up to Los Angeles with each other, so I think it's reasonable to think he was there, Guy Adams and maybe Bill Gould as a lead director.

And we went with Judy and talked about what she had done in the past, what her business experiences had been and were quite -- I, I can't speak for everybody else, but I was quite favorably impressed about her business background and felt comfortable recommending her to the board of directors.

**Q. What is your understanding, if any, as**

**to how the resume -- the Judy Codding resume you reviewed came to be prepared?**

A. I do not know.

**Q. How did you receive it?**

A. I think by email.

**Q. From whom?**

A. I don't know. You'd have to go back and look at email to find out.

(Whereupon Mr. Swanis entered the deposition proceedings at this time.)

BY MR. KRUM:

**Q. Okay. What was it about her business experience that created a favorable impression for you?**

A. Not -- it's been close to -- we're moving on to a year when I last saw Judy Codding's resume, but she had been in the education field on a number of corporations, business experience.

I'd have to go through and pick out the resume and tell you the points of contact that I found impressive. And then her own personal demeanor and how she carried herself and the way she communicated, I thought she'd be very effective as board member.

answer the question and then we'll go off the record.

THE WITNESS: She described a relationship she had and discussed having been involved with Jim and his wife. As they were proposing and he reached out to her, she was associated with some pre-school or some prep school or some private school on the west side, and Jim had asked her -- Jim and his wife Gina had asked Judy to help support their child's candidacy.

BY MR. KRUM:

**Q. What did Judy say about her relationship with Mary Cotter?**

A. I don't know that she said anything about a relationship with Mary Cotter.

**Q. Okay. And you made some reference to a relationship between Judy Codding and Mary Cotter in earlier testimony.**

**Do you have that in mind?**

A. I do.

**Q. And what is it you heard or learned in that respect?**

A. But I would like to -- my earlier testimony I believe was I didn't know when I was aware of that relationship, it could have been as



RDI-A05605

being considered as a board member or it could have been three, four, five months later, is that she and Mary Cotter had a relationship that went back 20, 25, 30 years, a longstanding relationship.

I don't know how it was created. I don't know how often they saw each other. I was just aware of that relationship.

**Q. How did you come to learn about that relationship?**

A. I don't recall.

**Q. What did Ellen Cotter tell you and presumably other members of the special nominating committee about the relationship between Judy Codding on one hand and any Cotter family member on the other hand?**

A. At -- we were nominating Judy Codding to fill a board position created when Tim Storey resigned. That was a month, two weeks, three weeks, some period of time before the annual meeting.

And sometime after Judy Codding was appointed to the board, a number of us received an email from Andy Shapiro -- Andrew Shapiro, about some background information on Judy Codding about a connection that she had with -- I don't remember the name of the company. It was some software reading

comprehension and learning company publisher that had a relationship with Apple that had a relationship and was doing work for the L.A.U.S.D., Los Angeles Unified School District.

And pretty negative coverage had appeared in a series of articles. I remember some in the "L.A. Times."

And I think when that information surfaced, there was a whole lot more discussion that took place about Judy Codding and her relationship with Ellen Cotter and the family.

**Q. What's your recollection, if any, as to how Mr. Shapiro had learned that Judy Codding -- or learned about Judy Codding -- strike that.**

**Had she already been added to the board and the company announced that at the time Mr. Shapiro communicated what you just described?**

A. It had happened before Andy Shapiro sent that information to us.

**Q. What had happened before?**

A. That she had been added to the board.

**Q. Okay. What was the -- what steps, if any, did the special nominating committee take, if any, beyond interviewing candidates that Ellen Cotter referred to the committee and as well as**

A. So we didn't do a background check on him.

**Q. Who was responsible for the background checks?**

A. I believe they were done understand the auspices of Craig Tompkins or they could have been -- I think it was Craig Tompkins.

**Q. Was he a member of the special nominating committee?**

A. He attended as a -- he took the medicine, attended the meetings.

**Q. Did he do anything beyond that?**

A. To the best of my knowledge, no.

**Q. So it's your understanding that the company had run a background check on Ms. Codding before she was added to the board?**

A. Yes, it is.

**Q. And it's your understanding that the background check had not produced the information that had been communicated to the board members by Mr. Shapiro?**

A. That is correct.

**Q. Did you ever see the background check --**

A. Yes.

**Q. There was a document that Mr. Tompkins**

**produced that was described as a background check for Judy Codding?**

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: I -- I do believe I saw a background check that had been done on Judy Codding. I asked to see it because, quite frankly, this was a bit of an embarrassing that this information would surface and we would not have been aware of it beforehand.

When we learned of it, we changed our background procedures to be more robust than they had been in the past.

BY MR. KRUM:

**Q. The information that Mr. Shapiro transmitted to members of the RDI board of directors regarding Judy Codding was all publicly available information, right?**

A. I recall -- I think so, yes.

**Q. So, did you ask Mr. Tompkins or anybody else what sort of background check was done that didn't discover publicly available information?**

A. We had --

MR. SEARCY: Objection.

Go ahead.

arrangements for us to get together again with Judy personally to discuss the situation.

BY MR. KRUM:

**Q. Over what period of time did these conversations with Ms. Cotter, who was in Florida, occur relative to receipt of the information from Mr. Shapiro?**

**Was it the same day? The same week?**

A. A couple of nanoseconds.

**Q. Okay. And how long thereafter did you and others spoke with Ms. Codding?**

A. More than a couple of nanoseconds. It could have been within the next week. I just don't remember.

There are minutes of that meeting with Ms. Codding that will set forth the date.

**Q. And what happened during that -- was it a meeting in person?**

A. Yes, it was.

**Q. And who was present?**

A. Bill Gould was there, I was there. I don't remember if Ellen Cotter was there or not. I think --

Well, get the minutes out. They'll tell you who was there.

I -- it's conceivable Guy Adams and Ed Kane were there also.

**Q. How long did the meeting last?**

A. No more than three hours.

**Q. And in substance who said what during that meeting?**

A. The majority of what was communicated was by Judy Codding. And I believe we had instructed -- at some point we instructed Craig Tompkins to go do some research of all this stuff and try to find what was going on.

He found some additional information about Judy Codding that had not been communicated by Mr. Shapiro.

And Judy explained the situation between Pearson -- thank you for the name of that -- Pearson, which was a subcontractor to Apple Computer supplying and designing a curriculum for the L.A. Unified School District that was principally to be delivered via iPads that Apple was selling through some vendor to the L.A. Unified School District.

**Q. Where did this meeting occur?**

A. At the Reading office.

**Q. Was it on a weekend or a workday?**

A. The minutes will -- I believe it was on

that same meeting where we met with Judy Codding.

**Q. Okay. Do you recall anything else that anybody else said in words or substance from that meeting?**

A. At some point either at that meeting or before we concluded we would go forward with Judy as a nominee for the board of directors. I and others were impressed with Judy's explanation and the research that Craig had done into the entire matter. We were positive and felt very good about renominating her.

**Q. Did anyone at Reading, whether Craig Tompkins or anyone else, communicate with any third parties about Judy Codding?**

MR. SEARCY: Objection. Vague.

MR. SWANIS: Join. Calls for speculation.

THE WITNESS: I don't know.

BY MR. KRUM:

**Q. Okay.**

MR. KRUM: I'll ask the court reporter to mark --

MR. SEARCY: Before we start on the exhibits Mr. McEachern asked actually for a break a while back. I wanted to --

**Q. When you say you believe so, Mr. McEachern, do you recall interviewing him?**

A. We -- we would have had minutes that discussed the interview of Mr. Wrotniak.

**Q. Okay. But do you have any recollection of doing so as you sit here today?**

A. I don't have any specific recollection.

**Q. Who interviewed him?**

A. I believe it was the same group of three, Guy Adams, Ed Kane and myself.

**Q. Was that -- did that interview occur in person?**

A. I believe it took place by phone.

**Q. How long did it last?**

A. I don't recall.

**Q. Who said what in words or substance?**

A. I don't remember.

**Q. Mr. Wrotniak was recommended by Ellen Cotter; is that right?**

A. I believe he was recommended by Margaret Cotter and Ellen Cotter jointly.

**Q. Okay. And what did they say when they recommended him?**

A. I don't recall.

**Q. Did you ever hear or learn or were you**

**ever told that his wife is a close personal friend of Margaret Cotter?**

MR. SEARCY: Objection. Lacks foundation, vague.

(Whereupon Mr. Swanis re-entered the deposition proceedings at this time.)

THE WITNESS: I have been told that or heard that.

BY MR. KRUM:

**Q. When is the first time you heard or learned or were told that?**

A. Mr. Krum, I just don't remember.

**Q. Do you recall from whom you heard or were told that?**

A. I think from Jim Cotter, Jr.

**Q. Was that after the committee had recommended nominating Mr. Wrotniak to stand for election at the 2015 annual shareholders meeting?**

MR. SEARCY: Objection. Lacks foundation.

MR. SWANIS: Join.

THE WITNESS: I think so.

BY MR. KRUM:

**Q. Okay. When you interviewed him, who**

**said what, if anything, regarding how he knew or was known to Ellen and/or Margaret Cotter?**

A. I do not recall.

**Q. What was done, if anything, to your knowledge, by you or any other member of the special nominating committee with respect to Mr. Wrotniak other than interviewing him prior to recommending to the full board of directors that he be nominated to stand for election at the 2015 annual shareholders meeting?**

MR. SEARCY: Objection. Vague.

MR. SWANIS: Join.

THE WITNESS: We were doing a background check on Michael Wrotniak similar to what had been done on Judy Codding and was the customary normal practice for Reading.

Craig Tompkins was instructed, "Listen, if we got all this information that showed up about Judy Codding that was easily located through some Google search, well, darn it, go and do a similar search on Michael Wrotniak and see if there's anything out there that wouldn't have turned up in something akin to the background check that we had done on Michael Wrotniak."

And he did do that. I believe it is

documented in our minutes of that meeting.

BY MR. KRUM:

**Q. Okay. What else, if anything, was done prior to Mr. Wrotniak being selected to stand for election to the RDI board of directors at the 2015 annual shareholders meeting?**

MR. SWANIS: Objection. Form, foundation.

MR. SEARCY: Join.

THE WITNESS: I don't recall.

BY MR. KRUM:

**Q. Okay. Let me show you, Mr. McEachern, what previously has been marked as Exhibit 52.**

**This may be a document to which you were just referring?**

(Whereupon the document previously marked as Plaintiffs' Exhibit 52 was referenced and is attached hereto.)

BY MR. KRUM:

**Q. Let me know when you've reviewed it.**

A. Okay.

**Q. Do you recognize Exhibit 52?**

A. I have a general recollection, yes.

**Q. What is it?**

sometime in 1985 forward and knew these people when Deloitte were the -- the auditors and met Ellen Cotter while she was down in Australia when I was there doing company business.

BY MR. KRUM:

**Q. So, back to the question. Did Korn Ferry interview Ellen Cotter as a candidate for the C.E.O. position?**

A. I think I said --

MR. SWANIS: Objection.

THE WITNESS: -- I don't know.

BY MR. KRUM:

**Q. Okay. Did they put Ellen Cotter through their proprietary assessment process?**

MR. SWANIS: Same objections.

THE WITNESS: I don't think so.

BY MR. KRUM:

**Q. They didn't do that with anybody, to your knowledge, right?**

A. To my knowledge, no.

**Q. What discussions did you have with Margaret Cotter and Bill Gould, if any, about whether and how to proceed any further with the other final -- with the finalist -- the persons you identified as finalists after the Ellen Cotter**

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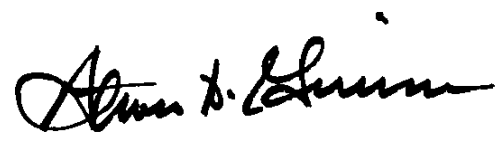

CLERK OF THE COURT

**MSJ**

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*James J. Cotter, Jr.*

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Plaintiffs,

vs.

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

Defendants.

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

Coordinated with:

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

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

Jointly Administered

**Business Court**

**PLAINTIFF JAMES J. COTTER, JR.'S MOTION FOR PARTIAL SUMMARY JUDGMENT**

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

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

Plaintiff James J. Cotter, Jr. ("Plaintiff"), by and through his attorney Mark G. Krum submits the following Plaintiff James J. Cotter, Jr.'s Motion For Partial Summary Judgment. Pursuant to N.R.C.P. 56, Plaintiff moves for partial summary judgment against Edward Kane ("Kane"), Guy Adams ("Adams"), Doug McEachern ("DM") and William Gould ("WG") (together with Ellen Cotter ("EC") and Margaret Cotter ("MC") (collectively, the "Interested Director Defendants"), on Plaintiff's claims for (1) Breach of Fiduciary Duty (duty of care); (2) Breach of Fiduciary Duty (duty of loyalty); and (3) Aiding and Abetting Breach of Fiduciary Duties (against MC and EC), insofar as they are based on the actions of the Interested Director Defendants in threatening to terminate Plaintiff as President and Chief Executive Officer ("CEO") of nominal defendant Reading International, Inc. ("RDI" or the "Company") and/or terminate Plaintiff as President and CEO of RDI. This Motion is based upon the pleadings and papers on file, the accompanying declaration of James J. Cotter, Jr., the exhibits submitted herewith, the following memorandum of points and authorities, and any oral argument.

DATED this 23rd day of September, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

BY: */S/ MARK G. KRUM*
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**NOTICE OF MOTION**

TO: ALL INTERESTED PARTIES

PLEASE TAKE NOTICE that Plaintiff will bring the foregoing Plaintiff James J. Cotter, Jr.'s Motion For Partial Summary Judgment for decision on the 25 day of OCT, 2016, at 8:30 a.m. ~~/p.m.~~, in Department XI in the above-entitled Court.

DATED this 23rd day of September, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

BY: */S/ MARK G. KRUM*
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RDI-A05623

## MEMORANDUM OF POINTS AND AUTHORITIES

## I. INTRODUCTION

This Motion concerns breaches of fiduciary duty by individual defendants as directors of Reading International, Inc. ("RDI" or the "Company"), a public company, in threatening to terminate plaintiff James J. Cotter, Jr. ("Plaintiff" or "JJC") as President and Chief Executive Officer ("CEO") of RDI if he did not resolve disputes between him and his sisters, EC and MC, on terms satisfactory to the two of them and, when Plaintiff did not acquiesce to the threat, voting to terminate him as President and CEO of RDI.

The first (breach of the duty of care), second (breach of the duty of loyalty) and fourth (aiding and abetting breach of the duty of loyalty) claims made in Plaintiff's Second Amended Complaint ("SAC") are based in part on the conduct of certain of the director defendants in threatening to terminate Plaintiff as President and CEO of RDI if he did not resolve certain disputes he had with EC and MC on terms satisfactory to them and, after he failed to do so, terminating him as President and CEO. This motion for partial summary judgment is confined to these issues, with respect to which the undisputed material facts that entitle Plaintiff to partial summary judgment are the following:

- Plaintiff was President and CEO of RDI until he purportedly was terminated by the RDI board of directors on June 12, 2015.
- On January 15, 2015, all five of the non-Cotter members of the RDI board of Directors unanimously agreed and resolved that, in order for the RDI board of directors to terminate Plaintiff as President and CEO of RDI, a majority of the outside or non-Cotter directors would be required to vote in favor or doing so.
- In May of 2015, Plaintiff was told that three of five outside directors of RDI, namely, Adams, Kane and McEachern, were prepared to vote to terminate him as President and CEO if he failed to resolve certain disputes he had with EC and MC.
- At a reconvened supposed special meeting of the RDI Board of Directors May 29, 2015, EC told the RDI board that she and MC had reached a resolution of their disputes with

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Plaintiff. No vote regarding termination of Plaintiff was then had.

- Plaintiff, EC and MC thereafter failed to resolve of their disputes.
- EC called another supposed special board meeting for June 12, 2015. At the June 12, 2015 supposed special meeting, three of five outside directors, namely, Adams, Kane and McEachern, voted to terminate Plaintiff as President and CEO. Storey and Gould voted against termination.
- Defendant Adams in May and June 2015 (and for some time previously, as well as since then) relied on companies controlled by EC and MC for a majority of his recurring income.
- Defendant Kane had a five-decade, close personal and *quasi familial* relationship with James J. Cotter, Sr. ("JJC, Sr."); Kane held the view that he knew what JJC, Sr.'s wishes were regarding a fundamental dispute between Plaintiff, on one hand, and EC and MC on the other hand, regarding whether MC alone or MC together with Plaintiff was to be trustee(s) of a voting trust which would hold approximately seventy percent (70%) of the voting stock of RDI; Kane's view was that JJC, Sr.'s wishes were that MC alone be the trustee.

As demonstrated below, where, as here, the Plaintiff makes a showing that director defendants lacked disinterestedness and or independence, either generally or with respect to the particular challenged actions (here, the decisions to threaten Plaintiff with termination and to terminate him), Plaintiff has rebutted the presumption that the business judgment rule applies and the burden shifts to the individual director defendants to demonstrate the entire fairness of both the process in which they engaged and the result (measured objectively) reached.

Here, defendant Adams lacked independence generally because he was dependent on EC and MC for a majority of his recurring income, including at the time he took the challenged actions. Additionally, he lacked disinterestedness with respect to the challenged action(s) because, among other things, he and his financial benefactors, EC and MC, personally stood to gain in a manner in which other RDI shareholders would not.

Defendant Kane generally lacked independence because of his five-decade relationship

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with JJC, Sr., Kane's view that he knew what Sr.'s wishes were with respect a critical item in dispute between Plaintiff, on one hand, and EC and MC on the other hand, namely, who would be the trustee(s) of the voting trust, Kane's view of that it was the wishes of JJC, Sr., that MC alone be the trustee of that voting trust, and Kane's insistence that Plaintiff accede the demands of EC and MC or be terminated. Likewise, Kane lacked disinterestedness with respect to the subject decisions, including for the same reasons.

As demonstrated below, the individual defendants cannot satisfy the entire fairness test with respect to the "process" by which they threatened Plaintiff with termination and then terminated him. Nor can they demonstrate the objective fairness of threatening him with termination unless he resolved disputes with MC and EC on terms satisfactory to the two of them and terminating him when he failed to do so.

Where, as here, director defendants cannot satisfy their burden of demonstrating the entire fairness of the challenged conduct, the challenged conduct may be avoided by the corporation or by its shareholders. That is exactly the relief Plaintiff seeks hereby, which RDI and he are entitled to receive, namely, an order that declares the decision to terminate Plaintiff as President and CEO of RDI as void or voidable and, to the point, of no force or effect.

## II. STATEMENT OF FACTS

### A. Parties Referenced in This Motion

Plaintiff is and at all times relevant hereto was a shareholder of RDI. He has been a director of RDI since March 2002. He became President of RDI in or about June 2013. He was appointed CEO of RDI on or about August 7, 2014. He is the son of the late James J. Cotter, Sr. (JJC, Sr.) and the brother of defendants MC and EC. (September 23, 2016 Declaration of James J. Cotter, Jr. (JCC Dec.) at ¶ 2.)

Defendant MC became a director of RDI in or about September 2002 and remains a director. MC is the owner and President of OBI, LLC, a company that has provided theater management services to live theaters indirectly owned by RDI through Liberty Theatres, of which MC is President. (JCC Dec. at ¶ 3.) As described below, MC is engaged in trust litigation against

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JJC, by which she seeks, among other things, to invalidate a trust document (the "2014 Amendment"). (*Id.*)

Defendant EC is and at all times relevant hereto was a director of RDI. EC became a director of RDI in or about 2013. EC was a senior executive at RDI responsible for the day-to-day operations of its domestic cinema operations. (JCC Dec. at ¶ 4). As described below, EC is engaged in trust and estate litigation against JJC, by which she seeks, among other things, to invalidate the 2014 Amendment. (*Id.*)

Defendant Kane is and at all times relevant hereto was an outside director of RDI. Kane has been a director of RDI since approximately October 2009. Kane had a decade's long close personal relationship with JJC, Sr. EC and MC call Kane "Uncle Ed." (JCC Dec. at ¶ 5).

Defendant Adams is and at all times relevant hereto was an outside director of RDI. Adams became a director of RDI in or about 2014. (JCC Dec. at ¶ 6).

Defendant Douglas McEachern (McEachern) is and at all times relevant hereto was an outside director of RDI. McEachern became a director of RDI in or about 2012. (JCC Dec. at ¶ 7).

Defendant William Gould (Gould) is and at all times relevant hereto was an outside director of RDI. Gould became a director of RDI in or about 2004. (JCC Dec. at ¶ 8).

**B. The Termination of Plaintiff as President and CEO**

As the evidence described in this section (II. B.) shows, Plaintiff was threatened with termination as President and CEO of RDI if he failed to resolve disputes with his sisters, EC and MC, on terms satisfactory to them, and Plaintiff was terminated as President and CEO of RDI when Kane, Adams and McEachern, as three of five outside directors, voted to terminate him.

The non-Cotter board members on January 15, 2015 resolved and 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

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> 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."

(Appendix Ex. 25 (Dep. Ex. 119); Appendix Ex. 12 (DM 5/6/16 Dep. Tr. at 86:17-89:1); Appendix Ex. 7 (WG 6/8/16 Dep. Tr. at 85:3-18); Appendix Ex. 45 (Dep. Ex. 271).)

On Tuesday, May 19, 2015, EC distributed an agenda for a supposed RDI board of directors special meeting on Thursday, May 21, 2015. (JCC Dec. at ¶ 10; Appendix Ex. 1 (EC 6/16/26 Dep. Tr. 171:14-175-16); Appendix Ex. 34 (Dep. Ex. 338).) The first item on the agenda was entitled "Status of President and CEO[.]" *Id.* It turned out that was an agenda item to raise a subject previously not discussed at an RDI Board of Directors meeting, namely, termination of Plaintiff as President and CEO of RDI. (*Id.*)[1]

Prior to May 19, 2015, each of Adams and Kane (and McEachern) communicated to EC and/or between or among themselves their respective agreement to vote as RDI directors to terminate JJC as President and CEO of RDI. (Appendix Ex. 1 (EC 6/16/16 Dep. Tr. 175:17-176:8); Appendix Ex. 5 (Storey 2/12/16 Dep. Tr. At 96:5-91:4, 98:21-100:8, 100:14-101:11); Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. At 98:7-17; 98:18-99:22); Appendix Ex. 9 (Adams 4/29/16 Dep. Tr. 378:15-370:5); *see also* Appendix Ex. 6 (TS 8/31/16 Dep. Tr. 66:22-67:20) and Appendix Ex. 26 (Dep. Ex 131).)

During their planning that predated the supposed May 21 meeting, Kane on May 18, 2016 sent an email to Adams in which he (Kane) agreed to second the motion for JCJ's termination, if necessary:

> See if you can get someone else to second the motion [to terminate Plaintiff as President and CEO]. If the vote is 5-3 I might want to abstain and make it 4-3. If it's needed I will vote. It's personal and goes back 51 years. If no one else will second it I will.

(Appendix Ex. 19 (Dep. Ex. 81 at GA00005500).)

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[1] In March 2015, the non-Cotter directors appointed director Storey to function as their representative ombudsman to work with Plaintiff as CEO, including by acting as a facilitator with EC and MC. (JCC Dec. at ¶ 9; Appendix Ex. 6 (TS 8/3/16 Dep. Tr. 33:12-36:16 and 37:15-38:20).) On behalf of the non-Cotter directors, one or both of Gould and Storey in March 2015 had advised MC and EC and Plaintiff that the process involving director Storey as ombudsman would continue through June 2015, at which time an assessment would be made of the situation. *(Id.)*

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Prior to May 21, 2015, Kane and Adams discussed other motions related to JCJ's termination, such as to appoint an interim CEO. (Appendix Ex. 9 (Adams 4/29/16 Dep. at 366:5–367:6); *see also* Appendix Ex. 20 (Adams Dep. Ex. 82 at GA00005502–03).)[2] **

Directors Gould and/or Storey objected that the non-Cotter directors had not undertaken an appropriate process to make a decision regarding whether or not to terminate the President and CEO of RDI and requested that the non-Cotter directors meet before the supposed May 21 meeting. Gould warned the others that they all could "face possible claims for breach of fiduciary duty if the Board takes action without following a process . . . ." (Appendix Ex. 318 (Gould Dep. Ex. 318).) Storey used the term "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."[3] (Appendix Ex. 22 (Kane Dep. Ex. 116).)

Kane responded they did not need to meet, stating that "the die is cast." (Appendix Ex. 23 (EK Dep. Ex. 117 at TS000069).)

The supposed May 21, 2015 special meeting was convened and concluded with no termination vote having been taken. (JCC Dec. at ¶11).

On or about Wednesday, May 27, 2015, a lawyer representing MC and EC in the California Trust Action ("Susman") sent an attorney representing JJC in the California Trust Action ("Streisand") a document outlining terms on which EC and MC would resolve their

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[2] In a May 19, 2015 email to Kane, Adams acknowledged they had picked sides in a family dispute:

> Ed,
>
> I am sorry, as I know your relationship with the family started long before they were born. I also know—and now see for myself—why SR placed such a high value on you and your counsel. More than anyone else on the board, you worked behind the scenes attempting to bridge every problem with the kids. Lastly, I know that more than anyone else, you have been at SR's side at every turn as he built his empire. I think you and I share a [sic] obligation to the family . . . . based upon our commitment to our friend.... *Unfortunately, it seems that we have no choice but to choose a side.*

(Appendix Ex. 21 (Adams Dep. Ex. 85 at GA00005544–45 (emphasis supplied); *see also* Appendix Ex. 6 (TS 8/3/16 Dep. Tr. 65:12-66:20).)

[3] Gould and Storey also were of the view that the ombudsman process was to continue into June 2016, at which time Storey would report further and the five would determine next steps. (Appendix Ex. 6 (TS 8/3/16 Dep. Tr. 33:12-36:16 and 37:15-38:20).)

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disputes with Plaintiff. (JCC Dec. at ¶ 12; Appendix Ex. 4 (MC 6/15/16 Dep. Tr. 154:19-156:19); Appendix Ex. 32 (Dep. Ex. 322).)

Also on May 27, 2015, EC emailed RDI directors claiming "that the board meeting held last Thursday [May 21] was adjourned, to reconvene this Friday, May 29, 2015. The board meeting will begin at **11:00 a.m. at our Los Angeles office."** (JCC Dec. at ¶ 13; Appendix Ex. 1 (MC 6/16/16 Dep. Tr. 185:13-186:9); Appendix Ex. 35 (Dep. Ex. 340).)**

On May 28, 2015, Kane by email told JJC to accept the offer.

> "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 -- . . ."

(Appendix Ex. 1(MC 6/16/16 Dep. Tr. 185:13-186:9); Appendix Ex. 24 (Dep. Ex. 118).)

On Friday, May 29, before the supposed RDI board of directors special meeting commenced, EC and MC met with JJC. They discussed that the document that had been conveyed by Susman was a take-it or leave-it offer and that, if JJC did not accept it, the RDI board would proceed with the vote to terminate him as President and CEO. (JCC Dec. at ¶ 14).

The supposed special board meeting on May 29 commenced and Adams made a motion to terminate Plaintiff as President and CEO. In response, Plaintiff questioned Adams' independence and/or disinterestedness. (JCC Dec. at ¶ 15). The supposed special meeting eventually was adjourned until 6:00p.m. that evening. Plaintiff was told that he needed to resolve his disputes with his sisters by then or he would be terminated. (*Id.*) Storey's contemporaneous handwritten notes summarize that as follows:

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

(*See* Appendix Ex. 5 (Storey 2/12/16 Dep. Tr. at 110:6-12); Appendix Ex. 15 (Storey Dep. Ex. 17).)

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The supposed special board meeting reconvened (telephonically, for most) at or about 6:00 p.m. on Friday, May 29, 2015. At that time EC reported that she and MC had reached an agreement in principal with JJC to resolve their disputes. 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. No termination vote was taken. (JCC Dec. at ¶ 16). (Appendix Ex. 3 (MC 5/13/16 Dep. Tr. at 368:13-369:22; *see also* Appendix Ex. 15 (Dep. Ex. 17).)

On Wednesday, June 3, 2015, Susman for EC and MC transmitted a new document to Streisand, JJC's attorney. (JCC Dec. at ¶ 17; Appendix Ex. 3 (MC 5/13/16 Dep. Tr. 377:7-24); Appendix Ex. 28 (Dep. Ex. 167).)

On June 8, 2015, JJC advised EC and MC that he could not accept their document. MC responded that she would advise the RDI board of directors. . (JCC Dec. at ¶ 18; Appendix Ex. 3 (MC 5/13/16 Dep. Tr. at 368:13-369:22); *see also* Appendix Ex. 3 (MC 5/12/16 Dep. Tr. 271:22-279:7); Appendix Ex. 27 (Dep. Ex. 156).)

On Wednesday afternoon, June 10, 2015, EC transmitted an email to all RDI board members 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)* . . ." . (JCC Dec. at ¶ 19).

On Friday, June 12, 2015, a supposed RDI board of directors special meeting was convened. Adams and Kane (and McEachern) voted to terminate JJC (as did MC and EC). Storey and Gould voted against terminating JJC as President and CEO. (JCC Dec. at ¶ 20; Appendix Ex. 10 (Kane 5/2/16 Dep. Tr. 191:25-192:12, 193:3-194-10); Appendix Ex. 5 (Storey 2/12/16 Dep. Tr. 139:22-140-11); *see also* Appendix Ex. 6 (TS 8/3/16 Dep. Tr. 75:4-76:16 and 81:22-82:6).)

In January 2016, EC was made, permanent President and CEO of RDI. (JCC Dec. at ¶ 21).

**C. MC And EC Were at Odds With Plaintiff**

Without implying that the votes of MC and EC should have been counted (which should

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not have been the case in view of the January 15, 2015 resolution described above) (Appendix Ex. No. 25; Dep. Ex. 119), the evidence described in this section (II. c.) shows that, as to the actions to threaten Plaintiff with termination and to act and vote to terminate him, (1) each of EC and MC lacked disinterestedness and (2) each of EC and MC generally lacked independence for the purposes of those actions and decisions.

MC and EC had personal disputes with Plaintiff, the most fundamental of which were raised in the California Trust Action (defined below), including the dispute about whether MC alone or MC and JJC together would be trustee(s) of the RDI "Voting Trust" controlling approximately seventy percent (70%) of RDI's claim class B voting stock. MC and EC also had personal disputes and conflicts the Plaintiff regarding the sisters' respective employment status, titles roles at the Company and compensation, as well as whether they would report to their brother as CEO.

**1. The California Trust Action**

On or about February 5, 2015, MC and EC filed an action entitled "In Re James J. Cotter Living Trust dated August 1, 2000" (the "California Trust Action") in Los Angeles County Superior Court. By the California Trust Action, MC and EC challenged the validity of the 2014 Amendment to the James J. Cotter Living Trust dated August 1, 2000, as amended (the "Trust"), which Trust also was the subject of amendments prior to 2014, including an amendment in 2013 (the "2013 Amendment"). In the California Trust Action, EC and MC alleged in the Petition filed to initiate the action (the "Petition") in relevant part as follows:

> "5. James Sr. was the former Chief Executive Officer, Chairman of the Board and the controlling shareholder of Reading International, Inc. (''RDI'') . . . RDI is a publicly-traded company with two classes of stock; James Sr. controlled over 70% of the voting shares and also owned a significant amount of non-voting stock.
>
> * * *
>
> 8. **On June 5, 2013, James Sr. executed the 2013 Amendment to the Complete Restatement of Declaration of Trust (the "2013 Trust")** . . . The 2013 Trust provided for the following distributions of James Sr.'s primary assets upon his death. **First, the voting stock of RDI would be distributed to a separate trust (the "RDI Voting Trust")** for the benefit of James Sr.'s grandchildren. [MC] and [JJC] have children; [EC] does not. **The sole trustee of the RDI Voting Trust would be [MC].**

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> Because James Sr.'s voting stock controlled RDI, [MC] as Trustee of the RDI Voting Trust would have effective control over RDI under the terms of the 2013 Trust. The 2013 Trust also expressed James Sr.'s wish that [MC] would become the ''chairperson'' of RDI and that she would support [JJC] as President of RDI.
>
> * * *
>
> 24. **The 2014 . . . Amendment made significant changes to the 2013 Trust, . . . First, the 2014 . . . Amendment made [JJC] and [MC] co-trustees of the RDI Voting Trust instead of [MC] being the sole trustee. The 2014 . . . Amendment also provided that if [JJC] and [MC] could not agree in their capacities as co-trustees of the RDI Voting Trust, voting control would alternate every year . . . [JJC] went from having zero voting power over RDI in the 2013 Trust to having an effective veto right over any decisions relating to RDI in the 2014 . . . Amendment."**

(*See* Appendix Ex. 13 (Petition, ¶¶ 5, 8 and 24) (emphasis supplied).)

Thus, by the California Trust Action, MC and EC made clear that a principal subject of dispute with Plaintiff was whether MC alone pursuant to the 2013 Amendment, or MC and Plaintiff together pursuant to the 2014 Amendment, would be trustee(s) of the RDI Voting Trust. Of course, that determines who holds the power to vote a majority of the RDI Class B voting stock, to elect the RDI Board of Directors and to control the Company.

### 2. Disputes Regarding the Employment, Title, Compensation and Responsibilities of EC and MC

Not long after their father's passing, in the fourth quarter of 2014, EC and MC sought to report to an executive committee of RDI's Board of Directors rather than to their brother as CEO. (Appendix Ex. 2 (EC 5/18/16 Dep. Tr. 64:17-21, 63:24-65:21, 72:2-24, 134:9-135:11, 140:6-141:6, 142:12-143:5); Appendix Ex. 17 (Dep. Ex. 61).) On October 14, 2014, EC sent an email to directors Adams, Storey and Gould, which email identified the jobs, titles and compensation sought by EC and MC, as well the reporting structure—to an executive committee rather than to the brother as CEO—that EC and MC wanted. (*See* Appendix Ex. 17 (Dep. Ex. 61).) EC acknowledged that the point of the executive committee structure she had proposed was that she did not want to report to her brother as CEO. (*See supra*).

Separately, EC wanted a new title, President of U.S. Cinemas, which title at the time was held by another executive. (*See* Appendix Ex. 17 (Dep. Ex. 61); Appendix Ex. 2 (EC 5/18/16

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Dep. Tr. at 58:9-15).) EC and MC also wanted an employment contracts with RDI . (*Id.* at 58:5-6). EC also wanted a raise. (*Id.* at 59:6-10).

With respect to employment, MC for years had been employed by Liberty Theaters, making her a third-party consultant to RDI. (Appendix Ex. 3 (MC 5/12/16 Dep. Tr. 49:19-51:9); Appendix. Ex. 6 (TS 8/3/16 Dep. Tr. 15:14-16:5).) As such, she received what amounted to commission income. *Id.* She received no health benefits. *Id.* MC in or before the Fall of 2014 sought to become an employee of RDI:

> Q. And during this conversation with Tim Storey [in the Fall of 2014], what did you say to him about your role in the company going forward?
>
> A. I don't recall.
>
> Q. Did you tell him that you wanted to be an RDI employee?
>
> A. Oh, I brought out documents that my father wanted me to become an employee. Yep.

(Appendix Ex. 3 (MC 5/12/16 Dep. Tr. at 76: 4 – 11).)

In particular, MC sought to be the senior executive at RDI responsible for development of valuable real estate in New York City owned directly or indirectly by RDI, referred to as Union Square and Cinemas 1, 2, and 3 (the "NY Properties") :

> Q. Ms. Cotter, directing your attention to the time frame of September or October of 2014, and the conversation you believe you had with Tim Storey regarding you becoming -- that included discussing you becoming a -- an employee of RDI, what did you say and what did he say as best you can recall?
>
> A. I believe I just expressed my interest in becoming an employee and working on the New York Properties.
>
> Q. When you say "working on the New York properties," what does that mean?
>
> A. Working on the development of the New York properties.
>
> Q. And you're talking about Union Square and Cinemas 1, 2 and 3, yes?
>
> A. That's correct.

(*Id.* at 54: 21 - 55: 11).

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> Q. Okay. And what did you discuss with Mr. Storey, if anything, about what position you would hold?
>
> A. I was speaking about the New York properties and running the development of those properties.
>
> Q. Did you tell Mr. Storey during this conversation in September or October 2014 that you wanted to be the senior person involved in the development of the New York properties?
>
> A. I told him I wanted to lead the development, yes.

(*Id.* at 76: 12-17 and 77: 15-20).

Plaintiff as CEO was of the view that MC was unqualified to hold that position, as MC knew:

> Q. Did there come a time, Ms. Cotter, when you heard or learned or were told that your brother as C.E.O. was of the view that Reading needed to hire a person with real estate development experience or expertise to assist, among other things, with the development of the New York properties?
>
> [Objection omitted.]
>
> THE WITNESS: I heard that.
>
> Q. When did you first hear or learn that?
>
> A. I don't recall.
>
> Q. Did your brother ever say to you, whether in a conversation or an email or otherwise, that he thought RDI needed an employee with real estate development expertise that you did not have?
>
> [Objection omitted.]
>
> THE WITNESS: At some point I believe he said that, yeah.

(*Id.* at 81: 8 - 82: 2).

Plaintiff as CEO undertook to hire a senior executive experienced in real estate development, which MC recognized meant that she would not have the position she wanted:

> …At the top of the first page of Exhibit 145 your brother responds to in the first sentence as follows, quote,
>
> 'You have heard about my concerns about you leading our two developments in New York valued at over $200 million and my intentions to hire a director of real estate…'
>
> Do you see that?

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A. Yes.

Q. What did you understand to him -- him to be saying or referencing by that sentence?

A. He wasn't going to budge and give me this role.

(*Id.* at 83: 24 - 84: 14).

* * *

Q. Okay. Did you understand -- what was your understanding as to what he was telling you when he referenced his intentions to hire a director of real estate?

That he was going to hire somebody else to be the senior person at RDI with respect to the real estate development of the two New York properties?

[Objection omitted.]

THE WITNESS: He was going to hire somebody else, yes.

* * *

Q. So he concludes by asking whether your expectations have changed; and if so, how.

Did you respond to that?

A. I don't recall.

* * *

Q. Well, did your -- did you[r] desire to be the person leading the real estate development of RDI's two properties in New York ever change?

A. No.

(*Id.* at 200: 18 - 202: 1).

MC was of the view that the hiring of a person qualified in real estate development, which Plaintiff as CEO sought to do, would exclude MC from holding the position she wanted:

…"Question: Was it not the case, Ms. Cotter, that you held the view that the hiring of Jon Genovese or anyone else for the director of real estate position would have a consequence of you not leading the real estate development of the two New York properties?")

[Objection omitted.]

THE WITNESS: Yes.

(*Id.* at 262: 5 - 15; *see also* Appendix Ex. 6 (TS 8/3/16 Dep. Tr. 27:13-29:5).)

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Separately, MC also was concerned that Plaintiff would terminate her consulting arrangement with the Company. (Appendix Ex. 3 (MC 5/13/16 Dep. Tr. 302: 19 - 303: 24).)

EC and the other individual defendants in March 2016 made MC an executive employee of RDI, with the title Executive Vice President, Real Estate Development, New York. (See (Appendix Ex. 14 (RDI Form 8-K Excerpts dated March 15, 2016).) As such, MC is the executive person at RDI directly responsible for development of the NY Properties. MC has no prior real estate development experience. (Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. 152;23-154:21); Appendix Ex. 6 (Storey 8/3/16 Dep. Tr. 17:10-17); Appendix Ex. 3 (MC 5/12/16 Dep. Tr. 226:1-231:13).)

**D. Adams Was Financially Dependent on MC and EC**

The evidence described in this section (II. D.) shows that (1) Adams generally lacked independence with respect to any matter or decision of interest or importance to EC, MC or both, because Adams was dependent upon them for a majority of his recurring income and (2) as to the decision and action to threaten Plaintiff with termination and to vote to terminate him, Adams lacked disinterestedness because, among other things a decision was of personal interest to Adams, including for the reasons described in the evidence below, including that EC and MC and Adams separately stood to benefit from their complaint of actions in a manner not shared with other RDI shareholders.

At the time he acted to terminate Plaintiff, Adams—by his own admission in sworn statements he made in his divorce case in Los Angeles Superior Court—received a majority of his income from entities controlled by EC and MC.

First, Adams, who is almost 65, effectively has been unemployed since 2008. (*See* Adams Dep. Ex. 53 at JCOTTER014954). With the economic downturn in 2008, Adams ceased operating his investment business, GWA Capital, laying off all employees. (Appendix Ex. 9 (12:6–15); *see also* Appendix Ex. 16 (Adams Dep. Ex. 53 at JCOTTER014973) (declaration given in context of Adams's divorce, herein he states, "the 2007-08 market meltdown resulted in significant investment losses"; by the "end of 2008, most of my investors had pulled out"; "I had

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to lay off all of my employees.").)[4]

Second, beginning in 2012, an overwhelming majority of Adams's recurring income came from RDI and entities controlled by JCC, Sr., until 2014 when JJC, Sr. passed, and from then controlled by EC and MC. In the latter part of 2012, JJC, Sr. hired Adams to do consulting work through JC Farm Management Co., a subchapter S corporation owned by JJC, Sr. and now part of the Estate, which is now controlled by the Cotter sisters as executors. (Appendix Ex. 18 (Adams Dep. Ex. 68, at GA00005295–32).) Adams was to be paid, was paid, and is paid $1,000 per week pursuant to this agreement. (Appendix Ex. 9 (41:16–42:25).) Adams testified that the "person who [initially] made the decision that [he] would be paid $52,000 a year" was JJC, Sr., and that the person that makes that decision today is "the [E]state," which he understands and agrees is controlled by MC and EC. (Appendix Ex. 9 (28:12–29:2).)

Additionally, Adams helps manage four real estate developments around the country in which JCC, Sr. invested, for which Adams received a 5 percent interest in the ventures. (Appendix Ex. 9 (41:16–42:25).) Adams already has received about $30,000 from one real estate venture, and stands to be paid significant additional compensation, potentially more than $100,000, which he will receive from the Estate. (Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. 52:6–52:3, 54:3–55:4, 56:12–58:10).) It is EC and MC (as executors) who will approve these payouts. (*Id.;* Adams continues to report to the Cotter sisters in these Cotter business roles unrelated to RDI (55:5–21, 56:12–58:10, 161:15–162:12).)

As of the time of his deposition on April 28, 2016, Adams had received no income in 2016 from GWA Capital. (Appendix Ex. 9 (Adams 4/29/16 Dep. Tr. 13:10–16).)[5]

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[4] Between 1985 and 1995, Adams worked directly for JJC, Sr. in a variety of positions at a number of different firms. (Appendix, Ex. 9 (Adams 4/28/16 Dep. Tr. (21:10–24:4, 442:9–17).) From 1995 until Adams joined RDI's board in February, 2014, Adams and JJC, Sr. remained friends, meeting socially on a regular basis several times per year at least. (*Id.* at 24:5–13, 37:16–19). In 2004, JJC, Sr. invested about half a million dollars in Adams's investment fund, GWA Capital, for about one year—a significant portion of the $3 or $4 million that Adams then managed. (*Id.* at 40:10–41:15).

[5] Defendant Gould became aware from Adams's deposition testimony that Adams depended upon "the Cotter family" for "a great percentage" of his "earnings ." (Appendix Ex. 7 (WG 5/18/15 Dep. Tr. (32:1–5).) Consequently, Mr. Gould expressed to EC and to Craig Tompkins that Gould "did not believe [that Adams] was independent for purposes of serving on the . . . compensation committee." (Appendix Ex. 7 (WG 5/18/15 Dep. Tr. (33:14–18; *see also id* at 36:2–7).) Gould reasoned that "clearly if Mr. Adams's

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In 2015, when he cooperated with EC in terminating Plaintiff, Adams had about a $200,000 income (Appendix Ex. 9 (Adams 4/28/16 (15:22–23).) All of it came from Cotter-related businesses. (*See also* Appendix Ex. 16 (Adams Dep. Ex. 53 at JCOTTER014961).) Adams was paid his annual salary $52,000 (Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. (16:4–6).) The balance, about $148,000, also came from Cotter-related business, namely, his RDI director fees and the sale of RDI shares. (16). Adams had no other sources of income in 2015 except for a one-time payout of $300,000 when his ex-wife purchased his interest in a Santa Barbara condominium incident to their divorce. (14-15, 16:22–24).

Likewise in 2014, Adams's approximately $134,000 in earnings came, in his words, "predominantly" from his farm "consultancy" work ($52,000 salary plus a $25,000 bonus), money earned as a RDI director ($50,000), and a "bonus from Jim [Cotter] Sr." ($20,000). (Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. (18–19, 123:2–11).) Adams's only earnings in 2014 outside Cotter-related businesses were $12,000 for a "consulting contract with a junk bond fund." (Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. (18:4–7, 19:4–6).)

**REDACTED—FILED SEPARATELY UNDER SEAL**

### E. Kane Maintained a Close Quasi-Familial Relationship With JJC, Sr. for Five Decades

The evidence set out in this section (II. E.) below shows that (1) Kane generally lacked independence from EC and MC because, among other things, of his five-decade long *quasi-familial* relationship with their father and Kane's understanding that their father intended for MC alone, not MC together with Plaintiff, to be the trustee of the voting trust (which was a fundamental issue and dispute between plaintiff, on one hand, and MC and EC on the other hand) and (2) with respect to decisions to threaten with termination and to terminate plaintiff, Kane lacked disinterestedness because, among other things, it was his view that the wishes of his five-decade deceased friend, JJC, Sr., were that MC along, not MC and Plaintiff together, would be the

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income was substantially derived from Reading and the Cotter family, if his whole livelihood depended on them, he could not be independent in passing on the compensation of the Cotter family members." (*Id.* at 33:21–34:7). Adams later resigned from the RDI compensation committee. (*Id.* at 36:8–10). Mr. Gould agreed that Mr. Adams was a "vocal proponent in support of terminating" Plaintiff. (*Id.* at 36:19–22).

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trustee of the voting trust that controlled RDI, which was one of the points on which MC and EC—and Kane—insisted that Plaintiff accept as part of a global resolution of disputes between Plaintiff, on one hand, and MC and EC, on the other hand.

Kane was a close friend of JJC, Sr. for five decades. Kane and JJC Sr. had known each other since attending a L.L.M. program at the NYU Law School in 1963 and "became fast friends" and had a "very close relationship." (Appendix Ex. 10 (Kane 5/2/16 Dep. 29:8–23, 32:20–25).) Kane served as an officer of both Craig Corporation, an entity controlled by JJC, Sr., and as a director of RDI a number of different times in the 1980s and 1990s, most recently returning as an RDI board member in 2004. (Appendix Ex. 10 (Kane Dep. Tr. 15–16).) Although they had disputes that prompted Kane to resign a number of times, the two were "too good friends to let [things] fester too long." (Appendix Ex. 10 (Kane Dep. Tr. 25:1–2).)

Kane in deposition repeatedly claimed that "I think I knew better than anybody what [Sr.] would have wanted. I've known him for—I knew him for 50 years." (Appendix Ex. 10 (Kane 5/3/16 Dep. Tr.264:2–4).) Kane has known the Cotter children since their births; he testified that they address him as "Uncle Ed." (Appendix Ex. 10 (Kane 5/2/16 Dep. Tr. 37).) This exceptionally close and lengthy personal relationship rendered Kane unable to make decisions as an independent and disinterested member of RDI's Board of Directors regarding matters that touched upon disputes between MC and EC, on one hand, and Plaintiff, on the other, hand.

First, Kane was well aware of the fundamental disputes between MC and EC, on one hand, and Plaintiff, on the other, regarding who would be the trustee of the Voting Trust that would control apparently seventy (70%) percent of RDI's class B voting stock:

> Q.: When you refer to "all issues within the family," to what were you referring?
>
> Kane: I can't recall. I see "litigation" there. That was one thing. But I can't recall what the other issues were at the time.
>
> Q.: Well, one of the issues was the lack of agreement regarding whether Margaret or Jim and Margaret would be the trustees of the voting trust, correct?
>
> Kane: Well, that's litigation in my mind.

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(Appendix Ex. 10 (Kane 5/2/16 Dep. Tr. 128:7–19); *see also id.* at 210:20—211:3 (confirming that Kane understood that "one of the issues in dispute was who would control the—the trust that held class B voting stock"); 211:5–18 (noting Kane's understanding that there were two outcomes: (1) either MC would sole trustee of the voting trust under the so-called 2013 Amendment or (2) JCJ and MC would be co-trustees of the voting trust under the so-called 2014 Amendment); *see also* Appendix Ex. 10 (Kane 5/3/16 Dep. Tr.276:15–20).)

Second, Kane has his own opinion about what JJC, Sr. intended in that regard. Kane's opinion was that it was JJC, Sr.'s wishes that MC alone be trustee of the voting trust.

> Q: Referring you, Mr. Kane, to your testimony about your understanding as to why in the 2013 amendment Margaret had been designated as trustee of the voting trust, how did you come to have that understanding?
>
> Kane: Mr. Cotter informed me. In one of our conversations he said he was making Margaret the trustee of the voting stock. And I asked him why. And he told me -- and it's right in my brain, it's imprinted on it -- that "that will force them to work together." That's a quote.
>
> Q: What else did you say or what else did he say in that conversation about either the trust documentation or [t]he Cotter children working together?
>
> Kane: Excuse me. Repeat that, please.
>
> Q.: What else did he say, if anything, during that conversation about the trust documentation?
>
> Kane: Nothing that I can recall.
>
> Q.: What else, if anything, did he say during that conversation about prompting or forcing the three -- his three Cotter children to work together?
>
> Kane: *He didn't need to say anything. I knew what he was talking about.*
>
> Q.: What was your understanding at the time?
>
> Kane: Understanding was that their diverse personalities, and there had been some incidents -- I call incidents, nothing specific or difficult -- at board meetings that I thought it was a good idea to make Margaret, given the background -- I was surprised, *but I thought it was a good idea that he made Margaret the sole trustee*.

(Appendix Ex. 10 (Kane 5/3/16 Dep. Tr. 257:22–259:6 (emphasis supplied); *see also id.* at 264:5–11 ("We would have regular meetings in Laguna just the two of us, talk over strategy, talk over his

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children, talk over all issues. And it was reflected in his comment to me that he was giving Margaret the voting power to force them to work together. *So, I knew that's what he wanted.*") (emphasis supplied); Appendix Ex. 11 (Kane 6/9/16 Dep. Tr. 602:8–17).) Kane testified further at his deposition as follows:

> Q.: Were you about to tell me something about whether you thought the 2014 amendment reflected what you understand to be Jim Cotter, Sr.'s wishes?
>
> Kane: That's what the Court will decide. I don't -- I try to stay out of That. I have my own opinion, but I don't have all the facts.
>
> Q.: What's the basis for your opinion? The conversation that you described to us already?
> Kane: Yes.
>
> Q.: Anything else?
>
> Kane: 50 years of friendship. And so I think I knew him in some respects better than any member of his family.
>
> Q.: Okay. And your opinion is that based on the facts you have –
>
> Kane: Yes.
>
> Q.: and not considering the facts you acknowledge you do not have –
>
> Kane: I don't know if there are any.
>
> Q.: Right. But based on the facts you have, you think it's the 2013 amendment that reflects Jim Cotter, Sr.'s wishes?
>
> Kane: Yes.

(Appendix Ex. 10 (Kane 5/3/16 Dep. Tr. 277:2–278:4 (objection omitted).)

Third, that is exactly what Kane acted to make happen, by sending emails to Plaintiff pressuring him to resolve his disputes with his sisters by acceding to their demands. On the evening of May 28th Kane wrote Plaintiff stating, "Ellen is going to present you with a global plan to end the litigation and move the Company forward. *If you agree to it*, you, Ellen and Margaret will work in a collaborative manner *and you will retain your title*." (Appendix Ex. 24 (Dep. Ex. 118 at EK 00000396 (emphasis supplied).) Kane further warned, "If it is a take-it-or-

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leave-it, then I STRONGLY ADVISE YOU TO TAKE IT, even though I have not seen or heard the particulars." (Appendix Ex. 34 (Dep. Ex. 118 at EK 00000396).)

On May 29, 2015, the vote to terminate Plaintiff was not had because a Plaintiff appeared to have reached an agreement with MC and EC satisfactory to the two of them. (Appendix Ex. 10 (Kane 5/2/16 Dep. Tr. (191:6–24).)

When that tentative agreement did not come to fruition, Kane resumed his advocacy toward Plaintiff, including on June 11, 2015, stating: "I do believe that if you give up what you consider 'control' for now to work cooperatively with your sisters," Kane admonished, "you will find that you will have a lot more commonality than you think." (Appendix Ex. 31 (Kane Dep. Ex. 306 at p. EK 00001613).) "Otherwise," Kane threatened, "you will be sorry for the rest of your life, they and your mother will be hurt and your children will lose a golden opportunity." (*Id.*) Tellingly, Kane also wrote:

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

(Appendix Ex. 31 (Kane Dep. Ex. 306 (emphasis original)).)

The termination vote went forward on June 12, 2015. (191:25–192:11). Kane voted to terminate Plaintiff:

> Kane: I -- I said to him at one point, "Take it. You have nothing to lose. You're going to get terminated if you don't. If you can work it out with your sisters, it will go on and I will support you. I'll even make a motion to see if the company will reimburse the legal fees." I did not want him to go. And you, I'm sure, see emails in there to that effect. Even though I voted -- was voting against him, I wanted him to stay as C.E.O.
>
> * * *
>
> Q.: But that resolution did not come to pass because Jim Cotter, Jr., rejected it, correct?
>
> Kane: He rejected it, yes.
>
> Q.: And he got himself terminated, right?
>
> Kane: Yes.

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(Appendix Ex. 10 (Kane 5/2/16 Dep. Tr.194–195 (objection omitted).)

## III. ARGUMENT

### A. Legal Standards

Summary judgment shall be rendered when "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to a judgment as a matter of law." N.R.C.P. 56(c). The standard for granting summary judgment was revised or clarified in 2005 through the Nevada Supreme Court's decision in *Wood v. Safeway, Inc.*, 121 Nev. 724, 121 P.3d 1026 (2005). No longer is summary judgment a "disfavored procedural shortcut." *Id.* at 1030. No longer is a litigant entitled to an expensive trial merely because there exists the "slightest doubt" as to the operative facts "for at least a slight doubt can be developed as to practically all things human." *Id.* at fn. 5 (quoting Clark, *Special Problems in Drafting and Interpreting Procedural Codes and Rules*, 3 VAND. L. REV. 493, 504 (1950)). Instead, summary judgment is regarded as an "integral part" of the rules of civil procedure "designed to secure the just, speedy and inexpensive determination of every action." *Wood,* 121 Nev. at 730, 121 P.3d at 1030.

When deciding a motion for summary judgment, the court views all evidence in the light most favorable to the nonmoving party. *Id.* However, the nonmoving party bears the burden of demonstrating that a genuine issue of material fact exists. *Id.* at 732, 121 P.3d at 1031. General allegations and conclusory statements do not create genuine issues of fact. *Id.* at 731, 121 P.3d at 1030-31. It is well established that "pure issues of law [are] proper for resolution on a motion for summary judgment." *E.g., Am. Fence, Inc. v. Wham*, 95 Nev. 788, 792, 603 P.2d 274, 277 (1979); *Molino v. Asher*, 96 Nev. 814, 816, 618 P.2d 878, 879 (1980).

### B. The Business Judgment Rule Has No Application Here

The business judgment rule is a rebuttable presumption that "in making a business decision the directors of a corporation acted on an informed basis, in good faith, and in the honest belief that the action was taken in the best interests of the company." *See, e.g. In Re Walt Disney Co.*

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*Derivative Litig.*, 906 A.2d 27, 52 (Del. 2006) (*quoting Aronson v. Lewis*, 473 A.2d 805, 812 (Del. 1984).[6] In Nevada, the business judgment rule is codified in NRS 78.138.3, which provides that "[d]irectors 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 typically is articulated as consisting of four elements, namely, (i) a business decision, (ii) disinterestedness and independence, (iii) due care and (iv) good faith. *See, e.g., Roselink Investors, L.L.C., v. Shenkman*, 386 F. Supp. 2d 209, 2016 (S.D.N.Y. 2004) (internal citations omitted). The presumption of the business judgment rule are rebutted where it is shown that any of the four elements above was not present. *Id.* at 216-17.

Here, although each of the last three elements is absent, this Motion addresses only the critical absence of disinterestedness and independence. Because two (Gould and Storey) of the five non-Cotter directors voted against termination, under their January 15, 2015 resolution. Plaintiff need only show that directors had an interest in the challenged conduct or lacked (or failed to exercise) independence from others (here EC and MC) who had an interest in the challenged conduct (or that they did not act independently). "In such circumstances, a director cannot be expected to exercise his or her independent business judgment without being influenced by the . . . personal consequences resulting from the decision." *Beam v. Stewart*, 845 A.2d 1040, 1049 (Del. 2004) (*quoting Rales v. Blasband*, 634 A.2d 927, 936 (Del. 1993)). As shown below, Plaintiff has already done so.

**1. Disinterestedness**

With respect to disinterestedness, because the business judgment rule presumes that directors have no conflict of interest, the business judgment rule does not apply where "directors have an interest other than as directors of the corporation." *Lewis v. S.L. & E., Inc.*, 629 F.2d 764, 769 (2d Cir. 1980). This is because "[d]irectorial interest exists whenever divided loyalties are present . . ." *Rales v. Blasband*, 634 A. 2d 927, 933 (Del. 1993) (internal citations and quotations

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[6] Due to the development of Delaware case law with respect to issues of corporate law, Nevada courts find Delaware case law persuasive authority. *See Cohen v. Mirage Resorts, Inc.*, 119 Nev. 1, 26, 62 P.3d 720, 737 (2003) (noting that "the case law . . . [of] Delaware is persuasive authority" when interpreting Nevada's corporate law).

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omitted). Thus, a director must be disinterested in the challenged conduct in particular and, as a general matter, otherwise independent. *Beam*, 845 A.2d at 1049.

EC and MC clearly lack disinterestedness with respect to the challenged actions, starting with the threat to terminate Plaintiff as President and CEO of RDI unless he resolved the California Trust Action and other matters on terms satisfactory to EC and MC, and continuing thereafter with the termination of him on account of his failure to do so.

The same is true, for largely the same reasons, for defendant Kane, who is called "Uncle Ed" by EC and MC and who, by his contemporaneous conduct demonstrated that he acted as "Uncle Ed" throughout to effectuate what he thought were JJC, Sr.'s wishes, and not as a disinterested RDI director exercising disinterested business judgment.

Likewise, Adams picked sides in a family dispute. He also demonstrated his lack of disinterestedness by, among other things, vigorously pursuing the EC and MC agenda, starting with the termination of Plaintiff as President and CEO, to further his own interest (to be interim CEO) and to protect the interests of EC and MC, on whom he is financially dependent.[7]

For such reasons, among others, EC, MC, Kane and Adams each lack disinterestedness with respect to the challenged action of threatening Plaintiff and terminating Plaintiff. For that reason alone, each is not entitled to the presumptions of the business judgment rule in connection with their actions to threaten Plaintiff and to terminate him as President and CEO of RDI.

**2. Independence**

Independence, as used in the context of an element of the business judgment rule, requires that a director is able to engage, and in fact engages, in decision-making "based on the corporate merits of the subject before the board rather than extraneous considerations or influences." *Gilbert v. El Paso, Co.*, 575 A.2d 1131, 1147 (Del. 1990); *Rales*, 634 A.2d at 936. "Directors must not only be independent, [they also] must act independently." *Telxon Corp. v. Meyerson*, 802 A.2d 257, 264 (Del. 2003). Assessing directorial independence therefore "focus[es] on

[7] Plaintiff does not concede that McEachern was disinterested and/or independent. Because Plaintiff can prevail on this Motion without showing McEachern to have been interested or lacking independence, he chooses not to address McEachern.

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impartiality and objectiveness." *In Re Oracle Corp. Derivative Litig.*, 824 A.2d 917, 920, 938 (Del. Ch. 2003) (*quoting Parfi Holding AB v. Mirror Image Internet, Inc.*, 794 A.2d 1211, 1232 (Del. Ch. 2001), *rev'd in part on other grounds,* 817 A.2d 149 (Del. 2002), *cert. denied,* 538 U.S. 1032 (2003). *See, also, Cede & Co. v. Technicolor, Inc.*, 634 A.2d 345, 362 (Del. 1993) ("[w]e have generally defined a director as being independent only when the director's decision is based entirely on the corporate merits of the transaction and is not influenced by personal or extraneous considerations") *modified in part on other grounds,* 636 A.2d 956 (Del. 1994).

"Independence is a fact-specific determination made in the context of a particular case. The Court must make that determination by answering the inquiries: independent from whom and independent for what purpose?" *Beam*, 845 A.2d at 1049-50.

Independence is lacking in situations in which a corporate fiduciary "derives a benefit *from the transaction* that is not generally shared with the other shareholders. In situations in which the benefit is derived by another (e.g., by EC and MC from Plaintiff acceding to their demands to resolve trust and estate disputes on terms acceptable to the two of them), the issue is whether the [corporate fiduciary]'s decision (e.g., Adams and/or Kane) resulted from that director being *controlled* by another." *Orman v. Cullman*, 794 A.2d 5, 25 n.50 (Del. Ch. 2002) (explaining the distinction between interest and independence). Control may exist where a corporate fiduciary has close personal or financial ties to or is beholden to another. (*Id.*)

A close personal friendship in which the director and the person with whom he or she has the questioned relationship are "as thick as blood relations" would likely be sufficient to demonstrate that a director is not independent. *In re MFW S'Holders Litig.*, 67 A.3d 496, 509 n.37 (Del. Ch. 2013).

Similarly, a director who is financially beholden to another person, such as a controlling stockholder, is not independent of that person. *In re Emerging Commc'n, Inc. S'Holders Litig.*, 2004 WL 1305745, at *33 (Del. Ch. May 3, 2004). The Court of Chancery has found that directors who derive a substantial portion of their income from a controlling stockholder are not independent of that stockholder *Id.* at *34.

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Here, the conduct of EC, MC, and Kane to extort Plaintiff into resolving trust and estate disputes on terms dictated by EC and MC are squarely and unequivocally efforts to obtain personal benefits for EC and MC not shared with other RDI shareholders.

Kane's personal relationship with JJC, Sr., Kane's view that MC should control the Voting Trust and his actions to make that happen demonstrate his lack of independence.

As shown by his own sworn testimony in his Los Angeles Superior Court divorce proceeding and in this case, Adams as a general matter is not independent of EC and MC, because he is financially dependent upon income he receives from companies that EC and MC control.

For such reasons, among others, each of Kane and Adams (and MC and EC) lacked independence and therefore are not entitled to the presumptions of the business judgment rule.

### C. Defendants Must and Cannot Satisfy the Entire Fairness Test

#### 1. The Decision to Terminate Plaintiff as President and CEO Of RDI Can and Should Be Declared Void by the Court

"A general common law presumption is that a director's or officer's conflict of interest can result in the voiding of a transaction." Keith Paul Bishop & Jeffrey P. Zucker, *Bishop and Zucker on Nevada Corporations and Limited Liability Companies*, § 8.16, 8-44 (2013), citing, *see, e.g.,* William Meade Fletcher, *Fletcher Cyclopedia of the Law of Corporations*, §§ 915.10, 917 (2010). The Nevada Supreme Court in *Kendall v. Henry Mountain Mines, Inc.,* stated that directorial conflicts are such that the challenged action of the directors "may be avoided by the corporation or its stockholders." 78 Nev. 408, 410-11, 374 P.2d 889, 890 (1962) (*quoting Marsters v. Umpqua Valley Oil, Co.*, 49 Or. 374, 378, 90 P. 151, 153 (1907).

#### 2. EC, MC, Kane and Adams Bear the Burden of Satisfying the Entire Fairness Test

"If the shareholder succeeds in rebutting the presumption of the business judgment rule, the burden shifts to the defendant directors to prove the 'entire fairness' of the transaction." *McMullin v. Brand,* 765 A.2d 910, 917 (Del. 2000). "[I]f the presumption is rebutted, the board's decision is reviewed through the lens of entire fairness, pursuant to which the directors lose the

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presumption of [the] business judgment [rule]." *Solomon v. Armstrong*, 747 A.2d 1098, 1112 (Del.Ch. 1999).

Under the entire fairness test, "[d]irector defendants therefore are required to establish to the *court's* satisfaction that the transaction was the product of both fair dealing and fair price." *Cinerama, Inc.* v. *Technicolor,* 663 A.2d 1156, 1163 (Del. 1995) (*quoting Cede & Co. v. Technicolor,* 634 A.2d 345, 361 (Del. 1993). Thus, a test of entire fairness is a two-part inquiry into the fair-dealing, meaning the process leading to the challenged action and, separately, the end result. *In re Tele-Commc'ns Inc. Shareholders Litig.,* 2005 Del. Ch. LEXIS 206, at *235, 2005 WL 3642727, at *9 (Del. Ch. Sept. 29, 2005).

The entire fairness requirement entails "exacting scrutiny" to determine whether the challenged actions were entirely fair. *Paramount Commc'ns, Inc. v. QVC Network Inc.,* 637 A.2d 34, 42 N.9 (Del. 1994), *quoted in Krasner v. Moffett,* 826 A.2d 277, 285, n.26, 287 n.40 (Del. 2003). Under the entire fairness standard, the challenged action itself must be objectively fair, independent of the beliefs of the director defendants. *Geoff v. II Cindus.Inc.,* 902 A.2d 1130, 1145 (Del. Ch. 2006) subsequent proceedings, 2006 (Del. Ch. LEXIS 161, 2000 WL 2521441 (Del. Ch. Aug. 22, 2006); *see also Venhill Ltd. P'ship v. Hilman*, 2008 Del. Ch. LEXIS 67, at *67-68, 2008, WL 2270488, at *22 (Del. Ch. June 3, 2008).

"The fairness test therefore is "an inquiry designed to access whether a self-dealing transaction should be respected or set aside in equity." *Venhill*, 208 Del. Ch. LEXIS 67 at *66, 2008 WL 2270488 at *22.

Here, Defendants cannot carry their burden of proving the entire fairness of their actions in threatening to terminate and terminating Plaintiff as President and CEO of RDI. They cannot carry their burden of demonstrating the entire fairness of the "process" leading to the termination threats and the termination. They cannot carry their burden of showing that the threatened termination and the termination were objectively fair, independent of the personal beliefs of any or all of Kane, Adams, McEachern, EC and MC.

First, as to the process, the evidence shows that EC, MC, Kane, Adams and McEachern

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had communicated and agreed, prior to the May 19, 2015 agenda EC distributed that listed "status of President and CEO" as the first item, to vote to terminate Plaintiff as President and CEO of RDI. It is undisputed that there had been no prior discussion at RDI board meeting of the possible termination of Plaintiff as President and CEO. There also is no dispute that, at the time, both Directors Storey and Gould objected to the lack of process. Storey used the term "kangaroo court." Gould observed that all of the directors could be sued for breaching their fiduciary duties. In short, the "process" leading to the threat to terminate Plaintiff if he did not resolve trust and estate disputes with MC and EC and to terminate him all was set in private communications between and among EC, MC, Kane, Adams and McEachern prior to the supposed May 21 board meeting.

What followed at the two-part supposed May 29, 2015 board meeting was that Plaintiff was told that the meeting would be adjourned until 6:00 p.m. that evening and that he had until then to resolve the disputes he had with his sisters and that, if he failed to do so, the vote would proceed and he would be terminated. No honest or colorable argument can be made that what amounted to attempted extortion constitutes a process that meets the entire fairness standard.

Of course, the termination vote did not occur on May 29, 2015 because a tentative resolution had been struck by Plaintiff with his sisters. When that resolution did not come to fruition, EC convened another supposed special board meeting on June 12, 2015 and the threatened termination vote was held. Kane, Adams and McEachern (and EC and MC) each voted to terminate Plaintiff as President and CEO and the "process" concluded. Thus, the "process" consisted of secret machinations and agreements, attempted extortion and execution on the extortion threat. No conceivable interest of RDI or its shareholders persuasively or honestly can be argued in an unavailing effort to prove that the "process" was entirely fair.

Likewise, the end result, whether the threatened termination of Plaintiff if he did not resolve disputes with his sisters on terms satisfactory to the two of them, the termination of him after he failed to do so, or both, is not a result the individual defendants can demonstrate was objectively fair. There is nothing objectively fair about attempted extortion. Nor is there anything

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objectively fair about executing on an extortion threat when it fails to bring about the conduct sought. The individual defendants cannot satisfy their burden of showing that the end result, the termination of Plaintiff after he failed to resolve disputes with this sisters on terms satisfactory to the two of them, was objectively fair.

Because the individual defendants cannot satisfy the entire fairness test, the challenged action may be avoided by the corporation or its stockholders. Plaintiff requests that the Court enter an order on this motion doing so.

## IV. CONCLUSION

For all of the foregoing reasons, Plaintiff James J. Cotter, Jr. respectfully requests that the Court grant this Motion for Partial Summary Judgment and enter an order that sets aside the void or voidable June 12, 2015 decision of certain of the individual director defendants to terminate Plaintiff as President and CEO of RDI such that that action was and is of no legal force and effect, and for such other relief as the Court may see fit, so that the inequitable conduct in question is fully and effectively remedied.

Dated this 23rd day of September, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Mark G. Krum*
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3993 Howard Hughes Pkwy, Suite 600
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**CERTIFICATE OF SERVICE**

I hereby certify that on this 23rd day of September, 2016, I caused a true and correct copy of the foregoing o 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

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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 TOMPKINS, and DOES 1 through 100,

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*

**DECLARATION OF JAMES J. COTTER, JR., IN SUPPORT OF JAMES J. COTTER JR.'S MOTION FOR PARTIAL SUMMARY JUDGMENT**

**[Business Court Requested: [EDCR 1.61]**

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

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inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

**DECLARATION OF JAMES J. COTTER, JR.**

I, JAMES J. COTTER, JR., declare as follows:

1. I am over the age of 18 years and a resident of California. I make this declaration based upon personal knowledge, except where stated to be upon information and belief, and as to that information, I believe it to be true. If called upon to testify as to the contents of this Declaration, I am legally competent to testify to the contents of this Declaration in a court of law.

2. I presently am and at all times relevant hereto have been a shareholder of Reading International, Inc. ('RDI"). I have been a director of RDI since March 2002. I became President of RDI in or about June 2013. I was appointed CEO of RDI on or about August 7, 2014. I am the son of the late James J. Cotter, Sr. (JJC, Sr.) and the brother of defendants Margaret Cotter ("MC") and Ellen Cotter ("EC").

3. MC became a director of RDI in or about 2002 and remains a director. MC is the owner and President of OBI, LLC, a company that has provided theater management services to live theaters indirectly owned by RDI through Liberty Theatres, of which MC is President. MC is engaged in trust litigation against me (the "California Trust Action"), by which she seeks, among other things, to invalidate a trust document (the "2014 Amendment").

4. EC is and at all times relevant hereto was a director of RDI. EC became a director of RDI in or about 2013. EC was a senior executive at RDI responsible for the day-to-day operations of its domestic cinema operations. EC is engaged in trust and estate litigation against me, by which she seeks, among other things, to invalidate the 2014 Amendment.

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5. Edward Kane is and at all times relevant hereto was an outside director of RDI. Kane has been a director of RDI since approximately 2009. Kane had a decade's long close personal relationship with JJC, Sr. EC and MC call Kane "Uncle Ed."

6. Guy Adams is and at all times relevant hereto was an outside director of RDI. Adams became a director of RDI in or about 2014.

7. Douglas McEachern (McEachern) is and at all times relevant hereto was an outside director of RDI. McEachern became a director of RDI in or about 2012.

8. William Gould (Gould) is and at all times relevant hereto was an outside director of RDI. Gould became a director of RDI in or about 2004.

9. In March 2015, the non-Cotter directors appointed director Tim Storey to function as their representative ("ombudsman") to work with me as CEO, including in particular to act as a facilitator with EC and MC. On behalf of the non-Cotter directors, directors Gould and Storey in March 2015 advised me, as well as MC and EC, that the process involving director Storey as ombudsman would continue through June 2015, at which time an assessment would be made of the situation.

10. On Tuesday, May 19, 2015, EC distributed an agenda for a supposed RDI board of directors special meeting on Thursday, May 21, 2015. The first item on the agenda was entitled "Status of President and CEO[.]" It turned out that was an agenda item to raise a subject previously not discussed at an RDI Board of Directors meeting, namely, termination of me as President and CEO of RDI.

11. At a supposed May 21, 2015 special meeting, directors Adams, Kane and McEachern each indicated that they were prepared to vote to terminate me as President and CEO of RDI. However, no termination vote having was taken.

12. On or about Wednesday, May 27, 2015, a lawyer representing MC and EC in the California Trust Action, Harry Susman, sent my attorney in the California Trust Action, Adam Streisand, a document outlining terms on which EC and MC would resolve their disputes with me. It was communicated as a "take it or leave it" proposal.

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13. Also on May 27, 2015, EC emailed RDI directors claiming "that the board meeting held last Thursday [May 21] was adjourned, to reconvene this Friday, May 29, 2015. The board meeting will begin at **11:00 a.m. at our Los Angeles office.**"

14. On Friday, May 29, before the supposed RDI board of directors special meeting commenced, I met with EC and MC. They indicated to me that the document that had been conveyed by attorney Susman (on May 27) was a take-it or leave-it offer and that, if I did not accept it, the RDI board would proceed with the vote and terminate me as President and CEO.

15. The supposed special board meeting on May 29 commenced and Adams made a motion to terminate me as President and CEO. I questioned Adams' independence and/or disinterestedness. After some discussion, the non-Cotter directors met with my sisters. Eventually, the supposed special meeting was adjourned until 6:00p.m. that evening. I was told that I needed to resolve my disputes with his sisters by then, failing which the termination vote would go forward and I would be terminated.

16. The supposed special board meeting reconvened (telephonically, for most) at or about 6:00 p.m. on Friday, May 29, 2015. At that time EC reported to the five non-Cotter directors that she and MC had reached an agreement in principal with me to resolve our disputes. EC concluded that, while no definitive agreement had been reached, EC and MC would have one of their lawyers provide documentation to my counsel. No termination vote was taken.

17. On Wednesday, June 3, 2015, Susman transmitted a new document to Streisand.

18. On June 8, 2015, I advised EC and MC that I could not accept their document. MC responded that she would advise the RDI board of directors.

19. On Wednesday afternoon, June 10, 2015, EC transmitted an email to all RDI board members 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)* . . ."

20. On Friday, June 12, 2015, a supposed RDI board of directors special meeting was convened. Adams, Kane and McEachern voted to terminate me as President and CEO of RDI.

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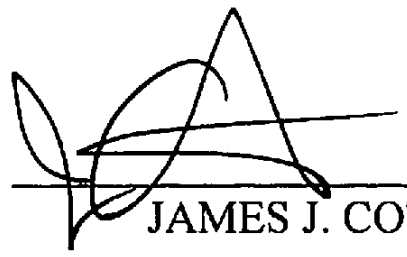
Storey and Gould voted against terminating me as President and CEO. (EC and MC purported to vote to terminate me.)

21. On January 2016, EC became President and CEO.

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

DATED this 23rd day of September, 2016.



JAMES J. COTTER, JR.

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*James J. Cotter, Jr., v. Margaret Cotter, et al.*
Case No. A-15-719860-B / P-14-082942-E

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# EXHIBIT 1

DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

vs. Index No. A-15-179860-B

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

Defendants.

---

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

---

VIDEOTAPED DEPOSITION OF ELLEN COTTER

New York, New York

Thursday, June 16, 2016

Reported by:
MICHELLE COX
JOB NO. 316936



RDI-A05662

But outside of that, I did not have any discussions with Craig about his compensation.

**Q What discussions did you have with Jim about -- in which you encouraged Jim to set up a retirement plan for Craig Tomkins?**

A We had met -- Jim and I had met with Tim Storey, and we were talking about some of the management members and their desires to have some sort of retirement benefit. We had talked about Bob Smerling and Craig Tomkins.

**Q It's a little late for Bob Smerling, wasn't it?**

A Well, Bob wanted to know if he wanted to leave the company, what -- or if he had to leave the company, what would the company be giving him.

**Q In or about April 2015, how old was Bob Smerling?**

A Bob probably was 79 or 80, at the time.

**Q So as a practical matter, there was no way to set up and fund, a retirement plan for him unless he was going to continue working for -- into his 80s if not 90s, right?**

A Well, I think what the idea was, was if Bob left the company, he would get a sum of

money.

Today the compensation committee has approved to have Bob be entitled to one year's total cash compensation if he retires from the company.

**Q Is that to serve as an inducement to retire?**

A No.

**Q It's just a thank you for prior services rendered?**

A Recognition of all he's done for the company. He's been with the company since 1993, and has help build the company.

**Q So it's not in consideration of something new or different than he's provided the company?**

A It's in recognition of his past service.

**Q I direct your attention to Mr. Kane's e-mail at the top of Exhibit 335.**

**Did you see that he says that Craig Tomkins "urged us," I assume the company, "to charge Michael Forman usurious interest on advances to Cinemas 123."**

**I left out an "aside" in the middle of the sentence there.**

A Yeah. Yes.

**Q Is that correct?**

A No.

What I think Ed was referring to was, we had a special arrangement with Sutton Hill Associates and the company with respect to renovations.

And because it was a related-party transaction, Craig wanted to ensure that there was an appropriate interest rate charged to Sutton Hill Capital.

So Craig was trying to make sure that the -- that as it was a related party, that it was treated appropriately.

**Q Did you have -- did you have any sense, when you received this, why Mr. Kane referred to the rate as "usurious"?**

A My recollection is that Ed didn't think that we should charge interest at all.

**Q You see the next portion of Mr. Kane's e-mail at the top of Exhibit 335 reads as follows: "That after screwing up the Hawaii litigation to an excess of $1 million of legal fees that he is now 'seeking' to recover after he paid it, and laughs it off by saying we are**

**Q Well, that obviates any privilege issues.**

MR. KRUM: I'll ask the court reporter to mark as Exhibit 337 [sic], a document that purports to be a May 19 e-mail from Ellen Cotter to other members of the RDI board of directors, carbon copy to Bill Ellis, bears Production No. GA5340.

(Deposition Exhibit 338, E-mail dated May 19, 2015, from Ellen Cotter to Margaret Cotter and Others, marked for identification as of this date.)

(Discussion off the record.)

MR. KRUM: So let me correct the record.

What the court reporter has marked as Exhibit 338, is a May 19th e-mail from Ellen Cotter to other members of the board of directors, copied to William Ellis, "Subject: Agenda - Board of Directors Meeting, May 21, 2015." It Production No. GA5340.

That's deposition Exhibit 338.

BY MR. KRUM:

**Q Ms. Cotter, do you recognize Exhibit 338?**

A Yes.

**Q What is it?**

A It's an agenda for a board meeting of

May 21, 2015.

**Q And did you send it on or about May 19, 2015, at 6:38 p.m.?**

A Yes.

**Q What time would that have been in New Zealand -- what day and what time would that have been in New Zealand or Australia, do you know?**

**The next morning, right?**

A It would have been Wednesday.

**Q Wednesday morning something?**

A Yeah.

**Q This was not a regularly scheduled RDI board of directors meeting, correct?**

A No, it was a special meeting.

**Q And Exhibit 338 was the first distribution of an agenda for that special meeting, right?**

A I believe so.

**Q Item 1 reads: "Status of President and CEO."**

**Do you see that?**

A Yes.

**Q And what that referred to was the termination of Jim Cotter, Jr. as president and CEO, right?**

A It referred to a discussion point about the status of the president and CEO.

**Q Well, the discussion was actually a motion to terminate the president, and a discussion that ensued, right?**

A Well, it was a discussion and then -- I don't remember if there actually was a motion.

**Q Okay. So why is it that the agenda Item No. 1 did not reference the possible termination of the president and CEO?**

A I don't -- I mean, there's no reason. That's just the way I reflected it on the agenda.

**Q Well, look at Item 6. It reads "Status of Craig Tomkins and Robert Smerling."**

**Do you see that?**

A Yes.

**Q Was there some discussion -- was there going to be, in your mind, when you prepared this agenda, some discussion about whether either or both Craig Tomkins and Robert Smerling would be terminated from their respective positions as a consultant and executive?**

A I don't remember what we were talking

about, if we were just talking about a potential retirement benefit for Craig and Bob.

**Q Take a look at Item 7. It reads: "Status of Ellen Cotter and Margaret Cotter."**

**Do you see that?**

A Yes.

**Q So when you prepared this agenda and distributed it at or about 6:38 p.m., Pacific Time on May 19th, were you thinking that one of the -- that one or two of the agenda items might include the possible termination of you as an executive employee and Margaret as a consultant of RDI?**

A Well, I think the reason we were on there was to talk about our employment status.

**Q Well, that meant talk about your title and making Margaret an employee of the company, right?**

A That's my recollection.

**Q Okay. So when you prepared this agenda and distributed it, you were not thinking, with respect to Item No. 7, that it include the discussion of terminating you as an executive and/or terminating Margaret as a consultant, were you?**

MR. TAYBACK: Objection. Asked and answered.

A No.

**Q So when you use the same phraseology status to refer to the president and CEO in Item 1 as you use to refer to Craig Tomkins and Robert Smerling in Item 6, and yourself and Margaret Cotter in Item 7, were you attempting to obscure or conceal the fact that Item 1 was actually about terminating Jim Cotter as president and CEO?**

MR. TAYBACK: Objection; argumentative, compound.

You can answer.

A I mean, there was no intention on my part to deceive anybody.

**Q Well, in point of fact, prior to distributing Exhibit 338, you already had had discussions with Ed Kane, Guy Adams, Doug McEachern and Margaret Cotter about terminating Jim Cotter, Jr. as president and CEO, correct?**

A Prior to this meeting we did have discussions about whether Jim would remain as the CEO and president.

**Q Well, you had discussions with each of -- Guy Adams, Ed Kane, Doug McEachern and Margaret Cotter about terminating Jim Cotter, Jr. as CEO prior to distributing Exhibit 338 on May 19th, correct?**

MR. TAYBACK: Objection. Asked and answered.

A Yes.

**Q You had no such discussions with Tim Storey, correct?**

A I did have discussions with Tim Storey.

**Q What discussions did you have with Tim Storey and when did you have them?**

A I had had discussions with Tim Storey about Jim and his performance.

**Q Okay. The question is: What discussions did you have with Tim Storey, if any, prior to distributing Exhibit 338 on May 19, 2015, about terminating Jim Cotter, Jr. as president and CEO?**

A I don't remember the specific discussion that I had with Tim.

**Q Did you have any conversation with Tim Storey prior to distributing Exhibit 338 on May 19, 2015, in which the subject of**

MR. KRUM: Sure.

**Q Did you discuss anything other than how to potentially resolve the intervening plaintiff's derivative action?**

A No.

MR. KRUM: Okay. And I have an instruction, so I'm going to move on.

MR. TAYBACK: Yeah.

I suppose the record should reflect that Mr. Tilson is no longer in the room. He was here at the beginning of deposition and he left after the lunch break.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 340, what purports to be a May 27 e-mail from Ellen Cotter to other members of the RDI board of directors, carbon copy to Bill Ellis. Subject is "Board Meeting," May 29, 11:00 a.m., Production No. GA5341.

(Deposition Exhibit 340, E-mail dated May 27, 2015, from Ellen Cotter Ellen Cotter to Other Members of the RDI Board of Directors, marked for identification as of this date.)

**Q Ms. Cotter, do you recognize Exhibit 340?**

A I do.

**Q What is it?**

A It's a note to the board from me.

**Q Did you send it on May 27, 2015, at 7:10 p.m.?**

A I assume I did.

**Q And you're calling for the directors to meet on Friday, May 29th at 11:00 a.m., at RDI offices, correct?**

A Yes.

**Q What communications, if any, did you have with anyone about scheduling this meeting?**

A About this May 29th meeting?

**Q Correct, yes.**

A I would have talked to the board members to make sure they were going to be available.

**Q Anything else?**

A I don't recall.

**Q Directing your attention back to the May 21st meeting, do you recall how that ended or concluded?**

A Yes.

**Q How?**

A That the board agreed to take all the discussions, think about them, and meet again on May -- well, whatever the next meeting was,

**Mr. Susman, pursuant to his first e-mail at the bottom of Exhibit 341 was not going to expire on 9:00 a.m. on May 29th?**

A I don't remember my conversations with Jim.

**Q Directing your attention, Ms. Cotter, to the top e-mail on the chain of Exhibit 341, you see that, "11:50"; is that right, 11:50 p.m, you asked for this to be printed, or is that a.m.?**

A I have no idea.

**Q Okay. Let me show what, and actually I'll ask you to look at what previously was marked as Exhibit 322. It's in the stack in front of you.**

MR. TAYBACK: Which one?

MR. KRUM: 322.

MR. TAYBACK: This one?

MR. KRUM: Yes.

BY MR. KRUM:

**Q You'll see, Ms. Cotter, that the first page of Exhibit 322 is the same e-mail that's at the bottom of Exhibit 341, and the difference is 322 has the document attached. It also has another e-mail that's redacted on**

**the first page.**

**So my question is: Do you recognize Exhibit 322?**

A Yes.

**Q What is it?**

A It's a copy of a settlement proposal that Margaret and I sent to Jim and his attorneys.

**Q Is this the settlement proposal that -- to which you were referring a few minutes ago when you said that following the meeting that was scheduled to commence in the morning on the 29th, you and Ellen had discussions with Jim?**

MR. TAYBACK: Margaret.

**Q You and Margaret had discussions with Jim?**

A Yes, some version of this.

**Q So -- well, do you recall that on the 29th, at some point at or after 11:00 a.m., the meeting you called pursuant to Exhibit 340 commenced?**

A Yes.

**Q And that meeting adjourned in early afternoon that day, right?**

A Right.

**Q And before the meeting adjourned, Jim was told in words or substance that he needed to**

**Q And Jim was told, in words or substance, that absent an agreement between him and you and Margaret, that the vote on his termination would proceed at the -- on the six o'clock call, right?**

A As I said, I don't recall that.

**Q Okay.**

A I think the board was trying to encourage us to come to a settlement.

**Q I heard that. Okay.**

**So in any event, in the afternoon of May 29th you and Ellen and Jim sat down -- I'm so sorry.**

**I haven't called you Mr. Kane or Mr. Adams. So it could be worse. All right. Let me try that again.**

**On May 29th, after the meeting had adjourned in the early afternoon and before the telephonic call at about 6:00 in the evening, you and Margaret met with Jim, correct?**

A Yes.

**Q And you discussed some or all of the matters that are set out in Exhibit 322, right?**

A Yes.

**Q And then when the call occurred at or**

**about 6:00 that evening, you reported to the other members of the RDI board of directors that you and Ellen had reached a -- you and Margaret had reached an agreement with Jim, correct?**

A Yes.

**Q And you read portions of a document, or all of a document to the directors to share with them some or all of that agreement, right?**

A My recollection is that I read to them the provisions that dealt with Reading. There are obviously provisions in here that dealt with other issues that didn't involve Reading, so I focused it on the Reading portion.

**Q Okay. So we have a clear record, your recollection is that you -- that six o'clock call on May 29th with you and Margaret and Jim, and the other five non-Cotter directors, you read the portions of Exhibit 522 [sic] that concerned Reading, but not the portions that don't?**

A That's my recollection.

**Q And if you would, please, just looking at Exhibit 522, identify the portions you recall having read.**

C E R T I F I C A T E

STATE OF NEW YORK )
:ss
COUNTY OF NEW YORK )

I, MICHELLE COX, a Notary Public within and for the State of New York, do hereby certify:

That ELLEN COTTER, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by the witness.

I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 29th day of June 2016.

MICHELLE COX, CLR

# EXHIBIT 2

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF ELLEN COTTER

TAKEN ON MAY 18, 2016

VOLUME 1

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400



RDI-A05680

**Q. Anything else?**

A. Well, Margaret was a consultant, and she had wanted her status to change to an employee.

**Q. Okay. Anything else?**

A. We were looking for employment contracts.

**Q. Anything else?**

A. I can't think of anything right now.

**Q. Were you look for a different title?**

A. I was.

**Q. What title was that?**

A. President of U.S. cinemas.

**Q. Was that not the title that Mr. Smerling held?**

A. He did.

**Q. Did you view that title as a promotion for you?**

A. No.

**Q. Why did you want it?**

A. We were in, you know, a period of transition with my father passing away. I think the management team, the company viewed me as running those theaters. And I thought it was important for me to have a title that was actually reflective of my role.

**Q. What was going to happen with Mr. Smerling?**

A. I talked to him about it. At one point I had said we could be co-presidents. And he said he didn't -- he didn't need the title of president.

**Q. Did you also want a raise?**

A. At what point in time?

**Q. Any point in time in 2014.**

A. I did look for a raise at some point in 2014.

**Q. Okay. And did you understand that your brother Jim as C.E.O. opposed providing that raise?**

A. I don't think he opposed giving me a raise.

**Q. Did you understand that he opposed providing you the title of president?**

A. Ultimately I don't know what Jim's position was on -- on that title.

**Q. But at least in 2014 the two of you had come to no resolution with respect to either your title or a raise; is that correct?**

MR. SEARCY: Objection. Vague.

THE WITNESS: By the end of 2014 my title and salary were the same.

///

BY MR. KRUM:

**Q. I'm just asking for what you heard, learned or were told.**

A. I -- I don't know what their discussions were. But Margaret wanted to be an employee, and she didn't -- she didn't become an employee.

**Q. Did you ever hear or learn or were you ever told at any time in 2014, whether by Margaret, by Jim, by Tim Storey or by any other person, that Jim held the view that Margaret did not have the experience or expertise to be the senior person or executive at RDI responsible for development of the Union Square and Cinemas 1, 2 and 3 properties in New York?**

MR. VERA: Objection. Compound.

MR. SEARCY: Join.

THE WITNESS: Are you referring to the period of time 2014?

BY MR. KRUM:

**Q. Yes.**

A. I had understood that Jim did not think that Margaret had the requisite experience in his mind to run those two New York developments.

**Q. Do you recall when you first Service came to have that understanding?**

A. No.

**Q. Sometime in 2014, but you can't say when?**

A. Exactly.

**Q. Do you recall how you came to have that understanding?**

A. No.

**Q. Okay. When you testified earlier to the effect that you and Margaret were trying to figure out how you would work with Jim, to what were you referring?**

A. Jim was the new C.E.O. of the company, and we wanted to make sure that for the benefit of the company and the benefit of the people that worked underneath us, that we had a good relationship with Jim.

**Q. Did there come a time when you sought to report to an executive committee of the RDI board of directors rather than report to your brother Jim as C.E.O.?**

A. Yes.

**Q. When did that happen?**

A. I don't remember. Well, it never happened.

**Q. No. No. The question was when did you**

**seek to report to an executive committee of the RDI board of directors rather than to report to your brother Jim as C.E.O.?**

A. I don't remember exactly when that request was developed, but it was sometime during the fourth quarter of 2014.

**Q. How did it come to pass that you developed that request?**

A. We were having issues with Jim, and we wanted to figure out a way to have a structure in place that would be almost transitional that would help us work together so that we could work through any issues that we would have.

**Q. Prior to your father's resignation as C.E.O., to whom had you reported during the time you had been an executive at RDI?**

A. Jim was the president at the time. My father was the chairman and C.E.O. So, technically I probably reported to Jim; or probably technically to Bob.

But we never operated that way.

**Q. Was the way you operated since 2000 and up to the point when your father resigned as C.E.O. that you reported to him?**

MR. SEARCY: Objection. Vague.

A. I don't -- I don't recall.

**Q. Okay. Did there come a point in time in 2014 when you did not want to report to your brother as C.E.O.?**

A. Well, we developed this structure with the executive committee at some point in 2014.

**Q. So does that mean the answer is yes and that your proposal to go forward was this executive committee proposal?**

A. Yes.

**Q. And did you understand that the same -- strike that.**

**Did you understand at the time that Margaret also did not want to report to her brother as C.E.O.?**

A. Well, Margaret was part of the discussion when we proposed that structure.

**Q. So, is the answer yes, with that by way of explanation?**

A. Yes.

**Q. Whose idea was the executive committee structure?**

A. I don't know if it was mine or if it was Margaret's. I don't know whose idea it was.

**Q. Prior to proposing it did you have any**

2014.

**Q. But it wasn't in 2014, is that the distinction --**

A. It was paid in the beginning of 2015.

**Q. Did you discuss the fact that you had not received a bonus with Ed Kane when you drove to San Diego to meet with him on a weekend?**

A. I don't remember.

**Q. Let me show you what previously has been marked as Exhibit 61.**

MR. KRUM: Does everybody have their set or do I need to pass copies?

MR. SEARCY: I need a copy.

MR. KRUM: Can you guys share one? Because I'm apparently one short on the old ones.

MR. FERRARIO: Sure.

(Whereupon the document previously marked as Plaintiffs' Exhibit 61 was referenced and is attached hereto.)

BY MR. KRUM:

**Q. Ms. Cotter, take such time to review Exhibit 61 and let me know when you've reviewed it to your satisfaction.**

A. Okay.

**Q. Do you recognize Exhibit 61?**

A. Yes.

**Q. What do you recognize it to be?**

A. It's an email that I prepared and sent to Guy Adams, Tim Storey and Bill Gould.

**Q. Is this the -- the document that communicates the proposal you -- about which you testified earlier as having made in the fourth quarter of 2014 to form an executive committee of the board of directors?**

A. Yes.

**Q. I direct your attention, Ms. Cotter, to the sub head which is the third of three in the lower half of the first page of Exhibit 61 and which reads, quote,**

**"Actions that would require the prior approval of the executive committee," close quote.**

**Do you see that sub head?**

A. Yes.

**Q. I direct your attention in particular to point 1(B) -- excuse me -- 1(A) beneath that which has the executive committee as the body to determine role, compensation, reporting lines.**

**Do you see that?**

A. Yes.

**Q. And then there are three bullet points, and the first one is the new title you're -- you were requesting, right?**

A. Correct.

**Q. And for Margaret Cotter, you have a heading for her below, and then near the bottom of the page it says -- paragraph begins, "Specifics of Margaret Cotter's employment agreement."**

**You see that?**

A. Yes.

**Q. And the first point is a title for her, correct?**

A. Yes.

**Q. And then point two at the top of the last page of Exhibit 61 describes what were proposed to be Margaret's responsibilities, correct?**

A. Correct.

**Q. And those include, quote,**

**"Oversight of development activities related to the company's Union Square and Cinemas 1, 2, 3 properties in Manhattan," close quote.**

**Right?**

A. Right.

**Q. And did oversight mean that Margaret was to be the senior executive at RDI with responsibility for those activities?**

MR. SEARCY: Objection. Vague.

THE WITNESS: Yes.

BY MR. KRUM:

**Q. Now, when you prepared Exhibit 61, did you separately prepare the text that begins on the first page, "Proposal for a Reconstituted Reading International, Inc. Executive Committee" and all the text that follows as a separate document and then drop it into this email?**

A. I don't remember.

**Q. Okay. Were there drafts of the proposal that's contained in Exhibit 61?**

A. I don't remember.

**Q. With whom did you confer or consult, in anyone, in the course of preparing it?**

MR. SEARCY: Objection. Vague.

THE WITNESS: I don't remember.

BY MR. KRUM:

**Q. In particular, did you confer with Margaret?**

A. I don't remember specific conversations

about preparing this document.

**Q. I'm not asking about whether you recall specific conversations or the specifics of any conversation.**

**I'm simply asking to the best of your recollection today, did you communicate with Margaret Cotter about the proposal that is found in Exhibit 61 before you sent it to Messrs. Adams, Storey and Gould on or about October 14, 2014?**

A. I don't remember who I specifically spoke to about this document.

**Q. Well, I'll just ask it this way: Did you speak with Margaret about any of the contents of the proposal that is made by Exhibit 61 prior to sending it on October 14, 2014?**

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

**Q. Just did you speak with her. That's all I'm asking.**

A. Yeah. I suspect I did. I don't remember the specific conversations.

But this document involved her. So, I would have involved her in this process.

**Q. As you sit here today do you recall that you did so or are you inferring that you did so**

**because of the nature of the contents of Exhibit 61?**

A. I am inferring that I did.

Based on the way I operate, I wouldn't have prepared a document that involved Margaret without consulting her.

**Q. I understand that. That's why I asked the question I just asked.**

A. Yeah. And I don't recall specific conversations with her about it.

**Q. Did you have specific conversations with any of the addressees, Adams, Storey and Gould, about the proposal prior to transmitting it on the 14th of October 2014?**

A. I don't remember.

**Q. Did you have any communications with your brother Jim Cotter, Jr., about the proposal found in Exhibit 61 before you transmitted it on or about October 14, 2014?**

A. I don't remember.

**Q. Did you have any communications with Craig Tompkins with respect to the proposal that is found in Exhibit 61?**

A. I don't remember.

**Q. Did you ever have any communications with Craig Tompkins about whether or how an**

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

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

IN WITNESS WHEREOF, I have subscribed my name this 23rd day of May, 2016.

PATRICIA L. HUBBARD, CSR #3400

# EXHIBIT 3

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF MARGARET COTTER

TAKEN ON MAY 12, 2016

VOLUME I

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

**consultant to RDI?**

MR. SEARCY: Objection. Vague.

Can we have that question read back.

Quest.

(Whereupon the question was read as follows:

"Question: Well, as you sit here today do you recall to you any reasons why in -- at any point in time in 2014 it would be preferable from your perspective to be an RDI employee than to be an employee of Liberty Theatres and effectively a consultant to RDI?")

THE WITNESS: On August 18th?

BY MR. KRUM:

**Q. I'll ask -- I'll restate the question. As you sit here today, do you recall any reasons why it was preferable for you as of August 18, 2014, to be an RDI employee than to continue to -- in your position at Liberty Theatres?**

A. As I said, I don't quite understand your question.

**Q. Okay. Well, let me ask you a different**

**question.**

A. Okay.

**Q. One of the differences between being an employee of RDI and being a consultant, meaning being employed by Liberty Theatres, is that you would have a fixed salary rather than have income predicated upon a percentage of revenues generated by Liberty Theatres, correct?**

MR. SEARCY: Objection. Vague and assumes facts.

THE WITNESS: As a consultant I was -- my current arrangement was -- was based on incentive fees.

BY MR. KRUM:

**Q. Right. And your expectation was that if you became an RDI employee, you'd have a salary, right?**

A. Yeah.

**Q. So, the -- one difference between being an RDI employee and continuing the position you had at Liberty Theatres was that you'd have a salary instead of what amounted to an incentive commission, right?**

A. That's correct.

**Q. Did Liberty Theatres provide you**

**benefits of any kind?**

A. No.

**Q. So, did you anticipate that if you became an employee of RDI, you'd receive benefits?**

A. Yes.

**Q. What benefits did you then anticipate?**

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: Health insurance.

BY MR. KRUM:

**Q. Okay. So, directing your attention back to the conversation you had with Jim Cotter, Jr., in his office at RDI on the 18th of August 2014, what else did you say and what else did he say, if anything, beyond what you've already testified?**

A. I've testified everything that was said.

**Q. Okay. And then when you arrived at the hospital to speak with your father and found Jim Cotter, Jr., there, what did you say and what did Jim Cotter, Jr., say?**

A. I said, "You raced me to the hospital. What are you hiding?"

**Q. What else, if anything, did you say?**

A. I don't recall.

**Q. What did -- what did he say?**

A. I don't recall.

**Q. Okay. What's your best recollection about the next communication you had about you becoming an employee which you believe occurred in September or October of 2018?**

A. I thought I was talking to Tim Storey. Tim Storey was out after my father's memorial, and he would talk to all three of the -- the kids.

**Q. Okay.**

MR. KRUM: Marshall, you want to take a break?

MR. SEARCY: Yeah. Thanks.

VIDEOTAPE OPERATOR: We are off the record.

The time is 11:15.

(Brief recess.)

VIDEOTAPE OPERATOR: We are on the record.

The time is 11:29.

BY MR. KRUM:

**Q. Ms. Cotter, directing your attention to the time frame of September or October of 2014, and the conversation you believe you had with Tim Storey regarding you becoming -- that included discussing you becoming a -- an employee of RDI, what did you**

**say and what did he say as best you can recall?**

A. I believe I just expressed my interest in becoming an employee and working on the New York properties.

**Q. When you say "working on the New York properties," what does that mean?**

A. Working on the development of the New York properties.

**Q. And you're talking about Union Square and Cinemas 1, 2 and 3, yes?**

A. That's correct.

**Q. And what else, if anything, did you say to Mr. Storey during that conversation?**

A. I don't recall.

**Q. What did he say to you?**

A. I don't recall.

**Q. Did you attend the RDI annual shareholders meeting in May of 2014?**

A. Yes.

**Q. Did you have any conversations with any RDI director at or about that time regarding your work at Liberty Theatres, the two New York properties, meaning Union Square and Cinemas 1, 2 or 3, or anything related to them?**

A. I may have. I don't recall.

**But one of them was the control of the RDI class B voting stock, correct?**

A. That's correct.

**Q. And during this conversation with Tim Storey, what did you say to him about your role in the company going forward?**

A. I don't recall.

**Q. Did you tell him that you wanted to be an RDI employee?**

A. Oh, I brought out documents that my father wanted me to become an employee. Yep.

**Q. Okay. And what did you discuss with Mr. Storey, if anything, about what position you would hold?**

A. I was speaking about the New York properties and running the development of those properties.

**Q. Did you discuss that particular subject, meaning you running the development of the New York properties, Union Square and Cinemas 1, 2 and 3, with Jim Cotter, Jr., on August 18, 2014?**

MR. SEARCY: Objection. Vague.

THE WITNESS: No.

BY MR. KRUM:

**Q. When was the first -- did you ever have**

**communications at any time in 2014 with Jim Cotter, Jr., about what role, if any, you would have with respect to development of the New York properties?**

A. I don't recall.

**Q. What did you tell Mr. Storey during the conversation you had with him in or about September of -- or October of 2014 about the role you wanted to have in development of the New York properties?**

MR. SEARCY: Objection. Vague.

THE WITNESS: I don't recall the whole conversation.

BY MR. KRUM:

**Q. Did you tell him that you wanted to be involved -- strike that.**

**Did you tell Mr. Storey during this conversation in September or October 2014 that you wanted to be the senior person involved in the development of the New York properties?**

A. I told him I wanted to lead the development, yes.

**Q. And when you say "lead the development" of the New York properties, what do you mean by that?**

A. Be the -- the point person at Reading. We were working with Edifice at that point. And I

**Q. Who is the "we" who had been negotiating it?**

A. Craig Tomkins was involved, I believe -- I can't remember if Bill Ellis -- I think Bill Ellis was involved.

And I don't know -- I think my brother was involved.

**Q. Did there come a time, Ms. Cotter, when you heard or learned or were told that your brother as C.E.O. was of the view that Reading needed to hire a person with real estate development experience or expertise to assist, among other things, with the development of the New York properties?**

MR. SEARCY: Objection. Vague.

THE WITNESS: I heard that.

BY MR. KRUM:

**Q. When did you first hear or learn that?**

A. I don't recall.

**Q. Did your brother ever say to you, whether in a conversation or an email or otherwise, that he thought RDI needed an employee with real estate development expertise that you did not have?**

MR. SEARCY: Objection. Vague, lacks foundation.

THE WITNESS: At some point I believe he said that, yeah.

BY MR. KRUM:

**Q. What's your best recollection as to when he communicated that to you?**

A. I --

MR. SEARCY: Objection. Lacks foundation, it's vague.

Let me finish my objection.

Go ahead.

THE WITNESS: I don't know.

BY MR. KRUM:

**Q. Directing your attention, Ms. Cotter, to your prior testimony regarding a conversation you had with Jim Cotter, Jr., in his office at RDI on August 18, 2014 --**

**Do you have that in mind?**

A. Yes.

**Q. And do you recall whether during that conversation he communicated to you the notion that he wanted to hire someone with real estate development or expertise to assist the company in developing the New York properties?**

A. You're asking if he brought that up in that meeting?

**Q. Well, if he said anything about that subject.**

A. I don't recall.

**Q. Okay. At any time prior to your father's passing in September of 2014, did you have any communications with Jim Cotter, Jr., regarding the subject of RDI developing the New York properties?**

MR. SEARCY: Objection. Vague.

THE WITNESS: Before my father died?

BY MR. KRUM:

**Q. Yes.**

A. I don't recall.

**Q. By the way, when I refer to the New York properties, I'm referring to Union Square and Cinemas 1, 2 and 3.**

**You understand that, right?**

A. Okay.

**Q. Well, I think you said that, and that's why I'm -- I'm just making sure we're talking about the same thing.**

A. Yes.

**Q. Okay. So, at any time --**

**Well, what's your best recollection as to when you first had a communication with Jim**

**Cotter, Jr., in which he indicated in words or substance that he thought that RDI needed to hire someone with real estate development experience or expertise that you did not have?**

A. I don't -- I have no idea when he brought that up.

**Q. Okay. When did you first hear or learn that RDI was going to look for a -- a person, senior executive with real estate development experience or expertise?**

MR. SEARCY: Objection. Vague, lacks foundation.

THE WITNESS: I believe it was one time in 2015.

**Q. Okay.**

MR. SEARCY: Mr. Ferrario occasionally gets up to go get a water, walk around. Don't be distracted by his movements.

MR. FERRARIO: I'm sorry. I'll ask permission next time.

BY MR. KRUM:

**Q. What was Craig Tomkins's position, if any, at RDI in 2014?**

A. I don't know exact -- the exact title he had. He would work in a lot of different areas of

**Ms. Cotter, to the last email in this chain of three.**

**At the top of the first page of Exhibit 145 your brother responds to in the first sentence as follows, quote,**

**"You have heard about my concerns about you leading our two developments in New York valued at over $200 million and my intentions to hire a director of real estate," period, close quote.**

**Do you see that?**

A. Yes.

**Q. What did you understand to him -- him to be saying or referencing by that sentence?**

A. He wasn't going to budge and give me this role.

**Q. Prior to receipt of Exhibit 145 had you had communications with your brother either directly or indirectly regarding RDI hiring a director of real estate?**

MR. SEARCY: Objection. Vague.

THE WITNESS: I don't recall prior to this email, no.

///

BY MR. KRUM:

**Q. Okay. Did you understand -- what was your understanding as to what he was telling you when he referenced his intentions to hire a director of real estate?**

**That he was going to hire somebody else to be the senior person at RDI with respect to the real estate development of the two New York properties?**

MR. SEARCY: Objection. Vague.

THE WITNESS: He was going to hire somebody else, yes.

BY MR. KRUM:

**Q. So he concludes by asking whether your expectations have changed; and if so, how.**

**Did you respond to that?**

A. I don't recall.

**Q. I mean your expectations never changed, did they?**

MR. SEARCY: Objection. Argumentative and vague.

BY MR. KRUM:

**Q. Well, did your -- did you desire to be the person leading the real estate development of RDI's two properties in New York ever change?**

A. No.

MR. SEARCY: Margaret, how are you doing? Do you need a break?

THE WITNESS: How long are we going to go till?

MR. SEARCY: Why don't we take our break and maybe we can have that discussion.

MR. KRUM: Let's see what time it is here.

MR. SEARCY: It's 4:15.

MR. FERRARIO: 4:15.

MR. KRUM: Well, we can take a break. I'm prepare to proceed and break later, whatever we need to do.

MR. SEARCY: Let's take a break right now.

And then you and I can have a discussion about how we proceed.

MR. KRUM: All right.

VIDEOTAPE OPERATOR: And we are off the record.

The time is 4:15.

(Brief recess.)

VIDEOTAPE OPERATOR: We are on the record.

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

A. Underneath "Construction Oversight Responsibilities."

**Q. Okay.**

A. Uh-huh.

**Q. And you see those include,**

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

A. Yes.

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

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

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

A. Yes.

**Q. What --**

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

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

A. Other than what I've done.

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

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

A. Yes.

**Q. -- in a real estate development context?**

MR. SEARCY: Objection. Vague.

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

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

MR. SEARCY: Right.

BY MR. KRUM:

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

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

MR. SEARCY: Objection. Vague.

THE WITNESS: With a development, no.

BY MR. KRUM:

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

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

A. Yes.

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

**Do you see that?**

A. Yes.

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

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

**Q. Okay. Otherwise have you ever done any**

**of those activities --**

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

**Q. -- with respect to real estate development?**

MR. SEARCY: Objection. Vague.

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

BY MR. KRUM:

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

A. Yes.

**Q. What?**

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

Also, I just want to go back and clarify

something.

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

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

**And the last paragraph begins as follows, quote,**

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

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

A. Yes. I'm finished.

**Q. Do you have any experience in those activities?**

MR. SEARCY: Objection. Vague.

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

BY MR. KRUM:

**Q. Okay. Anything else?**

A. No.

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

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

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

**Q. With whom did you work on that?**

A. Bob Davis, a landmark attorney.

MR. SEARCY: Ferrario's on the run.

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

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

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

MR. KRUM: I'll ask the court reporter to read it back.

(Whereupon the question was read as follows:

"Question: Was it not the case, Ms. Cotter, that you held the view that the hiring of Jon Genovese or anyone else for the director of real estate position would have a consequence of you not leading the real estate development of the two New York properties?")

MR. SEARCY: I'm going to object again, vague and argumentative.

THE WITNESS: Yes.

BY MR. KRUM:

**Q. I direct your attention, Ms. Cotter, to the first page of Exhibit 152, and the emails at the top of the page.**

**First I direct your attention to the June 4, 2015, 8:03 P.M. email from your brother to you. It reads as follows, quote,**

**"Any response on Jon? We are going to lose this candidate if we sit around and do nothing. I tried**

A. That's correct.

**Q. Okay. At any point in time in the time frame of January 1st, 2015, through June 12, 2015, was it your desire to sign an agreement with Edifice before someone was hired for the position of director of real estate at RDI?**

A. I can't answer that question. I don't recall.

**Q. At any point in that time frame did it ever occur to you that if a person was hired for the position of director of real estate at RDI, they would by virtue of having that position weigh in on whether to sign a contract with Edifice?**

A. I don't know if I was thinking about that.

**Q. Okay. What's your best recollection as to why you said what you said in this May 28 email that before hiring anyone, you think we need to get Edifice's agreement signed?**

A. I believe I testified I don't recall what I was thinking when I wrote this.

**Q. Okay. Let's look at the first page of Exhibit 156.**

**You see at the bottom of the first page there's an email response from your brother to your**

**email that we just discussed. In fact, this is one at which we've looked previously.**

A. Right. Right.

**Q. Okay. So then let's go to your email reply in the middle of the first page of Exhibit 156. It's the one dated June 4, 2015, time stamped 11:11 A.M. It reads as follows, quote,**

**"Frankly, I would be more concerned about yourself and getting your position squared away than dealing with another employee. I think your priorities are a little skewed. What is the status of the paperwork we sent to you yesterday," close quote.**

**Do you see that?**

A. Yes.

**Q. To what were you referring, Ms. Cotter, when you said to your brother that he should be -- that if you were him, you would be more concerned about getting your position squared away?**

A. I believe he was already told by the board that he would be terminated.

**Q. And to what were you referring in the last sentence when you said,**

**"What is the status of the paperwork we sent to you yesterday?"**

A. It was the revised settlement.

**Q. Meaning the revised settlement agreement that Sussman sent to Streisand?**

A. That's correct.

**Q. And so was the point of this your telling your brother that he needed to finalize the settlement paperwork or he would be terminated --**

MR. SEARCY: Objection.

BY MR. KRUM:

**Q. -- and that he should be focused on -- let me finish.**

**Okay. Was the point of this email to tell your brother he should be focused on completing a settlement and preserving his job rather than hire another employee?**

MR. SEARCY: Objection. Misstates the testimony, lacks foundation, is argumentative.

THE WITNESS: Can you repeat the question.

BY MR. KRUM:

**Q. Sure.**

MR. KRUM: Actually I'll have the court

reporter read it back for you.

THE WITNESS: Okay.

(Whereupon the question was read as follows:

"Question: Was the point of this email to tell your brother he should be focused on completing a settlement and preserving his job rather than hire another employee?")

MR. SEARCY: Objection. Argumentative, vague, lacks foundation.

THE WITNESS: No.

BY MR. KRUM:

**Q. What was the point?**

A. To focus on himself and -- to focus on himself and try and save his job.

**Q. By doing what?**

MR. SEARCY: Objection. Vague, plus argumentative.

MR. KRUM: It's actually an open-ended question.

BY MR. KRUM:

**Q. But go ahead, Ms. Cotter?**

A. I don't put by doing what in here.

MR. SEARCY: So, Mark, if you're close to finishing, it's about 6:22 right now.

MR. KRUM: Yeah. We should finish up by 6:30 if not before.

BY MR. KRUM:

**Q. Ms. Cotter, directing your attention to your testimony of a moment ago to the effect that your brother already had been told by the board that he would be terminated, do you have that in mind?**

A. Do I have my statement in mind?

**Q. Yeah. I just want to direct your attention to that.**

A. Yes.

**Q. And what was it you understood your brother needed to do, if anything, as of June 4, 2015, to avoid being terminated?**

A. I believe at that point there was a -- we had collectively agreed that we would resolve this dispute and the lawyers put together a settlement.

We told the board that we resolved it and that we're going to put it in the hands of the lawyers. And we revised the settlement.

I don't know if it was -- I don't know if we revised it because my brother asked for

additional things or if we just decided to throw in, you know, additional elements of the settlement, but that's where we were on June 4th.

**Q. When you refer to "this dispute," you're referring to the trust disputes?**

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

**Q. Well, let me ask an open-ended question.**

**In your last response you referred to resolving this dispute.**

**To what were you referring when you said "this dispute"?**

A. There were elements of the trust dispute and there were also some terms regarding going forward in the company in the settlement.

**Q. So what had transpired is that at a reconvened -- a supposed reconvened telephonic board meeting, Ellen reported that you and Ellen had reached a resolution with your brother and that the lawyers were going to prepare the paperwork; is that correct?**

MR. SEARCY: Objection. Vague.

THE WITNESS: Which -- when are you referring to?

///

BY MR. KRUM:

**Q. Okay. Do you recall that there was a Friday where there was a board meeting that convened in the morning or early afternoon and that that supposed board meeting adjourned and supposedly reconvened in a telephonic meeting at about 6 o'clock in the evening?**

A. That's correct.

**Q. And do you recall that on the telephonic -- or on the telephone call, Ellen reported that a tentative agreement had been struck by you and her on one hand and by your brother on the other?**

A. I don't know if she said "tentative."

**Q. Okay. Do you recall that she reported that an agreement had been reached?**

A. Yes.

**Q. And the agreement was between you and her on one hand and your brother on the other hand?**

A. Yes.

**Q. And that in Exhibit 156, when you asked your brother, quote, "What is the status of the paperwork we sent you yesterday," close quote, you're referring to the paperwork that Sussman sent to Streisand about the agreement that Ellen had**

**reported during the 6:00 P.M. telephone call we just discussed, right?**

MR. SEARCY: Objection. Vague, lacks foundation.

THE WITNESS: No.

BY MR. KRUM:

**Q. Okay. To what are you referring, then?**

A. This is the revised settlement. This was not -- this settlement offer that I'm referring to in this email was not the settlement that my sister was referring to on that telephonic board meeting.

**Q. Okay.**

MR. SEARCY: So, Mr. Krum, I can tell by the way my witness is slouching in her seat that we're reaching the end here.

MR. KRUM: We'll be there in a minute.

BY MR. KRUM:

**Q. So, that settlement -- that documentation was not accepted by your brother, correct?**

MR. SEARCY: Objection. Vague.

MR. FERRARIO: Obviously. We're here.

THE WITNESS: That's correct.

///

BY MR. KRUM:

**Q. And then -- and then he was terminated after that, right?**

MR. SEARCY: Objection. Vague, lacks foundation.

THE WITNESS: My brother was terminated on June 12th.

MR. KRUM: Okay. So let's adjourn for the day.

VIDEOTAPE OPERATOR: This concludes the deposition of Margaret Cotter, volume one, May 12, 2016, which consists of four media files.

The original media files will be retained by Hutchings Litigation Services.

Off the video record at 6:30 P.M.

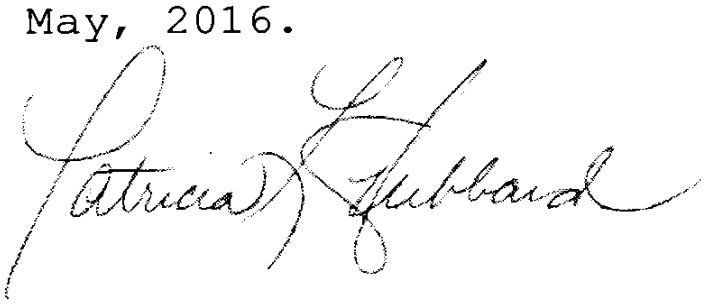
(Whereupon at 6:30 P.M. the deposition proceedings were continued to May 13, 2016 at 9:00 A.M.)

* * *

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

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

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



PATRICIA L. HUBBARD, CSR #3400

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF MARGARET COTTER

TAKEN ON MAY 13, 2016

VOLUME II

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

**Q. Why not?**

A. I believe that the email had 23 reasons why he shouldn't be giving me this employment agreement. And the employment agreement was very restricted, where if I didn't hand in a report at some particular time, I could be terminated.

**Q. At any point in time from the time in August of 2014 when your brother became C.E.O. until he was terminated on June 12, 2015, did you develop a view that he wanted or was looking for excuses or reasons to terminate your consulting arrangement?**

A. You're asking me if I knew of reasons?

**Q. No. I'm asking you if you had that thought in that time frame.**

**So let me ask the court reporter to read the question back.**

(Whereupon the question was read as follows:

"Question: At any point in time from the time in August of 2014 when your brother became C.E.O. until he was terminated on June 12, 2015, did you develop a view that he wanted or was looking for excuses or reasons to

terminate your consulting arrangement?")

THE WITNESS: Yes.

BY MR. KRUM:

**Q. When did you first have that thought or view?**

A. I don't know when I first had that view, but the Stomp matter set it in stone for me.

**Q. When you say it set it in stone, does that mean that you had developed a view at some point previously, but you became confident of it at the time of the Stomp matter?**

A. No.

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

**Q. What is -- what do you mean when you say "set it in stone"?**

A. The Stomp matter to me was clear that he was trying to -- to possibly terminate my contract.

**Q. And when you say "the Stomp matter," are you referring to the telephonic board meeting about which you testified earlier?**

A. It started back in April, the Stomp matter. I wasn't just the board meeting.

**Q. When you say it started in April, are**

suggestion by one of the directors, Bill Gould might have said, "Jim, how about we keep you as president and we get a new C.E.O.?"

And I then said, "Jim, and then you can get your training over the next five years and gain more experience and possibly you become C.E.O. in another five years."

And I remember my brother thanked everyone and said he'll think about it.

**Q. That's your recollection as to how that meeting ended?**

A. Yes.

**Q. And then the next meeting occurred how much later?**

A. I don't recall the date or how far it was. But I believe at that meeting that there was more discussion on his termination and the reasons why.

And there came a time when there was a -- a discussion about possibly ending it all, meaning we would end the trust litigation, we would end, you know, our disputes within the company.

And we dismissed the non-Cotters at some point, and my brother, I and my sister sat in a room and we talked about the company, working together.

We talked about the -- the trust dispute that we had.

And we -- I mean I think this was going on for like three or four hours.

And we reached a settlement that we all agreed upon. We called the board back -- or the board told us that we would reconvene at 6:00. And at 6 o'clock we told the board that we all reached an agreement.

And the board congratulated us and said let's move forward.

**Q. And then what happened?**

A. I think that our -- my lawyer, my sister's lawyer and I -- mine, our trust attorney put together a settlement offer that -- that we had given him in writing saying this is what we all decided.

He put it -- he put together an agreement, and he forwarded it over to my brother's attorney, to his trust attorney.

**Q. Sussman to Streisand, yours to his?**

A. Sussman to Streisand, correct.

**Q. I'm sorry. Please continue.**

A. And I don't -- I don't know what happened with that settlement, but then there was a

**Q. What did -- what, if anything, did Ed Kane say after Ellen had read the terms of the settlement?**

A. I don't recall what he said.

MR. KRUM: What's our next number?

THE REPORTER: 167.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 167 a multi-page document bearing production numbers MC435 to 439.

It's time stamped June 3, 2015. I'll let the witness identify it.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 167 by the Certified Shorthand Reporter and is attached hereto.)

THE WITNESS: Thank you. Okay.

BY MR. KRUM:

**Q. Ms. Cotter, do you recognize Exhibit 167?**

A. Yes.

**Q. What do you recognize it to be?**

A. This is the settlement that my attorney prepared on June 3rd.

**Q. This is the one you described previously**

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

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

IN WITNESS WHEREOF, I have subscribed my name this 17th day of May, 2016.

PATRICIA L. HUBBARD, CSR #3400

# EXHIBIT 4

DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

vs. Index No. A-15-179860-B

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

Defendants.

---

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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VIDEOTAPED DEPOSITION OF MARGARET COTTER

New York, New York

Wednesday, June 15, 2016

Reported by:
MICHELLE COX
JOB NO. 316939

about it. I can't speak about it any more, because I don't know any of the particulars.

**Q What is your general understanding of the deferral of tax with regard to Sutton Hill Capital LLC?**

A I can't answer that question. As I said, I don't know the particulars today.

**Q Is it correct to say that you know in general that there is a lease loan structure in place that allows Sutton Hill Capital LLC to defer payment of capital gains tax, but you're not aware of the particulars?**

MR. SEARCY: Objection. Lacks foundation.

A I don't know if I can even comment on your question since I don't know the particulars at this -- today. I would have to review it.

**Q How would you go about reviewing it?**

A This dates back a few years. And so I would have to go back. I'm sure there's plenty of minutes in the audit committee regarding this.

**Q Okay. Other than what you've already indicated or stated, do you have any other information regarding Sutton Hill Capital LLC's deferral of tax payments?**

MR. SEARCY: Objection. Lacks foundation. Assumes facts.

A No.

MR. NATION: Okay. Well, that's all I have.

MR. SEARCY: Thanks, Rob.

MR. NATION: Yep.

MR. KRUM: All right. So we have an open discussion regarding handling the transcripts. I don't think we need to address it right now. We'll agree that we'll otherwise agree and then we'll take care of it.

(Continued on the following page to include jurat.)

C E R T I F I C A T E

STATE OF NEW YORK )
:ss
COUNTY OF NEW YORK )

I, MICHELLE COX, a Notary Public within and for the State of New York, do hereby certify:

That MARGARET COTTER, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by the witness.

I further certify that I am not related to any of the parties to this action by blood or marriage, and that I am in no way interested in the outcome of this matter.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of June 2016.

MICHELLE COX, CLR

# EXHIBIT 5

DISTRICT COURT

CLARK COUNTY, NEVADA

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

DEPOSITION OF TIMOTHY STOREY, a defendant herein, noticed by LEWIS ROCA ROTHGERBER CHRISTIE LLP, at 1453 Third Street Promenade, Santa Monica, California, at 9:28 a.m., on Friday, February 12, 2016, before Teckla T. Hollins, CSR 13125.

Job Number 291961

got lost.

MR. KRUM: I'll just repeat it.

MR. FERRARIO: Yeah.

MR. KRUM:

**Q. When did you first hear or learn or when were you first told that any of the non-Cotter directors had concluded that Jim Cotter should be removed as CEO?**

A. About a week before the meeting, I would say, mid- -- around about the 15th of May, I got a phone call from Doug McEachern, who informed me that there had been various discussions. It was intended to remove Jim at the board meeting. That he had been in discussions with Guy Adams, and that Guy Adams was -- my recollection, was leading the charge or was involved with it.

I made some commentary on the procedure. And Mr. McEachern said he was aware of that, but that's where things stood. And the next day, I got a phone call -- the next day, I had a phone call from Guy Adams, who basically affirmed that.

**Q. And what did Mr. Adams say, in sum and substance, unless you actually remember the words?**

A. I think he said, in substance, that the time had come for the matter to be dealt with, that they had the legal advice that they could do that, that it shouldn't be an issue. My recollection is, it was a

pretty short conversation.

**Q. And when you say "the matter" should be dealt with, what was "the matter"?**

A. The removal of the CEO.

**Q. Did he indicate from whom they had received legal advice?**

A. No.

**Q. Did you ever subsequently learn who that was?**

MR. FERRARIO: Object that --

MR. KRUM: I'm not asking for the substance. I'm asking --

MR. FERRARIO: Assumes he got any legal advice.

MR. KRUM: Okay. He testified that Adams said he had legal advice. So I'm not doing anything other than following on that testimony.

**Q. So did you ever hear or learn or did you ever otherwise develop an understanding as to whom Mr. Adams was referring when he talked about legal advice?**

A. I don't recollect.

**Q. Was it Akin Gump?**

A. I don't know.

**Q. It's just an appropriate follow-up question.**

MR. RHOW: The reason I have a problem with the question, sometimes when you say, "Did you ever subsequently learn," first, I don't know if what his --

what the relevance is of his current knowledge, but I understand why you're asking.

MR. KRUM: I just want to know who it was.

MR. RHOW: My other concern in general is, if he's learning from me or other sources, that's not necessarily something I can object to, since I'm not sure if he currently knows. But anyway, that question is fine.

MR. KRUM: Well, I assume you prepared him, but let me make it clear.

**Q. Mr. Storey, when I ask questions that in any respect call for anything touching on legal advice, I'm not asking you to disclose the substance of any legal advice, whether it was provided to you as a director of the company by in-house or outside counsel representing the company, whether it was provided to you by your own counsel. If the question calls for information of that type, all I want to hear is the identity of the lawyer and the subject matter of the advice, not the substance.**

A. Thank you.

**Q. So the call with Adams was -- when in time was it relative to the -- to your receipt of the notice from Ellen Cotter of the special meeting?**

A. From recollection, prior to.

**Q. And the call from Adams was the day after you**

**spoke to McEachern; correct?**

A. Correct.

**Q. And in the McEachern call, he told you that he, Adams, and Kane had determined to vote to remove Jim Cotter, Jr. as CEO; is that correct?**

MR. SEARCY: Objection. Vague.

THE WITNESS: For some reason, my recollection of the conversation is that it was going to be -- that the time had come to remove the CEO, or to that effect.

MR. KRUM:

**Q. Well, when you hung up from the call with Mr. McEachern that you just described, did you understand that he had communicated to you that he had decided to vote to remove Jim Cotter, Jr. as CEO?**

A. Yes.

**Q. The next day when you hung up the call from Mr. Adams, did you understand that Mr. Adams had told you that he also had decided to vote to remove Jim Cotter, Jr. as CEO?**

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: Yes.

MR. KRUM: Okay.

**Q. And as best you can recall, what were the words Mr. Adams used that led you to that conclusion?**

A. I don't recollect specific words.

**Q. Okay.**

**Then in substance, what did he say?**

A. That the time had come to remove the CEO.

**Q. And what was the substance of what Mr. McEachern had said to you the day before that -- from which you concluded that he had determined to vote to remove Jim Cotter, Jr. as the CEO?**

A. Similar comment.

**Q. Okay.**

**Now, did either of those two gentlemen in either of those calls indicate to you anything about what Ed Kane intended to do or had decided to do?**

A. I don't recollect.

**Q. Did you have any impression, after either or both of those calls, of what Ed Kane had decided to do, if anything?**

A. Did I have any impression of what Ed Kane had decided to do. I think prior to that point, I was aware that Ed Kane was of the view that a change should be made.

**Q. And how did you develop that awareness?**

A. I think that was just the outcome discussed earlier -- as I mentioned earlier, it was the outcome of where things had got to by late April, early May.

**Q. Did there come a time when either Mr. Kane told**

**our somebody else told you that Mr. Kane had decided to vote to remove Jim Cotter, Jr. as president and CEO?**

MR. SEARCY: Objection. Vague.

THE WITNESS: You'll have to repeat the question.

MR. KRUM: Sure.

**Q. When did you first learn or were you first told that Ed Kane had decided to vote to remove Jim Cotter, Jr. as president and CEO?**

A. I don't recollect.

**Q. Okay.**

A. Obviously, prior to those discussions.

**Q. Right. Now, during your call with Mr. McEachern about what you've testified already, what did you say to him?**

A. I don't recollect that I said much. I think I talked about adopted process, and looking at the matter properly as a board. As I said earlier, my recollection is that Mr. McEachern said "yes," he understood that position.

I didn't see it as my position, at that point or at any point, to be an advocate one way or another. My concern was around adopting a robust procedure to go through that process.

**Q. Did you say to Mr. McEachern, in words or substance, that there had not been to that point in time**

**Q. Okay.**

**And that's true for the entirety of Exhibit 17; correct?**

A. Yes, I would say so.

**Q. Okay.**

**So if you would, beneath the handwritten date on the first page of Exhibit 17, be so kind as to read for us the handwritten notes, just on the first page of Plaintiff's 17.**

A. "Long board discussion ended with basically a comment from majority, 'Jim, go settle something with sisters in next day or you will be terminated.' It has to go to doc by 2:00 p.m. Had to fly to San Diego, so put off to 6:00 p.m., conference call. Had conference call at 6:00 p.m. EC," being Ellen Cotter, "reported attempted agreement between the three of them to be documented over the weekend. Jim reserves right to talk to lawyers. EC read over the terms that affected company, as she stated it. Terms are under management, but all conditional on board approval after the Cotters had a deal."

On this, I said, "Wait and see. Ed said, 'Great, hope now Jim would be CEO for 30 years and do a great job.'" And I say, "Complete change to earlier saying he would never be a good CEO," exclamation mark.

**with respect to trust and estate matters that was reported on or about 6:00 o'clock in the evening on May 29th, had not come to fruition?**

A. Yes, I had understood that it didn't come to fruition.

**Q. How did you learn that or what were you told?**

A. I don't recollect.

**Q. Do you recall that a board meeting was convened on or about June 12?**

A. I do.

**Q. That was a Friday; correct?**

A. Was it telephonic or in person?

**Q. I believe it was in person.**

**Do you recall -- Okay. I believe it was telephonic. I misspoke. You're correct.**

A. I think.

**Q. Thank you.**

**And do you recall that --**

A. Telephonic for me, I think. I don't know about anybody else.

**Q. Understood. Thank you for the clarification.**

**Do you recall that there was a vote to terminate Jim Cotter, Jr. as president and CEO?**

A. I do.

**Q. And what was the outcome of that?**

A. I think that two voted against it, and the others -- Two voted against; is that right? I have to look at the record, but certainly I voted against.

**Q. Is it your best recollection that Mr. Gould also voted against?**

A. Yes. I was just thinking about Mr. Cotter. Perhaps it was three against.

**Q. And the votes for termination were by Messrs. Kane, Adams and McEachern, and by Ellen and Margaret Cotter; correct?**

A. Correct.

Actually, on reflection, perhaps Mr. Cotter abstained and didn't vote because he was interested. I don't recollect.

**Q. Or at least he acknowledged that he was interested?**

A. Yes.

**Q. Do you recall learning at some point that on or about June 15th, Ellen Cotter had sent a letter to Jim Cotter, Jr. asserting that, pursuant to his executive employment agreement, he was required to resign as a director upon termination as an officer?**

A. Yes, I do.

**Q. When did you first learn that?**

A. I think at or shortly after the termination

I, Teckla T. Hollins, CSR 13125, do hereby declare:

That, prior to being examined, the witness named in the foregoing deposition was by me duly sworn pursuant to Section 30(f)(1) of the Federal Rules of Civil Procedure and the deposition is a true record of the testimony given by the witness.

That said deposition was taken down by me in shorthand at the time and place therein named and thereafter reduced to text under my direction.

____ That the witness was requested to review the transcript and make any changes to the transcript as a result of that review pursuant to Section 30(e) of the Federal Rules of Civil Procedure.

____ No changes have been provided by the witness during the period allowed.

____ The changes made by the witness are appended to the transcript.

____ No request was made that the transcript be reviewed pursuant to Section 30(e) of the Federal Rules of Civil Procedure.

I further declare that I have no interest in the event of the action.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

WITNESS my hand this 3rd day of March, 2016.

Teckla T. Hollins, CSR 13125

# EXHIBIT 6

DISTRICT COURT

CLARK COUNTY, NEVADA

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| JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc.,<br><br>Plaintiff,<br><br>VS.<br><br>MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, TIMOTHY STOREY, WILLIAM GOULD, and DOES 1 through 100, inclusive,<br><br>Defendants.<br><br>and<br><br>READING INTERNATIONAL, INC., a Nevada corporation,<br><br>Nominal Defendant.<br><br>(Caption continued on next page.) | Case No. A-15-719860-B<br><br>Coordinated with:<br><br>Case No. P-14-082942-E<br>Case No. A-16-735305-B |

VIDEOTAPED DEPOSITION OF TIMOTHY STOREY

Wednesday, August 3, 2016

Wednesday, California

REPORTED BY:

GRACE CHUNG, CSR No. 6426, RMR, CRR, CLR

Job No.: 323867

place for Jim Cotter, Jr. And she wanted a -- or looked for a formal employment contract.

Secondly, I think that there was a discussion around what her role actually was. I think her designation was Vice President of U.S. Cinemas, and Bob Smerling, who was in his 80s, was nominally president, and I think there was a view around how best to describe or how Ellen should be described. Talked about the issues around employment, and also, of course, issues around remuneration and the fact that she felt that she was underpaid, given the job that she was doing and had been for some time.

**Q. What were the issues regarding the employment or lack of employment status for Margaret Cotter?**

A. As it became clearer, Margaret was, in fact, in my view, not employed by the company, but was, in fact, providing services to the company through a company called "Liberty." So Liberty had a contract to manage the live theaters on behalf of Reading, and she was remunerated through that. So on analysis, it became clear that she wasn't employed by the -- by the company.

THE REPORTER: She was or wasn't?

THE WITNESS: She wasn't, was not employed by the company.

A. And she wanted to be employed by the company. Part of it, as I understood it, was around wanting to have medical insurance coverage.

BY MR. KRUM:

**Q. Was one of the issues, with respect to the employment status of Margaret Cotter, what role, if any, she would have on a going-forward basis regarding any development activities of the Union Square and Cinemas 1, 2, 3 properties?**

A. Yes, on the face of it, she was contracted through Liberty to manage the live theaters. And, of course, one of the issues that came to mind is, well, if that is the status, then on what basis is she providing advice or services to Reading in relation to development of those sites.

And I guess it seemed to me that it could be explained as part of her role as managing the live theaters. But it seemed -- but it also seemed to me that now was -- then was the time to address her and make sure that we had a clearer understanding of what Margaret's role would be.

Margaret had been involved for some years, alongside Jim Cotter, Sr., her father, in looking at

**executives met with Mr. Genovese and expressed any views of him?**

A. My sense is that someone like Dave Gellers, some senior executive, met with him and had thought he was a good candidate. My recollection, at this stage, is that none of the executives had any -- had any negative view about Mr. Genovese. At some stage, I think, following that -- I was going to say I think Bob Smerling made some -- made some comment. I'm pretty sure that was with regard to Mr. Genovese, but I don't recall that clearly.

**Q. At any time prior to the end of your tenure as a director at RDI, which occurred in or about October 2015, did any other non-Cotter director ever communicate to you, in words or substance, a view that Margaret Cotter either was capable of being the senior person overseeing actual development of the Union Square and/or Cinemas 1, 2, and 3 property or should be given that job, in any event?**

MR. SEARCY: Objection. Lacks foundation. Vague.

A. I think pretty soon after the interview that I had in the -- in the circumstance I just

mentioned, it became pretty apparent that Margaret and Ellen did not wish to proceed with employing Mr. Genovese, or I suspect anybody, into that role. It was also, from my recollection, very close to the time where all sorts of issues were coming to a head. And I suspect that the focus of the board and the executives no longer remained employing somebody like Mr. Genovese.

I think from recollection, the company -- from recollection, the company, I think, didn't say anything, didn't -- didn't get back to Mr. Genovese and just left the matter. I think the sentiment from some independent directors was that Margaret had been doing the job she had done for some time, and what was the harm in just letting her do what she was doing.

BY MR. KRUM:

**Q. Why do you think -- why did you say what you just said about the sentiment of some non-Cotter directors? Did someone say to you, in words or substance, "Let her give it a try, "or something of that nature?**

MR. SEARCY: Objection. Vague.

A. Well, I think that was the clear alternative to employing an experienced development

director, was to leave it in the hands of Margaret; pull it together and to -- and to manage the development with the use of consultants, which is where the process had moved to over the proceeding period.

BY MR. KRUM:

**Q. Did you ever have or develop a sense of whether the company would save money in terms of paying consultants if the company hired someone with experience or an expertise as a real -- in real estate development?**

MR. SEARCY: Objection. Vague. Lacks foundation. Calls for an opinion.

A. In my experience, and I have been involved in a number of developments, a very experienced development manager or director can be invaluable in adding -- in -- in completing a development. And, you know, with the depth of knowledge comes all the opportunities to control costs, to make sure the design is the best design, to ensure that there was a -- the design reflects what would be a strong income stream.

You know, by that stage, Margaret and her team had developed some plans around what could be done. But to my way of thinking, at that point,

**paragraph?**

A. I do.

**Q. And do you see that in the third line, and carrying over to the fourth line, you say as follows: "As directors, we can't just do what a shareholder asks or do what we think a shareholder might want, not to mention that at the moment there remains significant uncertainty as to the ultimate identity of some shareholders."**

**Do you see that?**

A. I do.

**Q. Was it your view that one or more of the non-Cotter directors were, in part, or in total, doing what they thought Ellen and Margaret wanted?**

MR. SEARCY: Objection. Lacks foundation. Calls for speculation.

A. Ed Kane had expressed to me, on a number of occasions, that we should -- that Margaret and Ellen were the shareholders and that they had control and that we needed to take direction from shareholders. And my point was that -- or my view to that was that we weren't to act at the direction of shareholders and that we needed to make decisions as a board.

And as I say in this part of the comment

in this note, is to say we need to act as a board, and we need to act properly to come to a decision. And we need to address ourselves to the appropriate question. So, yes, my view was, at times, Mr. Kane was of the view that we would simply -- we should just simply be acting as director -- well, acting in a manner consistent with what he believed the shareholder required.

BY MR. KRUM:

**Q. And by the shareholders -- shareholder, you are referring to Ellen and Margaret?**

MR. SEARCY: Objection. Argumentative and vague. Lacks foundation.

A. Well, he -- I think he took that view, but as I say here, there remains uncertainty as to the ultimate identity of some shareholders. It seemed to me that it was a difficult proposition to do, even if that was an appropriate response. At this point, given litigation, we didn't know who the -- we didn't know for certain who the shareholder was.

BY MR. KRUM:

**Q. Mr. Storey, I show you what previously was marked at Exhibit 131.**

A. Yes, I have read the document.

**Q. Did you send Exhibit 131 on or about the**

how best to develop those two sites and other sites. And as I understood it, she spent some time going to meetings and coordinating some of the early stage work that's done in relation to developments.

But the -- again, clearly, the business was moving to more a active position, into a more active stage of looking to develop those two sites. And, of course, she was interested in remaining involved, one way or another, in doing that.

**Q. Margaret Cotter had no experience in real estate development; correct?**

MR. SEARCY: Objection. Misstates testimony. Lacks foundation.

A. To the best of my knowledge, other than helping her father in those early -- those early stages, based on my knowledge, she had no experience in real estate development.

BY MR. KRUM:

**Q. You also referred to issues concerning putting processes in place to develop business plans and budgets. To what were you referring to?**

A. It seemed to me any independent directors that could practice. The companies dictated that we had a clear view, or there was clear view held about the strategic plan of the business, and the

**date it bears, May 20, 2015?**

A. I did.

**Q. At the end of the first paragraph, you refer to Guy's apparent view that no discussion is necessary. Do you see that?**

A. I do.

**Q. To what does that refer?**

A. I think the sequence here is that I spoke to Doug McEachern, and as I said earlier, he proffered his view, and I said to him, "You should talk to our lawyer to understand our duties as directors," which is why I have given him Neil -- Neil's number.

And, secondly, I assume or I suspect that this e-mail follows the discussion I had with Guy, that I discussed earlier, about Guy's -- about his view, even as both Ed and Guy were of the view that there was no point in any discussion at all, that the matter was simply going to be put, and that was that.

**Q. Let me show you what previously has been marked as Exhibit 98.**

A. You wish me to read this document?

**Q. Let me ask you a question first, and you can take such time as you wish to read it.**

THE VIDEOGRAPHER: We are on the record. The time is 12:03.

BY MR. KRUM:

**Q. Mr. Storey, the court reporter has handed you what's been marked as Exhibit 416. Take as much time as you would like to review the document. The only portion I'm going to inquire is on page 6 of 8. That is the approval of the minute section, so you would want to read that.**

(Deposition Exhibit 416 was marked for identification by the reporter and is attached hereto.)

A. Yes, I have read that section.

BY MR. KRUM:

**Q. Okay. First of all, do you recall any of the RDI board of directors, on or about August 4, 2015, the supposed minutes from prior meetings, including May 21, and 29, and June 12, and 30, were presented for approval?**

A. I remember in general terms, yes.

**Q. Do you recall Mr. Cotter making comments to the effect that the minutes were not -- were not accurate and that insufficient time had been provided to reviewing comment on it?**

A. I do.

***Base Salaries***

The Compensation Committee reviewed the executive pay assessment prepared by Willis Towers Watson and other factors and engaged in extensive deliberation and then recommended the following 2016 base salaries (the 2015 base salaries are shown for comparison purposes) for the following officers; the Board approved the recommendations of the Compensation Committee on March 10, 2016: the President and Chief Executive Officer, Chief Financial Officer and the persons identified and Named Executive Officers in the Company's proxy statement dated November 10, 2015 other than our prior Chief Executive Officers James J. Cotter, Sr. and James J. Cotter, Jr:

| Name | Title | 2016 Base Salary(4) | 2015 Base Salary(4) |
|---|---|---|---|
| Ellen Cotter (1) | President and Chief Executive Officer | $450,000 | $402,000 |
| Devasis Ghose (2) | Chief Financial Officer | 400,000 | 400,000 |
| Andrzej Matyczynski (3) | EVP Global Operations | 336,000 | 312,000 |
| Robert F. Smerling | President, US Cinemas | 375,000 | 350,000 |
| Wayne Smith | Managing Director, ANZ | A$370,000 | A$365,360 |

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

(2)Devasis Ghose was appointed Chief Financial Officer on May 11, 2015. Mr. Ghose is the only executive officer that is a party to an employment agreement.

(3)Andrzej Matyczynski was the Company's Chief Financial Officer until May 11, 2015 and thereafter he acted as corporate advisor to the Company. He was appointed EVP-Global Operations on March 10, 2016.

(4)All dollars are US dollars except the salary for Wayne Smith is reported in Australian dollars

***Short Term Incentives***

The Short Term Incentives authorized by the Compensation Committee and the Board provides the Company's executive officers and other management team members, who are selected to participate, with an opportunity to earn an annual cash bonus based upon the achievement of certain Company financial goals, division goals and individual goals, established by the Company's Chief Executive Officer and approved by the Compensation Committee and the Board of Directors (in future years, under the Compensation Committee Charter approved by the Board on March 10, 2016, the Compensation Committee will have full authority to approve

these matters). Specifically, a participant in the short term incentive plan will be advised of his or her annual potential target bonus expressed as a percentage of the participant's base salary and by dollar amount. The participant will be eligible for a short term incentive bonus once the participant achieves goals identified at the beginning of the year for a threshold target, the potential target or potential maximum target bonus opportunity. The bonus will vary depending upon the achievements made by the individual participants, the division and the corporation. Corporate goals will include levels of earnings before interest, depreciation, taxes and amortization ("non-GAAP Operating Income") and property development milestones. Division goals will include levels of division cash flow and division milestones and individual goals will include specific unique performance goals specific to the individual's position in the Company. Each of the corporate, division and individual goals carries a different percentage weight in determining the officer's or other team member's bonus for the year.

For 2016, executive officers will have an annual bonus opportunity expressed and determined as a percent of their base salary. This approach also was a recommendation of the Willis Towers Watson report to the Compensation Committee and provided points of reference for our Compensation Committee to compare short-term incentive opportunities for our executive and management team to those in peer and competitor companies.

Ms. Ellen Cotter, President and Chief Executive Officer, has a potential target bonus opportunity of 95% of Base Salary, or $427,500 at target. Of that potential target bonus opportunity, a threshold bonus of $213,750 may be achieved based upon Ms. Cotter's achievement of her performance goals and the Company's achievement of corporate goals as discussed above, a potential maximum target of $641,250 is based on achieving performance goals approved by the Chairman of the Compensation Committee. Ms. Cotter's aggregate annual bonus opportunity can range from $0 to $641,250. Mr. Devasis Ghose, Chief Financial Officer, has a potential target bonus opportunity of 50% of Base Salary, or $200,000 at target, which is based on achievement of his performance goals and the Company's achievement of corporate goals, as discussed above. Mr. Ghose's aggregate annual bonus opportunity can range from $0 to $300,000 (the maximum potential target if additional performance goals are met by Mr. Ghose). Mr. Andrzej Matyczynski, EVP - Global Operations, has a target bonus opportunity of 50% of Base Salary, or $168,000 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Matyczynski's aggregate annual bonus opportunity can range from $0 to $252,000 (the maximum potential target if additional performance goals are met by Mr. Matyczynski). Mr. Robert Smerling, President, US Cinemas, has a target bonus opportunity of 30% of base pay, or $112,500 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Smerling's aggregate annual bonus opportunity can range from $0 to $168,750 (the maximum potential target if additional performance goals are met by Mr. Smerling). Mr. Wayne Smith, Managing Director, ANZ, has a target bonus opportunity of 40% of Base Salary, or A$148,000 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Smith's aggregate annual bonus opportunity can range from A$0 to A$222,000 (the maximum potential target if additional performance goals are met by Mr. Smith). The positions of other management team members have target bonus opportunities ranging from 20% to 30% of Base Salary based on achievement certain goals. The highest level of achievement,

participants may be eligible to receive up to a maximum of 150% of his or her target bonus amount.

***Long-Term Incentives***

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

On March 10, 2016 the following grants were made:

| Name | Title | Dollar Amount of Restricted Stock Units (1) | Dollar Amount of Non-Statutory Stock Options (1) |
|---|---|---|---|
| Ellen Cotter | President and Chief Executive Officer | $150,000 | $150,000 |
| Devasis Ghose (2) | Chief Financial Officer | 0 | 0 |
| Andrzej Matyczynski | EVP Global Operations | 37,500 | 37,500 |
| Robert F. Smerling | President, US Cinemas | 50,000 | 50,000 |
| Wayne Smith | Managing Director, ANZ | 27,000 | 27,000 |

(1) The number of shares of stock to be issued will be calculated using the Black Scholes pricing model as of the date of grant of the award.

(2) Mr. Devasis Ghose was awarded 100,000 non-statutory stock options vesting over a 4 year period on Mr. Ghose's commencement of employment on May 11, 2015.

All long-term incentive awards will be subject to other terms and conditions set forth in the 2010 Plan and award grant.

**Director Compensation**

The Compensation Committee also undertook a review of outside director compensation. The process followed was similar to that in scope and approach used by the Compensation Committee in considering executive compensation as described above. The meetings of the Compensation Committee evaluating executive compensation in most cases also considered

outside director compensation, although a substantial majority of those meetings were focused on executive compensation considerations.

Willis Towers Watson reviewed and presented to the Compensation Committee the competitiveness of the Company's outside director compensation. The Company's outside director compensation was compared to the compensation paid by the 15 peer companies (identified above in the Executive Compensation discussion). Wills Towers Watson's key findings were:

- The Company's annual board retainer was slightly above the 50th percentile while the total cash compensation paid to outside directors was close to the 25th percentile.
- Due to minimal annual director equity grants at the Company, total direct compensation to the Company's outside directors was the lowest among the peer group.
- The Company should consider increasing its committee cash compensation and annual director equity grants to be in line with peer practices.

The foregoing observations and recommendations were studied, questioned and thoroughly discussed by the Compensation Committee, Willis Towers Watson and legal counsel at three of the four in-person meetings (the first of the five meetings mentioned above was conducted by telephone and was focused on engagement of advisors). Among other things, the Compensation Committee discussed and considered the recommendations made by Willis Towers Watson regarding director retainer fees and equity awards for directors. Following discussion the Committee recommended to the Board that:

- The Board retainer currently paid to outside directors not be changed
- The committee chair retainers be increased to $20,000 for the Audit Committee and the Executive Committee and $15,000 for the Compensation Committee.
- The committee member fees be increased to $7,500 for the Audit and Executive Committees and to $5,000 for the Compensation Committee.
- The Lead Director fee be increased to $10,000.
- The annual equity award value to directors be $60,000 as a fixed dollar value (using Black-Scholes), that the equity award be restricted stock units and that such restricted stock units have a twelve month vesting period.
- The Board approved additional special compensation to be paid to certain directors for extraordinary services provided to the Company and devotion of time in providing such services as follows:
  - Guy W. Adams, $50,000
  - Edward L. Kane, $10,000
  - Douglas J. McEachern, $10,000

The recommendations of the Compensation Committee with respect to outside director compensation were presented and approved by the Board on May 10, 2016. Board compensation was made effective for the year 2016 and equity grants were made on March 10, 2016 based upon the closing of the Company's Class A Common Stock on such date.

**Item 8.01 Other Events.**

**Separation Agreement – William D. Ellis**

On February 18, 2016, William D. Ellis submitted his resignation as General Counsel and Corporate Secretary of the Company. On March 11, 2016, Reading entered into an agreement with Mr. William D. Ellis, pursuant to which Mr. Ellis will be available to advise the Company on matters on which he previously worked until December 31, 2016. Mr. Ellis' last day was March 11, 2016.

The foregoing description of the Separation Agreement is qualified in its entirety by reference to the provisions of the Separation Agreement filed as exhibit 10.3 to this Current Report on Form 8-K, which is incorporated herein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

| | |
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| 10.1 | Amendment to 2010 Stock Incentive Plan approved March 10, 2016. |
| 10.2 | Compensatory Arrangements for Certain Executive Officers and Management. |
| 10.3 | Separation Agreement dated as of March 11, 2016, by and between William D. Ellis and Reading International, Inc. |

**SIGNATURES**

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

Reading International, Inc.

Date: March 15, 2016

/s/ Devasis Ghose
Name: Devasis Ghose
Title: Chief Financial Officer

**READING INTERNATIONAL, INC.**
**FIRST AMENDEMNT TO THE**
**2010 STOCK INCENTIVE PLAN**

This First Amendment (the "Amendment") to the Reading International, Inc. 2010 Stock Incentive Plan (the "Plan"), is made and shall be effective as of this 10th day of March, 2016 (the "Effective Date").

RECITALS

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

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

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

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

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

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

AMENDMENTS

1. Section 2(y) the definition of "Rule 16b-3" is hereby renumbered as Section 2(z).
2. Section 2(z) the definition of "Securities Act" is hereby renumbered as Section 2(aa).
3. Section 2(aa) the definition of "Stock Award" is hereby renumbered as Section 2(bb).
4. Section 2(bb) the definition of "Service" is hereby renumbered as Section 2(cc).

5.Section 2(cc) the definition of "Stock Award Agreement" is hereby renumbered as Section 2(dd).

6.Section 2(dd) the definition of "Ten Percent Stockholder" is hereby renumbered as Section 2(ee).

7.Section 2(y) the definition of "Restricted Stock Units" is hereby added.

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

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

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

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

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

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

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

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

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

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

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



**Compensatory Arrangements for Executive and Management Employees**

**Background**

The Executive Committee ("Executive Committee") of the Board of Directors (the "Board") of Reading International, Inc. (("Reading," "Registrant" or the "Company"), upon the recommendation of our Chief Executive Officer, requested the Compensation and Stock Options Committee (the "Compensation Committee") to evaluate the Company's compensation policy for executive officers and outside directors and to establish a plan that encompasses sound corporate practices consistent with the best interests of the Company. The Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for executive and management officers and outside directors of the Company. In January 2016, the Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on the Company's legal counsel, Greenberg Traurig, LLP.

**Executive Compensation**

From late January to late February 2016, the Compensation Committee met five separate times with Willis Towers Watson, the Chief Executive Officer, and legal counsel. As part of its engagement Willis Towers Watson reviewed the Company's compensation paid to executive and management officers by position, in light of each person's duties and responsibilities. Willis Towers Watson then compared the top 12 executive and management positions at the Company to (i) executive compensation paid by a peer group and (ii) two surveys, the 2015 Towers Watson Data Services Top Management Survey Report and the 2015 Mercer MBD Executive Compensation Survey, in each case, identified by office position and duties performed by the officer. The peer group utilized by Willis Towers Watson included the following companies:

| | |
|---|---|
| Arcadia Realty Trust | Inland Real Estate Corp. |
| Associated Estates Realty Corp. | Kite Realty Group Trust |

Carmike Cinemas Inc.
Cedar Realty Trust Inc.

Charter Hall Group
Epr Properties
Vicinity Centres
IMAX Corporation
Marcus Corporation.
Pennsylvania Real Estate Investment Trust
Ramco-Gershenson Properties Trust
Urstadt Biddle Properties Inc.
Village Roadshow Ltd.

Willis Towers Watson selected the above peer group because (i) the companies included US and Australian based companies reflecting the Company's geographic operations and (ii) the companies were comparable to the Company based on revenue.

The executive pay assessment prepared by Willis Towers Watson measured the executive and management compensation paid by the Company against compensation paid by peer group companies and the companies listed in the two surveys based on the 25th, 50th and 75th percentile of such peer group and surveyed companies. The 50th percentile was the median compensation

paid by such peer group and surveyed companies to executives performing similar responsibilities and duties.

In its report to the Compensation Committee, Willis Towers Watson noted that for Company executive officers:

- Base salaries in the aggregate were generally in the competitive zone of the market (1% below the market 50th percentile), with certain notable exceptions on position by position review;

- Total cash compensation (base salary and cash bonus) in the aggregate was 26% below the 50th percentile; and

- Total compensation (base salary, cash bonus and long term incentive awards) in the aggregate was 40% below the 50th percentile.

The Compensation Committee, recommended, and the Board subsequently adopted, a compensation philosophy for the Company's management team members to:

- Attract and retain talented and dedicated management team members;
- Provide overall compensation that is competitive in its industry;
- Correlate annual cash incentives to the achievement of its business and financial objectives; and
- Provide management team members with appropriate long-term incentives aligned with stockholder value.

As part of the compensation philosophy the Company's compensation focus will be to (1) drive the Company's strategic plan on growth, (2) align officer and management performance with the interests of the Company's stockholders, and (3) encourage retention of officers and management team members.

In furtherance of the compensation policy and as a result of the extensive deliberations, including consideration of the Willis Towers Watson recommendations, the Compensation Committee adopted an executive and management officer compensation structure for 2016 consisting of:

- A base salary comparable with job description and industry standard.
- A short term incentive or cash bonus plan based on a combination of factors including individual performance against corporate goals as well as overall corporate and division performance. Target bonus to be denominated as a percent of base salary with specific goals weightings and pay-out ranges).
- A long term incentive or equity awards inline with job description, performance, and industry standards.

The Compensation Committee's intention is that the compensation structure approved for 2016 will remain in place indefinitely. However, it will review performance and results after the first year and thereafter and evaluate from time to time whether enhancements, changes or other compensation structures are in the Company's and it stockholders best interests.

Reflecting the new approach, the Compensation Committee established (i) annual base salaries at levels that it believed (based heavily on the data provided by Willis Towers Watson) are generally competitive with executives in our peer group and in other comparable publicly-held companies as described in the executive pay assessment prepared by Willis Towers Watson, and (ii) short term incentives in the form of discretionary annual cash bonuses based on the achievement of identified goals and benchmarks. Long-term incentives in the form of employee stock options and restricted stock units will be used as a retention tool and as a means to further align an executive's long-term interests with those of the Company's stockholders, with the ultimate objective of affording our executives an appropriate incentive to help drive increases in stockholder value.

The Compensation Committee will evaluate both executive performance and compensation to maintain the Company's ability to attract and retain highly-qualified executives in key positions and to assure that compensation provided to executives remains competitive when compared to the compensation paid to similarly situated executives of companies with whom we compete for executive talent or that we consider comparable to our company.

***Role of Chief Executive Officer in Compensation Decisions***

In connection with the implementation of the new compensation structure, the Compensation Committee conducted the thorough review of executive compensation discussed above. The Compensation Committee engaged in extensive discussions with and considered with great weight the recommendations of the Chief Executive Officer as to compensation for executive and management team members other than for the Chief Executive Officer.

In connection with consideration of 2015 performance bonuses for members of management, the Chief Executive Officer prepared and submitted recommendations for each of the executive and management team members, other than her own. In considering these recommendations, the Compensation Committee had the benefit of its extensive deliberations as well as the data provided by Willis Towers Watson. In executive session, the Compensation Committee approved a 2015 performance bonus for the Chief Executive Officer. At the Compensation Committee's February 17, 2016 meeting, it approved recommendations to the Board for its February 18, 2016 meeting, at which time the Board approved the same. The Board approval covered certain officers including the five officers set forth below. In addition, our Chief Executive Officer discussed recommendations for other management team members but the Compensation Committee and Board agreed that such positions were within the scope of the Chief Executive Officer's authority and did not require the Compensation Committee or Board approval.

The Compensation Committee expects to perform an annual review of executive compensation, generally in the first quarter of the year following the year in review, with a presentation by the Chief Executive Officer regarding each element of the executive compensation arrangements. At the Compensation Committee's direction, the Chief Executive Officer prepared an executive compensation review for each executive officer (other than the Chief Executive Officer), as well as the full executive team, which included recommendations for:

- 2016 Base Salary

- A proposed year-end short -term incentive in the form of a target cash bonus based on the achievement of certain objectives; and
- A long-term incentive in the form of stock options and restricted stock units for the year under review.

As part of the compensation review, the Chief Executive Officer may also recommend other changes to an executive's compensation arrangements such as a change in the executive's responsibilities or a change in title. The Compensation Committee will evaluate the Chief Executive Officer's recommendations and, in its discretion, may accept or reject the recommendations, subject to the terms of any written employment agreements.

The Compensation Committee met in executive session without our Chief Executive Officer to consider the Chief Executive Officer's compensation, including base salary, cash bonus and equity award, if any. Prior to such executive sessions, the Compensation Committee interviewed the Chief Executive Officer to obtain a better understanding of factors contributing to the Chief Executive Officer's compensation. With the exception of these executive sessions of the Compensation Committee, as a rule, our Chief Executive Officer participated in all deliberations of the Compensation Committee relating to executive compensation. However, the Compensation Committee will ask the Chief Executive Officer to be excused for certain deliberations with respect to the compensation recommended for Margaret Cotter, the sister of the Chief Executive Officer.

In conjunction with the year-end annual compensation review, or as soon as practicable after the year-end, our Chief Executive Officer will recommend to the Compensation Committee the Company objectives and other criteria to be utilized for purposes of determining cash bonuses for certain senior executive officers. The Compensation Committee, in its discretion, may revise the Chief Executive Officer's recommendations. At the end of the year, the Compensation Committee, in consultation with the Chief Executive Officer, will review each performance goal and determine the extent to which the officer achieved such goals. In establishing performance goals, the Compensation Committee expects to consider whether the goals could possibly result in an incentive for any executives to take unwarranted risks in our Company's business and intend to seek to avoid creating any such incentives.

***Base Salaries***

The Compensation Committee reviewed the executive pay assessment prepared by Willis Towers Watson and other factors and engaged in extensive deliberation and then recommended the following 2016 base salaries (the 2015 base salaries are shown for comparison purposes) for the following officers; the Board approved the recommendations of the Compensation Committee on March 10, 2016: the President and Chief Executive Officer, Chief Financial Officer and the persons identified and Named Executive Officers in the Company's proxy statement dated November 10, 2015 other than our prior Chief Executive Officers James J. Cotter, Sr. and James J. Cotter, Jr:

| Name | Title | 2016 Base Salary (4) | 2015 Base Salary (4) |
|---|---|---|---|
| Ellen Cotter (1) | President and Chief Executive Officer | $450,000 | $402,000 |
| Devasis Ghose (2) | Chief Financial Officer | 400,000 | 400,000 |
| Andrzej Matyczynski (3) | EVP Global Operations | 336,000 | 312,000 |
| Robert F. Smerling | President, US Cinemas | 375,000 | 350,000 |
| Wayne Smith | Managing Director, ANZ | A$370,000 | A$365,360 |

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

(2)Devasis Ghose was appointed Chief Financial Officer on May 11, 2015. Mr. Ghose is the only executive officer that is a party to an employment agreement.

(3)Andrzej Matyczynski was the Company's Chief Financial Officer until May 11, 2015 and thereafter he acted as corporate advisor to the Company. He was appointed EVP-Global Operations on March 10, 2016.

(4)All dollars are in US dollars except the salary for Wayne Smith is reported in Australian dollars.

***Short Term Incentives***

The Short Term Incentives authorized by the Compensation Committee and the Board provides the Company's executive officers and other management team members, who are selected to participate, with an opportunity to earn an annual cash bonus based upon the achievement of certain Company financial goals, division goals and individual goals, established by the Company's Chief Executive Officer and approved by the Compensation Committee and the Board of Directors (in future years, under the Compensation Committee Charter approved by the Board on March 10, 2016, the Compensation Committee will have full authority to approve these matters). Specifically, a participant in the short term incentive plan will be advised of his or her annual potential target bonus expressed as a percentage of the participant's base salary and by dollar amount. The participant will be eligible for a short term incentive bonus once the participant achieves goals identified at the beginning of the year for a threshold target, the potential target or potential maximum target bonus opportunity. The bonus will vary depending upon the achievements made by the individual participants, the division and the corporation. Corporate goals will include levels of earnings before interest, depreciation, taxes and amortization ("non-GAAP Operating Income") and property development milestones. Division goals will include levels of division cash flow and division milestones and individual goals will

include specific unique performance goals specific to the individual's position in the Company. Each of the corporate, division and individual goals carries a different percentage weight in determining the officer's or other team member's bonus for the year.

For 2016, executive officers will have an annual bonus opportunity expressed and determined as a percent of their base salary. This approach also was a recommendation of the Willis Towers Watson report to the Compensation Committee and provided points of reference for our Compensation Committee to compare short-term incentive opportunities for our executive and management team to those in peer and competitor companies.

Ms. Ellen Cotter, President and Chief Executive Officer, has a potential target bonus opportunity of 95% of Base Salary, or $427,500 at target. Of that potential target bonus opportunity, a threshold bonus of $213,750 may be achieved based upon Ms. Cotter's achievement of her performance goals and the Company's achievement of corporate goals as discussed above, a potential maximum target of $641,250 is based on achieving performance goals approved by the Chairman of the Compensation Committee. Ms. Cotter's aggregate annual bonus opportunity can range from $0 to $641,250. Mr. Devasis Ghose, Chief Financial Officer, has a potential target bonus opportunity of 50% of Base Salary, or $200,000 at target, which is based on achievement of his performance goals and the Company's achievement of corporate goals, as discussed above. Mr. Ghose's aggregate annual bonus opportunity can range from $0 to $300,000 (the maximum potential target if additional performance goals are met by Mr. Ghose). Mr. Andrzej Matyczynski, EVP - Global Operations, has a target bonus opportunity of 50% of Base Salary, or $168,000 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Matyczynski's aggregate annual bonus opportunity can range from $0 to $252,000 (the maximum potential target if additional performance goals are met by Mr. Matyczynski). Mr. Robert Smerling, President, US Cinemas, has a target bonus opportunity of 30% of base pay, or $112,500 at target, which is based on achievement of his performance goals, the Company's achievement of corporate goals and certain divisional goals. Mr. Smerling's aggregate annual bonus opportunity can range from $0 to $168,750 (the maximum potential target if additional performance goals are met by Mr. Smerling). Mr. Wayne Smith, Managing Director, ANZ, has a target bonus opportunity of 40% of Base Salary, or A$148,000 at target, which is based on achievement of his performance goals the Company's achievement of corporate goals and certain divisional goals approved by the Compensation Committee. Mr. Smith's aggregate annual bonus opportunity can range from A$0 to A$222,000 (the maximum potential target if additional performance goals are met by Mr. Smith). The positions of other management team members have target bonus opportunities ranging from 20% to 30% of Base Salary based on achievement of certain goals. The highest level of achievement, participants may be eligible to receive up to a maximum of 150% of his or her target bonus amount.

***Long-Term Incentives***

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

On March 10, 2016 the following grants were made:

| Name | Title | Dollar Amount of Restricted Stock Units (1) | Dollar Amount of Non-Statutory Stock Options (1) |
|---|---|---|---|
| Ellen Cotter | President and Chief Executive Officer | $150,000 | $150,000 |
| Devasis Ghose (2) | Chief Financial Officer | 0 | 0 |
| Andrzej Matyczynski | EVP Global Operations | 37,500 | 37,500 |
| Robert F. Smerling | President, US Cinemas | 50,000 | 50,000 |
| Wayne Smith | Managing Director, ANZ | 27,000 | 27,000 |

(1) The number of shares of stock to be issued will be calculated using the Black Scholes pricing model as of the date of grant of the award.

(2) Mr. Devasis Ghose was awarded 100,000 non-statutory stock options vesting over a 4 year period on Mr. Ghose's commencement of employment on May 11, 2015.

All long-term incentive awards will be subject to other terms and conditions set forth in the 2010 Plan and award grant.

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**Separation and Release Agreement**

This Separation and Release Agreement (the "**Agreement**") is entered into as of March 11, 2016, by and between William D. Ellis ("**Executive**" or "**you**") and Reading International, Inc., a Nevada corporation ("**Reading**" or the "**Company**").

RECITALS:

WHEREAS, pursuant to that certain employment agreement dated October 20, 2014, as amended (the "Employment Agreement"), Executive was hired by the Company in the capacity of General Counsel for a three (3) year term to end on October 20, 2017 (the "Employment Term");

Whereas, on or about February 18, 2016, Executive gave notice to the Company that he was resigning from his employment under the Employment Agreement with the Company;

Whereas, the Company is willing to accept Executive's resignation, but desires to have the benefit of Executive's continued assistance and cooperation on Company matters as needed after his resignation, as described below;

Whereas, Executive and the Company agree that Executive's resignation will be effective March 11, 2016.

NOW, THEREFORE, in consideration of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. **Resignation**. Effective March 11, 2016 (the "**Resignation Date**"), you hereby resign as the Company's General Counsel and Corporate Secretary and from any and all other positions that you hold as an officer, director, manager and/or employee of the Company and its various direct and indirect subsidiaries. Your status as a corporate officer, director, manager, employee or any fiduciary position with the Company and all affiliates will end on the Resignation Date.

2. **Compensation**. In exchange for the your continued cooperation and assistance, the Release provided below, and for the performance by you of your other obligations under this Agreement the Company hereby waives any rights it might have against you with respect to your early termination of your obligations under the Employment Agreement, including but not limited to any claim for breach of the Employment Agreement, and agrees to the following compensation and benefit treatment:

2.1 **Payments.**

(a) *Base Salary; Accrued Obligations*. On March 11, 2016, you will receive payment for any accrued and unused vacation, your accrued but unpaid base salary through the Resignation Date, and reimbursement of unreimbursed business expenses for which substantiation has been submitted (or for which substantiation will be submitted, for charges on your corporate credit card already incurred but for which you do not

receive a bill until after the Resignation Date) in accordance with the Company's policies and procedures (collectively, the "**Accrued Obligations**"). You acknowledge and agree that as of the date of this Agreement, you have no hours of accrued and unused vacation.

(b) *Compensation.* So long as you are in material compliance with your obligations under this Agreement, you will be entitled to nineteen equal payments in the amount of $10,790, each payable semi-monthly beginning on March 30, 2016 and continuing on each of the Company's regular pay day thereafter until December 31, 2016 (the "**Payments**"). The Payments will be subject to applicable required tax withholding (if any).

2.2 **Equity Awards**. So long as you continue satisfy in all material respects your obligations to the Company under this Agreement, twenty thousand (20,000) of the employee stock options granted to you pursuant to Section 4 of your Employment Agreement shall continue to vest on October 20, 2016. No further options shall vest under that grant. This provision shall be interpreted consistent with and supplementary to the stock option agreement.

2.3 **Benefits**

(a) *COBRA.* You will be offered the opportunity to receive continuation coverage for yourself and your eligible dependents under the Company's medical and dental plans pursuant to the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("**COBRA**") following the Resignation Date, provided you timely elect and pay for such coverage.

(b) *Key Man Insurance.* The Company shall pay the premiums on your key man insurance policy through December 31, 2016.

2.4 **Other Compensation Matters.** Notwithstanding anything to the contrary contained in this Agreement (including the Release set forth in Section 6 hereof), you hereby acknowledge that, in connection with your resignation when you cease to be an employee of the Company, you will not be entitled to receive from the Company or an affiliate (i) any severance or other payments or benefits, except as provided for in this Section 2, or (ii) any retiree termination welfare benefits (other than health care continuation coverage that you may be entitled to elect pursuant to Section 4980B of the Code).

3. **Nondisparagement.** You agree to refrain from making any false or misleading statements or comments about the Company and any of its respective affiliates, their officers, directors, personnel, or any of their products and services. You agree to refrain from making any disparaging remarks to any person (other than comments to your immediate family members or advisers that are made on a confidential basis and are not repeated or published by such persons) about the Company and any of its respective affiliates, their officers, directors, their respective personnel, and their respective products and services; except to the extent otherwise required by applicable law. The Company agrees to refrain from making any false, misleading, or disparaging statements about you to any person outside the Company (other than comments to advisers of the Company that are made on a confidential basis and are not repeated or published by such persons) except to the extent otherwise required by applicable law. The Company has no obligation under Section 3 with respect to James J. Cotter, Jr.

4. **Cooperation.** In order to ensure a smooth transition from Executive's duties and responsibilities as the Company's General Counsel and Secretary, and taking into consideration Executive's schedule and other commitments, Executive agrees to provide reasonable assistance to and cooperation with Company following the Resignation Date in connection with any Company matters for which Executive had knowledge or responsibility while employed by Company. Further, if Company is involved in any legal action or investigation on or after Executive's Resignation Date relating to events which occurred during Executive's employment, Executive will cooperate with the Company to the fullest extent reasonably possible (taking into consideration Executive's schedule and other commitments) in the preparation, prosecution, or defense of the Company's case, including, but not limited to, required travel, appearances and testimony, the execution of affidavits or documents or providing information reasonably requested by the Company. As part of his cooperation and assistance pursuant to this Section 4, Executive agrees that he will take and/or promptly return phone calls and promptly respond to emails or other communications from the Company or its representatives, and will make himself available to meet with the Company or its representatives in person at its Los Angles offices or other location in Los Angeles County upon reasonable request by the Company. Company will reimburse Executive for reasonable pre-approved out-of-pocket expenses incurred in providing such assistance and cooperation to the Company. Executive agrees that in providing such services, Executive will be serving as an attorney for the Company, and that any communications between the Company (or any of its counsel) and Executive shall be subject to the attorney-client and attorney work product privilege. Executive acknowledges that he has no right or authority to waive any attorney-client or attorney work product privilege belonging to the Company and/or any of its affiliates, and that he shall not provide any information in violation of such privileges. Executive further agrees that he shall not meet or otherwise communicate with any counter-party or any representative of any counter party to any litigation in which the Company (or any of its officers or directors) is a party, whether or not nominal, without the prior written consent of the Company.

5. **Public Comment**. Prior to issuing any press release or SEC filing (e.g. Form 8-K) regarding your resignation, the Company agrees to give Executive 24 hours, with the opportunity to review and comment on the written draft release or SEC filing, notice prior to the requisite filing date.

6. **Release.** You hereby acknowledge that the Company's obligations under Section 2 hereof are in excess of any payments or benefits to which you are entitled under law, contract or otherwise and are contingent upon your timely performance of your obligations under this Agreement in all material respects, and the release of claims set forth in this Section 6 (the "**Release**"). For purposes of this Section 6, "**Released Parties**" include the Company and its affiliated companies and their officers, directors, managers, stockholders, employees, agents, representatives, plans, trusts, administrators, fiduciaries, insurance companies, attorneys, successors, and assigns.

6.1 You, on behalf of yourself and your personal and legal representatives, heirs, executors, successors and assigns, hereby acknowledge full and complete satisfaction of, and fully and forever waive, release, and discharge the Released Parties from any and all claims, causes of action, demands, liabilities, damages, obligations, and debts (collectively referenced as "**Claims**"), of every kind and nature, whether known or unknown, suspected or unsuspected, that you hold as of the date you sign this Agreement, or at any time previously held against any Released Party, arising out of any matter whatsoever (with the exception of breach of this Agreement). This release specifically includes, but is not limited to, any and all Claims:

(a) Arising out of or in any way related to your employment with or separation of employment from the Company, or any contract or agreement between you and the Company or the termination thereof;

(b) Arising out of or in any way related to any treatment of Executive by any of the Released Parties, which shall include, without limitation, any treatment or decisions with respect to hiring, placement, promotion, discipline, work hours, assignment of or change in duties or responsibilities, demotion, transfer, termination, compensation, performance review, or training; any statements or alleged statements by the Company or any of the Released Parties regarding Executive, whether oral or in writing; any damages or injury that Executive may have suffered, including without limitation, emotional or physical injury, compensatory damages, or lost wages; or employment discrimination, which shall include, without limitation, any individual or class claims of discrimination on the basis of age, disability, sex, race, religion, national origin, citizenship status, marital status, sexual preference, or any other basis whatsoever.

(c) Arising under or based on the Equal Pay Act of 1963 (EPA); Title VII of the Civil Rights Act of 1964, as amended (Title VII); Section 1981 of the Civil Rights Act of 1866 (42 U.S.C. §1981); the Civil Rights Act of 1991

(42 U.S.C. §1981a); the Americans with Disabilities Act of 1990, as amended (ADA); the Family and Medical Leave Act of 1993, as amended (FMLA); the Genetic Information Nondiscrimination Act of 2008 (GINA); the National Labor Relations Act (NLRA); the Worker Adjustment and Retraining Notification Act of 1988 (WARN); the Uniform Services Employment and Reemployment Rights Act (USERRA); the Rehabilitation Act of 1973; the Occupational Safety and Health Act (OSHA); the Employee Retirement Income Security Act of 1974 (ERISA) (except claims for vested benefits, if any, to which you are legally entitled); the False Claims Act; Title VIII of the Corporate and Criminal Fraud and Accountability Act, as amended (18 U.S.C. §1514A) (Sarbanes-Oxley Act); the federal Whistleblower Protection Act and any state whistleblower protection statute(s); the California Fair Employment and Housing Act or any other federal, state or local law relating to employment or discrimination in employment or any other fair employment practices statute(s) of any state, in all cases arising out of or relating to your employment by Reading or investment in Reading or your services as an officer or employee of Reading or its subsidiaries, or otherwise relating to the termination of such employment or services.

(d) Arising under or based on any other federal, state, county or local law, statute, ordinance, decision, order, policy or regulation prohibiting employment discrimination, providing for the payment of wages or benefits, or otherwise creating rights or claims for employees; any and all claims alleging breach of public policy, the implied covenant of good faith and fair dealing, or any express, implied, oral or written contract, handbook, manual, policy statement or employment practice, including, but not limited to, the Employment Agreement or Amendment thereto; constructive discharge; misrepresentation; defamation; libel; slander; interference with contractual relations; intentional or negligent infliction of emotional distress; invasion of privacy; assault; battery; fraud; negligence; harassment; retaliation; or wrongful discharge; and

(e) Arising under or based on the Age Discrimination in Employment Act of 1967 ("**ADEA**"), as amended by the Older Workers Benefit Protection Act ("**OWBPA**"), and alleging a violation thereof by any Released Party, at any time prior to the date you sign this Agreement.

6.2 You agree that, except as set forth in this Agreement, you are not entitled to any payment or benefits from any of the Released Parties, including, but not limited to, any payments or benefits under any plan, program or agreement with any Released Party, including, but not limited to, the Employment Agreement or Amendment thereto.

6.3 You agree that, this Agreement extinguishes all claims and charges that you could have raised against any of the Released Parties,

whether known to you or not. You expressly waive all rights and benefits under Section 1542 of the California

Civil Code and any similar law of any state or territory of the United States. Section 1542 of the California Civil Code provides as follows:

**"A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."**

6.4 You hereby represent that you know of no claim that you have that has not been released by this Section 6. You further represent and warrant that you have not assigned or subrogated any of your rights, claims or causes of action, including any claims referenced in this Agreement, or authorized any other person or entity to assert such claim or claims on your behalf, and you agree to indemnify and hold the Company harmless against any assignment of said rights, claims and/or causes of action.

6.5 Nothing contained in this Release will (i) release any claim that cannot be waived under applicable law, (ii) release your rights to any benefits under any employee welfare benefit plan of the Company, the 401(k) Plan or with respect to the right to elect health care continuation under COBRA, (iii) release any entitlement to or with respect to indemnification which you may have pursuant to agreement, the Company's bylaws, any policy of insurance maintained by the Company or otherwise under law, or (iv) be construed to release your rights under this Agreement or be construed to prohibit or restrict you in any manner from bringing appropriate proceedings to enforce this Agreement. You acknowledge that your execution of this Agreement terminates any claims you previously held to any and all compensation and employee benefits, other than those specifically identified in this Agreement.

6.6 By signing this Agreement, you represent that you have not commenced or joined in any claim, charge, action or proceeding whatsoever against any of the Released Parties arising out of or relating to any of the matters set forth in this Section 6. You further represent that you will not be entitled to any personal recovery in any action or proceeding that may be commenced on your behalf arising out of the matters released hereby.

7. **Release of ADEA Claims.** You expressly acknowledge and agree that this Agreement includes a release of all claims which you have or may have under the Age Discrimination in Employment Act, as amended ("ADEA"). The following terms and conditions apply to and are part of the release of ADEA claims under this Agreement:

(a) You have been advised to consult with an attorney before signing this Agreement;

(b) You are not releasing any rights or claims under the ADEA that may arise after the date on which you execute this Agreement;

(c) You have twenty-one (21) days from the date you are presented with this Agreement to decide whether or not to sign this Agreement, although you may choose to sign the Agreement at any time earlier;

(d) You have seven (7) days after signing this Agreement to revoke this Agreement (the "**Revocation Period**"), and this Agreement will not be effective until that Revocation Period has expired;

(e) To revoke this Agreement, you must deliver written notice of revocation by hand, overnight delivery, or confirmed facsimile signed by you and received by the Company to the attention of Ellen Cotter, President & CEO, no later than the seventh (7th) day of the Revocation Period. If no such revocation occurs, the General Release and this Agreement will become effective on the eighth (8th) day following your execution of this Agreement. You further acknowledge and agree that, in the event that you revoke this Agreement, it will have no force or effect; and

(f) You hereby acknowledge and agree that you are knowingly and voluntarily releasing your rights and claims only in exchange for consideration (something of value) in addition to anything of value to which you are already entitled.

8. **Restrictive Covenants; Arbitration; Surviving Provisions**. You acknowledge and agree that Sections 8 (Non-Disclosure), 9 (Remedies), and 12 (Data), and 13 (Arbitration) of the Employment Agreement shall remain in effect after your resignation and termination of your employment, and are expressly incorporated herein. You further agree that any disputes related to this Agreement, or breach therefor, including the arbitrability of such dispute or controversy, shall be determined and settled by arbitration pursuant to the procedures set forth in Section 13 of the Employment Agreement. Further, the provisions of the Company policies that relate to trade secrets, confidential and proprietary information and non-solicitation of employees will survive the termination of your employment and are incorporated in this Section 8 by reference. Payments to you or on your behalf under Section 2.1(b), 2.2, and 2.3(b) will be conditioned on your continued compliance with the provisions of these provisions and the provisions of this Agreement. In the event of any violation by you of these provisions or the provisions of this Agreement, no further payments will be made under Section 2.1(b) or 2.3(b) and no vesting of any unvested equity awards will occur under Section 2.2, and your right to any unpaid payments under Section 2.1(b) and 2.3(b) and any unvested equity awards under Section 2.2 will be forfeited.

9. **General Provisions**.

9.1 **Severability**. It is the desire and intent of the parties that the provisions of this Agreement will be enforced to the fullest extent permissible. In the event that any one or more of the provisions of this Agreement will be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remainder of this Agreement will remain valid and enforceable and continue in full force and effect

to the fullest extent consistent with law. Moreover, if any one or more of the provisions contained in this Agreement is held to be excessively broad as to duration, scope, activity or subject, such provisions will be construed by limiting and reducing them so as to be enforceable to the maximum extent compatible with applicable law.

9.2 **No Admission**. By entering into this Agreement, the parties do not admit to, and expressly deny, any wrongdoing.

9.3 **Return of Property**. You agree to return to the Company, on or prior to the Resignation Date, all files, records, documents, reports, computers and other property of the Company in your possession or control, including, but not limited to, any documents or other materials containing confidential information, and you further agree that you will not keep, transfer or use any copies or excerpts of the foregoing items. Executive will be permitted to copy and remove any electronic files on the computer or cell phone that contain his personal information (but not any confidential information or proprietary Company information or data), including contact information. Executive understands and agrees that following his resignation, the Company shall have the right to access and review any files on his Company-provided computer, and to open and review any emails received at his Company email address.

9.4 **Notices**. Unless otherwise specified in this Agreement, any and all notices, requests, demands and other communications provided for by this Agreement will be in writing and will be effective when delivered in person, consigned to a reputable national or international courier service (including Federal Express), and addressed to you at your last known address on the books of the Company (which is 1995 Monte Vista Street, Pasadena, CA 91107) or, in the case of the Company, at the Company's principal place of business (which is 6100 Center Drive, Suite 900, Los Angeles, CA 90045), attention of the CEO of the Company, or to such other address as either party may specify by notice to the other actually received.

9.5 **Successors and Assigns**. This Agreement is personal to you and, without the prior written consent of the Company, will not be assignable by you otherwise than by will or the laws of descent and distribution. This Agreement will inure to the benefit of and be enforceable by your legal representatives. This Agreement will inure to the benefit of and be binding upon the Company and its successors and assigns.

9.6 **Governing Law; Captions; Amendment**. This Agreement will be governed by, and construed in accordance with, the laws of the State of California, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and will have no force or effect. This Agreement may not be amended or modified except by a written agreement executed by the parties hereto or their respective successors and legal representatives.

9.7 **Code Section 409A Compliance**. The Company and you each hereby affirm that it is their mutual view that the provision of payments and benefits described or referenced herein are either exempt from or intended to be in compliance with the requirements of Section 409A of the Code and the Treasury regulations relating thereto ("**Section 409A**") and that each party's tax reporting will be completed in a manner consistent with such view. The Company and you each agree that upon the Resignation Date, you will experience a "separation from service" for purposes of Section 409A. Any payments that qualify for the "short-term deferral" exception or another exception under Section 409A will be paid under the applicable exception. For purposes of the limitations on nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement will be treated as a separate payment of compensation. Notwithstanding anything to the contrary in this Agreement, all reimbursements and in-kind benefits provided under this Agreement will be made or provided in accordance with the requirements of Section 409A of the Code, including, where applicable, the requirement that (x) the amount of expenses eligible for reimbursement, or in kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in kind benefits to be provided, in any other calendar year; (y) the reimbursement of an eligible expense will be made no later than the last day of the calendar year following the year in which the expense is incurred; and (z) the right to reimbursement or in kind benefits is not subject to liquidation or exchange for another benefit. Neither the Company nor its affiliates will be liable in any manner for any federal, state or local income or excise taxes (including but not limited to any taxes under Sections 409A of the Code), or penalties or interest with respect thereto, as a result of the payment of any compensation or benefits hereunder or the inclusion of any such compensation or benefits or the value thereof in your income. You acknowledge and agree that the Company will not be responsible for any additional taxes or penalties resulting from the application of Section 409A.

9.8 **Withholding**. Notwithstanding any other provision of this Agreement, the Company may withhold from amounts payable under this Agreement all amounts that are required to be withheld, including, but not limited to, federal, state, local and foreign taxes to be withheld by applicable laws or regulations, but will only take such withholdings to the minimum extent permissible under applicable laws or regulations.

9.9 **Preparation of Agreement**. This Agreement will be interpreted in accordance with the plain meaning of its terms and not strictly for or against any of the parties hereto. Regardless of which party initially drafted this Agreement, it will not be construed against any one party, and will be construed and enforced as a mutually-prepared document.

9.10 **Entire Agreement**. This Agreement constitutes the entire agreement between you and the Company with respect to the subjects addressed herein, and together with the provisions that survive your resignation and termination of your employment as specified in this Agreement, this Agreement supersede all prior agreements,

understandings and representations, written or oral, with respect to those subjects, including, but not limited to the, Employment Agreement and Amendment thereto. Without limiting the generality of the foregoing, you acknowledge that the Employment Agreement and Amendment thereto will be terminated upon the effectiveness of this Agreement, except as specified in this Agreement.

9.11 **Counterparts**. This Agreement may be executed in counterparts, each of which will be deemed an original, and which together will be deemed to be one and the same instrument.

9.12 **Waiver of Breach**. Any waiver of any breach of this Agreement shall not be construed to be a continuing wavier or consent to any subsequent breach on the part of you or of the Company.

10. **Consultation with Attorney; Voluntary Agreement.** You understand and agree that you have the right and have been given the opportunity to review this Agreement and, specifically, the Release set forth in Section 6 above, with an attorney of your choice. You also understand and agree that you are under no obligation to consent to the Release. You acknowledge that you have read this Agreement and the Release and understand their terms and that you enter into this Agreement freely, voluntarily, and without coercion.

**READ CAREFULLY BEFORE SIGNING**

**THIS SEPARATION AND RELEASE AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS AND A WAIVER OF YOUR RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT AS WELL AS OTHER FEDERAL, STATE AND LOCAL LAWS PROTECTING EMPLOYEE RIGHTS. IF YOU SIGN THIS AGREEMENT, YOU ARE WAIVING ALL OF YOUR RIGHTS TO ASSERT ANY CLAIMS UNDER THESE LAWS. PLEASE READ THIS AGREEMENT CAREFULLY AND SEEK THE ADVICE OF AN ATTORNEY REGARDING THE LEGAL EFFECT OF SIGNING THIS AGREEMENT.**

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year written opposite their signature.

"*Executive*"

Date:

_____

_____
William D. Ellis, an individual

"*Company*"
Reading International, Inc.

Date:

_____

By: _____
Ellen M. Cotter, President and CEO



Data provided by Morningstar Document Research℠ Service provided by

# EXHIBIT 26

READING INTERNATIONAL INC filed this DEF 14A on 04/29/2013



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

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

Filed by the Registrant þ
Filed by a party other than the Registrant ¨

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

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

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

Payment of Filing Fee (Check the appropriate box):

þ No fee required

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
(1) Title of each class of securities to which transaction applies: _____
(2) Aggregate number of securities to which transaction applies: _____
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
(4) Proposed maximum aggregate value of transaction: _____
(5) Total fee paid: _____

¨ Fee paid previously with preliminary materials.

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

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

**READING INTERNATIONAL, INC.**
**6100 Center Drive, Suite 900**
**Los Angeles, California 90045**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**
**TO BE HELD ON THURSDAY, MAY 16, 2013**

TO THE STOCKHOLDERS:

The 2013 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at 6100 Center Drive, Suite 900, Los Angeles, California, on Thursday, May 16, 2013, at 11:00 a.m., local time, for the following purposes:

1. To consider and vote upon a proposed amendment to the Company's Amended and Restated Articles of Incorporation that would prohibit the Company, without stockholder approval or ratification, from issuing any class of preferred stock (or securities convertible into or exchangeable for shares of any class of preferred stock) having voting rights, other than voting rights with respect to the approval of any change in the rights, privileges, or preferences of such class of preferred stock;

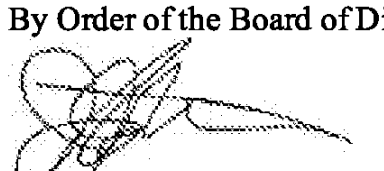
2. To elect nine directors to our Board of Directors to serve until the 2014 Annual Meeting of Stockholders; and

3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 is enclosed. Only holders of our class B voting common stock at the close of business on April 19, 2013 are entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

If you hold shares of our class B voting common stock, you will have received a proxy card enclosed with this notice. Whether or not you expect to attend the Annual Meeting in person, please complete, sign, and date the enclosed proxy card and return it promptly in the accompanying postage-prepaid envelope to ensure that your shares will be represented at the Annual Meeting.

By Order of the Board of Directors



James J. Cotter, Sr.
Chairman

April 26, 2013

**PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE ENCLOSED RETURN ENVELOPE TO ENSURE THAT YOUR VOTES ARE COUNTED.**

**READING INTERNATIONAL, INC.**
**6100 Center Drive, Suite 900**
**Los Angeles, California 90045**

**PROXY STATEMENT**

**Annual Meeting of Stockholders**
Thursday, May 16, 2013

## INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Reading International, Inc. (the "Company," "Reading," "we," "us," or "our") of proxies for use at our 2013 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, May 16, 2013, at 11:00 a.m., local time, at 6100 Center Drive, Suite 900, Los Angeles, California, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about April 26, 2013.

At our Annual Meeting, you will be asked to (1) consider and vote upon a proposed amendment to the Company's Amended and Restated Articles of Incorporation that would require the Company to obtain stockholder approval of any sale or issuance of any class of preferred stock (or securities convertible into or exchangeable for shares of any class of preferred stock) having voting rights, other than voting rights with respect to the approval of any change in the rights, privileges, or preferences of such class of preferred stock (the "Proposed Amendment"); (2) elect nine directors to our Board of Directors to serve until the 2014 Annual Meeting of Stockholders and (3) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

As of April 19, 2013, the record date for the Annual Meeting (the "Record Date"), there were outstanding 1,495,490 shares of our class B voting common stock ("Class B Stock"). James J. Cotter, Sr., our Chairman and Chief Executive Officer, beneficially owned 1,023,888 shares of our Class B Stock on the Record Date which shares represent a majority of the outstanding voting rights of the Company. Accordingly, Mr. Cotter, Sr. has the power, acting alone and regardless of the vote of our other stockholders, to determine the outcome of each of the proposals on the agenda for the Annual Meeting. Mr. Cotter, Sr. has advised us that he intends to follow the recommendations of our Board of Directors in casting his votes and to vote in favor of each of the proposals described in this Proxy Statement.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MAY 16, 2013 – This Proxy Statement, along with the proxy card, and our Annual Report to Stockholders on Form 10-K for the year ended December 31, 2012 as filed with the Securities and Exchange Commission are available at our website, http://www.readingrdi.com, under "Investor Information."

## VOTING AND PROXIES

***Am I eligible to vote?***

If you owned shares of Class B Stock on the Record Date, you are eligible to vote, and you should have received a proxy card enclosed with this notice. If you did not receive a proxy card, please contact our Corporate Secretary at (213) 235-2240.

***What if I own Class A Nonvoting Common Stock?***

Holders of our class A nonvoting common stock ("Class A Stock") have no voting rights with respect to the matters to be voted on at the Annual Meeting.

***How many votes do I have?***

You will have one vote with respect to each matter to be considered at the Annual Meeting for each share of Class B Stock that you owned on the Record Date.

***How do I vote in person?***

You may vote in person by attending the 2013 Annual Meeting. If you are not the record holder of your shares, please refer to the discussion following the question "What if I am not the record holder of my shares?"

***How do I vote by proxy?***

To vote by proxy, you should complete, sign, and date the enclosed proxy card and return it promptly in the enclosed postage-paid envelope.

To be able to vote your shares in accordance with your instructions, we must receive your proxy before the Annual Meeting. We will vote at the Annual Meeting in accordance with the instructions given to us in properly executed proxies. If you execute and return the enclosed proxy card without marking instructions, we will vote "FOR" each of the proposals described in this Proxy Statement. Although we do not know of any other matter to be acted upon at the Annual Meeting, the individuals indicated on your proxy card may vote in accordance with their judgment with respect to any other business that may properly come before the Annual Meeting.

***If I plan to attend the Annual Meeting, should I still submit a proxy?***

Whether or not you plan to attend the Annual Meeting, we urge you to submit a proxy. Submission of a proxy will not in any way affect your right to attend the Annual Meeting and vote in person.

***What if I want to revoke my proxy?***

You have the right to revoke your proxy at any time before it is voted on your behalf by:

- submitting to our Corporate Secretary at our address at 6100 Center Drive, Suite 900, Los Angeles, California 90045, prior to the commencement of the Annual Meeting, a duly executed instrument dated subsequent to such proxy revoking the same;
- submitting a duly executed proxy bearing a later date; or
- attending the Annual Meeting and voting in person.

***What if I am not the record holder of my shares?***

If your shares are held in the name of a brokerage firm, bank nominee, or other institution, only it can give a proxy with respect to your shares. You should receive a proxy card from your bank or broker which you must return in the envelope provided in order to have your shares voted.

If you do not have record ownership of your shares and want to vote in person at the Annual Meeting, you must obtain a proxy from the record holder of your shares and bring it with you to the Annual Meeting.

**Proxy Solicitation and Expenses**

In addition to the solicitation by mail, our employees may solicit proxies in person or by telephone, but no additional compensation will be paid to them for such services. We will bear all the costs of soliciting proxies on behalf of our Board of Directors and will reimburse persons holding shares in their own names or in the names of their nominees, but not owning such shares beneficially, for the expenses of forwarding solicitation materials to the beneficial owners.

**Quorum and Vote Required**

The presence in person or by proxy of the holders of a majority of our outstanding shares of Class B Stock will constitute a quorum at the Annual Meeting.

As to the Proposed Amendment:

Approval of the Proposed Amendment will require a "FOR" vote from the holders of a majority of our outstanding shares of Class B Stock.

You may vote "FOR," "AGAINST," OR "ABSTAIN" with respect to the Proposed Amendment. In tabulating the voting results, only the "FOR" votes are counted.

As to the Election of Directors:

In the election of directors, the nine nominees receiving the highest number of "FOR" votes will be elected.

In the election of directors, you may vote "FOR," "AGAINST," or "ABSTAIN" with respect to each of the nominees. If you abstain in the election of directors, it will not impact the election of directors. In tabulating the voting results for the election of directors, only "FOR" and "AGAINST" votes are counted.

As to Broker Non-Votes:

If you are the beneficial owner of shares held in the name of a broker, trustee, or other nominee and do not provide that broker, trustee, or other nominee with voting instructions, your shares may constitute "broker non-votes." Generally, broker non-votes occur on a matter when a broker is not permitted to vote on that matter without instructions from the beneficial owner and instructions are not given. In tabulating the voting results for any particular proposal, shares that constitute broker non-votes are not considered entitled to vote on that proposal.

Brokers may not vote on the Proposed Amendment without approval of the beneficial owner of the shares held of record by the broker. Since the approval of the Proposed Amendment requires the "FOR" vote of a majority of our outstanding shares of Class B Stock, a broker non-vote will have the same effect as a vote "AGAINST" the Proposed Amendment. Please instruct your broker, trustee, or other nominee so that your shares can be voted as to the Proposed Amendment.

**PROPOSAL 1: PROPOSED AMENDMENT**

On March 7, 2013, our Board of Directors unanimously approved, and recommended that our stockholders approve, an amendment to the Amended and Restated Articles of Incorporation of the Company. The text of the Proposed Amendment is set forth as Annex A to this Proxy Statement. The Proposed Amendment was considered at the request of Mr. James J. Cotter, Sr., our Chairman, Chief Executive Officer and the holder as of the Record Date of over 70% of our outstanding Class B Stock. See "Beneficial Ownership Table" below.

The Proposed Amendment would require that our Company obtain the approval of the holders of a majority of our outstanding Class B Stock before selling or issuing any shares of our Company's preferred stock (or securities convertible into or exchangeable for shares of any preferred stock) having voting rights, other than voting rights with respect to the approval of any change in the rights, privileges or preferences of such class of preferred stock. Adoption of the Proposed Amendment would mean that it would thereafter be highly unlikely that the Company's Board of Directors would be able to authorize a transaction involving the sale or issuance of preferred stock that could cause a change of control of our Company without the approval of the holders of our Class B Stock.

In 2003, our stockholders approved a similar amendment to our Articles of Incorporation to prohibit the Company from issuing, without the approval or ratification of the holders of a majority of the outstanding shares of Class B Stock, shares of Class B Stock equal to 5% or more of the outstanding shares of Class B Stock. The 2003 amendment was modeled on American Stock Exchange and NASDAQ requirements that listed companies such as the Company obtain stockholder approval as a prerequisite to the listing of additional shares to be sold or issued in transactions that would result in dilution of 20% or more to existing stockholders. The purpose of the 2003 amendment was to prevent our Board of Directors from issuing Class B Stock in an amount that could cause a change of control of our Company, except with the approval of the holders of a majority of our outstanding shares of Class B Stock.

Our directors believe that the Proposed Amendment is consistent with the intentions of our Company's stockholders in approving in the 2003 amendment and with fundamental notions of corporate governance that a board of directors should not have the power to unilaterally change the voting control of the company they serve, as well as the philosophy of the stock exchange listing standards referred to above. Unless the Proposed Amendment is adopted, the provisions of our Amended and Restated Articles of Incorporation with respect to the issuance of preferred stock will be inconsistent with the limitations imposed on the issuance of Class B Stock and could be used to circumvent these limitations. Therefore, the Proposed Amendment would conform the provisions of our Amended and Restated Articles as they relate to our preferred stock and our Class B Stock.

The Board believes that the adoption of the Proposed Amendment is also consistent with current stockholder and market expectations that James J. Cotter, Sr.'s control position will not be materially diluted without his approval as long as he owns a majority of our outstanding Class B Stock. The Proposed Amendment may have the effect of discouraging potential acquirers of the Company, because it will not be possible for a bidder to acquire the Company without the approval of the holders of Class B Stock, including Mr. Cotter, Sr. but the Board believes that that the amendment will assist in negotiating with potential purchasers of our preferred stock by, in effect, removing the voting issue from consideration. The Company knows of no current or anticipated bid for the Company by a potential acquirer.

In light of Mr. Cotter, Sr.'s ownership of Class B Stock, at present it is unlikely that the Board could bring about a change of control of the Company without Mr. Cotter's approval given the existing stockholder approval requirements imposed by the stock exchange listing standards referred to above. However, the Proposed Amendment will virtually eliminate such a possibility. In this respect, Mr. Cotter, Sr. may be deemed to have an interest in the adoption of the Proposed Amendment that differs from that of the Company's other stockholders.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "FOR" ADOPTION OF THE PROPOSED AMENDMENT. Mr. Cotter has advised our Company that he intends to vote his Class B Stock in accordance with such recommendation. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the adoption of the Proposed Amendment.

## PROPOSAL 2: ELECTION OF DIRECTORS

### Nominees for Election

Nine directors are to be elected at our Annual Meeting to serve until the annual meeting of stockholders to be held in 2014 or until their successors are elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as directors. The nine nominees for election to the Board of Directors who receive the greatest number of votes cast for the election of directors by the shares present and entitled to vote will be elected directors. If any nominee becomes unavailable for any reason, it is intended that the proxies will be voted for a substitute nominee designated by the Board of Directors. We believe the nominees named will be able to serve if elected.

The names of the nominees for director, together with certain information regarding them, are as follows:

| Name | Age | Position |
|---|---|---|
| James J. Cotter, Sr. | 75 | Chairman of the Board and Chief Executive Officer (1) |
| James J. Cotter, Jr. | 43 | Vice Chairman of the Board(2) |
| Ellen M. Cotter | 47 | Director |
| Margaret Cotter | 45 | Director |
| William D. Gould | 74 | Director (3) |
| Edward L. Kane | 75 | Director (1)(2)(4)(5) |
| Douglas J. McEachem | 61 | Director (4) |
| Tim Storey | 55 | Director (4)(5) |
| Alfred Villaseñor | 83 | Director (1)(5) |

(1) Member of the Executive Committee.

(2) Member of the Tax Oversight Committee.

(3) Lead Independent Director.

(4) Member of the Audit and Conflicts Committee.

(5) Member of the Compensation Committee.

*James J. Cotter, Sr.*

James J. Cotter, Sr. has been a director of our Company since 1991, the Chairman of our Board since 1992, and our Chief Executive Officer since December 27, 2000. Mr. Cotter, Sr. also served as our Chief Executive Officer from August 1, 1999 to October 16, 2000, and as a director of our Company from 1986 to 1988. Mr. Cotter, Sr. is a 50% owner of Sutton Hill Associates, a general partnership engaged in cinema-related activities primarily with our Company, a 50% member in Shadow View Land and Farming, LLC, a limited liability company in which our Company owns the remaining membership interest, and the sole voting member of Cotter Enterprises LLC (a family-owned private investment vehicle). Mr. Cotter, Sr. is the father of Ellen M. Cotter, James J. Cotter, Jr., and Margaret Cotter. Mr. Cotter also serves as a director, officer, and/or manager of all of our consolidated subsidiaries, other than Shadow View Land and Farming, LLC, which is managed by our Company under the supervision of the Audit and Conflict Committee.

Mr. Cotter, Sr. is highly qualified to serve on our Board due to his decades of experience as an executive in the film exhibition and real estate industries, as well as experience in diverse ventures and investments. Mr. Cotter, Sr. has also served on several boards of public and private companies, primarily engaged in banking and real estate activities. Furthermore, as the largest stockholder of the Company, his interests are generally aligned with those of the other stockholders of the Company, which enhances his value as a director. In those situations where there may be a conflict of interest, such matters are referred to our Audit and Conflicts Committee comprised entirely of independent directors.

*James J. Cotter, Jr.*

James J. Cotter, Jr. has been a director of the Company since March 21, 2002, and was appointed Vice Chairman of the Board in 2007. He has been Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) since July 2004. Mr. Cotter, Jr. served as a director to Cecelia Packing Corporation from February 1996 to September 1997 and as a director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the son of James J. Cotter, Sr. and the brother of Margaret Cotter and Ellen M. Cotter.

James J. Cotter, Jr. brings to the Board his experience as a business professional and corporate attorney. In addition, with his direct ownership of approximately 671,000 shares of our Company's Class A Common Stock, Mr. Cotter, Jr. is a significant stake holder in our Company. Mr Cotter Jr. also holds options to acquire an additional 22,500 shares of Class A Common Stock.

*Ellen M. Cotter*

Ellen M. Cotter has been a member of the Board of Directors since March 13, 2013. She joined the Company in March 1998, is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining the Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. Ms. Cotter is the daughter of James J. Cotter, Sr. and the sister of James J. Cotter, Jr. and Margaret Cotter.

Ms. Cotter brings to the Board her 15 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 12 years, she has served as the senior operating officer of our Company's domestic cinema operations. She has also served as the Chief Executive Officer of Reading's subsidiary, Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. With her direct ownership of approximately 652,000 shares of Class A Stock, Ms. Cotter is a significant stake holder in our Company. Ms Cotter also holds options to acquire an additional 95,000 shares of Class A Common Stock and 50,000 shares of Class B Voting Common Stock.

Ms Cotter is a senior executive officer of our Company and, accordingly, will not be paid for her services as a director, but has been granted the 20,000 stock options customarily granted to all new directors.

*Margaret Cotter*

Margaret Cotter has been a director of the Company since September 27, 2002. Ms. Cotter is the owner and President of OBI, LLC, a company that provides live theater management services to our live theaters. Pursuant to that management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, the subsidiary through which we own our live theaters. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a board member of the League of Off-Broadway Theaters and Producers. From February 1994 until October 1997, Ms. Cotter was an Assistant District Attorney for King's County in Brooklyn, New York. Ms. Cotter graduated of Georgetown University and Georgetown University Law Center. She is the daughter of James J. Cotter, Sr. and the sister of James J. Cotter, Jr. and Ellen M. Cotter.

Ms. Cotter brings to the Board her experience as a live theater producer and theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. In addition, with her direct ownership of approximately 655,000 shares of our Company's Class A Common Stock, Ms. Cotter is a significant stake holder in our Company. Ms Cotter also holds options to acquire an additional 22,500 shares of Class A Common Stock and 35,100 shares of Class B Voting Common Stock.

*William D. Gould*

William D. Gould has been a director of the Company since October 15, 2004 and has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice.

As an author and lecturer on the subjects of corporate govemance and mergers and acquisitions, Mr. Gould brings to the Board specialized experience as a corporate attomey. Mr. Gould's corporate transactional experience and expertise in corporate governance matters ensures that we have a highly qualified advisor on our Board to provide oversight in such matters.

*Edward L. Kane*

Edward L. Kane has been a director of the Company since October 15, 2004. Mr. Kane was also a director of the Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the Chairman of our Tax Oversight Committee and of our Compensation and Stock Option Committee (which we refer to as our Compensation Committee). He also serves as a member of our Executive Committee and our Audit and Conflicts Committee. Since 1996, Mr. Kane's principal occupation has been healthcare consultant and advisor. In that capacity, he has served as President and sole shareholder of High Avenue Consulting, a healthcare consulting firm, and as the head of its successor proprietorship. At various times during the past three decades, he has been Adjunct Professor of Law at two of San Diego's Law Schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Westem School of Law.

Mr. Kane brings to the Board his many years as a tax attorney and law professor. Mr. Kane's tax law experience has served the Company in its recent tax litigation and his expertise and guidance in such complex matters continue to be invaluable to the Company. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company, two of our corporate predecessors, as well as a former member of the boards of directors of several publicly held corporations.

*Douglas J. McEachern*

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

from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California.

Mr. McEachern brings to the Board his more than 36 years experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our Company. Mr. McEachern also brings his experience reporting as an independent auditor to the boards of directors of a variety of public reporting companies and as a board member himself for various companies and not-for-profit organizations.

*Tim Storey*

Tim Storey has been a director of the Company since December 28, 2011. Mr. Storey has served as the sole outside director of the Company's wholly-owned New Zealand subsidiary since 2006. He has served since April 1, 2009 as a director of DNZ Property Fund Limited, a commercial property investment fund based in New Zealand and listed on the New Zealand Stock Exchange, and was appointed Chairman of the Board of that company on July 1, 2009. From 2011 to 2012, Mr. Storey was a director of NZ Farming Systems Uruguay, also a New Zealand listed company. NZ Farming Systems Uruguay owns and operates dairy farms in Uruguay. Prior to being elected Chairman of DNZ Property Fund Limited, Mr. Storey was a partner in Bell Gully (one of the largest law firms in New Zealand). Mr. Storey is also a principal in Prolex Advisory, a private company in the business of providing commercial advisory services to a variety of clients and related entities. Prolex Advisory provides consulting services primarily with respect to fund management and commercial property/project transactions across a range of industries including health care, community housing, student accommodations and agriculture.

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

*Alfred Villaseñor*

Alfred Villaseñor has been a director of the Company since 1987. He also served from 1987 to 1994 as a director of Fidelity Federal Bank, FSB, then a wholly owned subsidiary of our Company. Mr. Villaseñor is the President and owner of Unisure Insurance Services, Incorporated, an insurance agency that has specialized in life, business and group health insurance for over 40 years. Mr. Villaseñor was a director of the John Gogian Family Foundation, a charitable foundation devoted to developmentally disabled, abused, or neglected youth, and currently serves as a member of its Scholarship Committee. Mr. Villaseñor is a past president and is currently a director of Richstone Family Centers, a non-profit organization helping abused children.

Mr. Villaseñor brings to the Board his decades of experience in the insurance industry.

**Attendance at Board and Committee Meetings**

During the year ended December 31, 2012, our Board of Directors met six times. The Audit and Conflicts Committee held five meetings during 2012 and the Compensation Committee held three meetings during 2012. Each director attended at least 75% of these Board Meetings and at least 75% of the meetings of all committees on which he or she served. The Tax Oversight Committee was formed in 2013 and, accordingly, had no meetings in 2012.

**Code of Ethics**

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

**Indemnity Agreements**

We currently have indemnity agreements in place with each of our current directors and senior officers, as well as certain of the directors and senior officers of our subsidiaries. Under these agreements, we have agreed, subject to certain exceptions, to indemnify each of these individuals against all expenses, liabilities and losses incurred in connection with any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative or investigative, to which such individual is a party or is threatened to be made a party, in any manner, based upon, arising from, relating to or by reason of the fact that such individual is, was, shall be or has been a director, officer employee, agent or fiduciary of the Company.

**Compensation of Directors**

During 2012, all of our directors, except James J. Cotter, Sr., received an annual fee of $35,000 for their services, including attendance at meetings of the Board and Board committees. James J. Cotter, Jr. received an additional $100,000 for his services as our Vice Chairman of the Board in 2012. For 2012, the Chairman of our Audit and Conflicts Committee received an additional $7,000, and the Chairman of our Compensation Committee received an additional $5,000.

In addition, upon joining the Board, new directors receive immediately vested options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. Our directors are from time to time granted additional stock options as a part of their continuing compensation for their ongoing participation on our Board of Directors. These awards are based upon the recommendations of our Chairman and principal shareholder, James J. Cotter, Sr., which recommendations are reviewed and acted upon by our entire Board of Directors. Typically, in such cases, each sitting director (other than Mr. Cotter, Sr., who does not participate in such awards) is awarded the same number of options, and such options are granted on the same terms. Historically, we have granted our officers and directors replacement options where their options would otherwise expire with exercise prices that were out of the money at the time of such expiration. Such awards have in each case been recommended by Mr. Cotter, Sr. to our Compensation Committee for the committee's consideration.

**Director Compensation Table**

The following table summarizes the director compensation for the year ended December 31, 2012:

| Name | Fees Earned or Paid in Cash ($) | Option Awards ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|
| James J. Cotter, Sr. (1) | $ – | $ -- | $ -- | $ -- |
| Eric Barr (2) | $ 10,500 | $ -- | $ -- | $ 10,500 |
| James J. Cotter, Jr. (3) | $ 135,000 | $ -- | $ -- | $ 135,000 |
| Ellen M. Cotter | $ – | $ -- | $ -- | $ -- |
| Margaret Cotter (4) | $ 35,000 | $ -- | $ -- | $ 35,000 |
| William D. Gould | $ 35,000 | $ -- | $ -- | $ 35,000 |
| Edward L. Kane | $ 40,000 | $ -- | $ -- | $ 40,000 |
| Gerard P. Laheney (5) | $ 8,750 | $ -- | $ -- | $ 8,750 |
| Douglas J. McEachern | $ 31,500 | $ -- | $ -- | $ 31,500 |
| Tim Storey | $ 35,000 | $ -- | $ 20,000 (6) | $ 55,000 |
| Alfred Villaseñor | $ 40,000 | $ -- | $ -- | $ 40,000 |

(1)Mr. Cotter, Sr. and Ms. Ellen Cotter receive compensation only as executive officers of the Company and not in their capacities as directors.

(2)Mr. Barr's term as a director ended on May 17, 2012, the date of our 2012 Annual Meeting of Stockholders.
(3)In addition to his responsibilities as Vice Chairman of the Board, Mr. James J. Cotter, Jr. works with the Company's Executive Officers on operational and strategic matters of the Company and chairs the Domestic and Australia/New Zealand Senior Executive Management meetings, typically held on a weekly basis and serves as a member of the Tax Oversight Committee.
(4)In addition to her director's fees, Margaret Cotter receives a combination of fixed and incentive management fees under the OBI Management Agreement described under the caption "Certain Transactions and Related Party Transactions - OBI Management Agreement," below.
(5)Mr. Laheney's term as a director ended on May 17, 2012, the date of our 2012 Annual Meeting of Stockholders.
(6)This amount represents fees paid to Mr. Storey as the sole independent director of our Company's wholly-owned New Zealand subsidiary.

**Board Committees and Corporate Governance**

Our Board of Directors has standing Executive, Audit and Conflicts, Compensation, and Tax Oversight Committees. These committees are discussed in greater detail below.

James J. Cotter, Sr. owns beneficially a majority of our Class B Stock and accordingly holds more than 50% of the voting power for the election of directors of the Company. Therefore, our Board of Directors, has determined that our Company is a "Controlled Company" under section 5615(c)(1) of the listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Rules"). After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in section 5605 of the NASDAQ Rules, our Board of Directors in 2009 unanimously determined to take advantage of all of the exceptions from the NASDAQ Rules afforded to our Company as a Controlled Company.

A Controlled Company is not required to have an independent nominating committee or independent nominating process. It was noted by our directors that the use of an independent nominating committee or independent nominating process would be of limited utility, since any nominee would need to be acceptable to Mr. Cotter, Sr. as our controlling stockholder, in order to be elected. Mr. Cotter, Sr., as the holder of a majority of the voting power of our Company, is able to unilaterally elect candidates to our Board of Directors at our annual meeting or any other meeting where our directors are to be elected or remove a Director from the Board of Directors. Historically, Mr. Cotter, Sr. has identified and recommended nominees to our Board of Directors in consultation with our other incumbent directors.

Our Board of Directors does not have a formal policy with respect to the consideration of director candidates recommended by our stockholders. No stockholder has, in more than the past ten years, made any proposal or recommendation to the Board as to potential nominees, nor has Mr. Cotter, Sr. ever proposed, in the time he has been our principal or controlling stockholder, any nominee that our remaining directors have found to be unacceptable. Neither our governing documents nor applicable Nevada law place any restriction on the nomination of candidates for election to our Board of Directors directly by our stockholders. In light of the facts that (i) we are a Controlled Company under the NASDAQ Rules and exempted from the requirements for an independent nominating process and (ii) our governing documents and Nevada law place no limitation upon the direct nomination of director candidates by our stockholders, our Board of Directors believes there is no need for a formal policy with respect to director nominations.

Our Board of Directors will consider nominations from our stockholders, provided written notice is delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the immediately preceding annual meeting of our stockholders at which directors are elected, or such earlier date as may be reasonable in the event that our annual stockholders meeting is moved forward. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our common stock that are beneficially owned by such nominee, and such other information required by the proxy rules of the SEC with respect to a nominee of our Board of Directors.

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

Six of the current nominees are long-standing incumbent directors, and all nine nominees were originally recommended by Mr. Cotter, Sr. No other recommendations were received by us with respect to possible nominees to our Board of Director for consideration at our upcoming Annual Meeting of Stockholders.

James J. Cotter, Sr., serves as our Chief Executive Officer and as Chairman of the Board of Directors. We believe this leadership structure is appropriate because it is more efficient than having these roles divided, and, because the first-hand knowledge of our business operations that our Chairman possesses as Chief Executive Officer, better serves our entire Board in its decision making. In lieu of separating the Chief Executive Officer and Chairman functions, the Board has designated William D. Gould to serve as our Lead Independent Director, to chair meetings of the independent directors, and to act as liaison between our Chairman and our independent directors.

Our Board of Directors oversees risk by remaining well-informed through regular meetings with management and our Chairman's personal involvement in our day-to-day business including any matters requiring specific risk management oversight. Our Vice-Chairman chairs regular senior management meetings, which are typically held weekly, one addressing domestic issues and the other addressing overseas issues. The risk oversight function of our Board of Directors is enhanced by the fact that our Audit and Conflict Committee is comprised entirely of independent directors.

We encourage, but do not require, our Board members to attend our annual meeting of stockholders. Six of our eight then-incumbent directors attended last year's annual meeting.

***Executive Committee***

A standing Executive Committee, comprised of Mr. Cotter, Sr., Mr. Kane and Mr. Villaseñor, is authorized, to the fullest extent permitted by Nevada law, to take action on matters between meetings of the full Board of Directors. In recent years, this committee has not been used to take any action on corporate matters. With the exception of matters delegated to the Audit and Conflicts Committee or the Compensation Committee, all matters requiring Board approval have been considered by the entire Board of Directors.

***Audit and Conflicts Committee***

Our Board of Directors maintains a standing Audit and Conflicts Committee, which we refer to as the "Audit Committee." The Audit Committee operates under a Charter adopted by the Board of Directors, and is available on our website at www.readingrdi.com. Our Board of Directors has determined that the Audit Committee is comprised entirely of independent directors, (as defined in section 5605(a)(2) of the NASDAQ Rules), and that Mr. McEachern, the Chairman of our Audit Committee, is qualified as an Audit Committee Financial Expert. With respect to our fiscal year ended December 31, 2012, our Audit and Conflicts Committee was comprised of Messrs. McEachern, Kane, and Storey. Until May 17, 2012, Messrs Barr and Laheney served as members of the Audit Committee (and were likewise independent as determined by our Board of Directors), until they were succeeded by Messrs. McEachern and Storey.

***Audit Committee Report***

The following is the report of the Audit Committee of our Board of Directors with respect to our audited financial statements for the fiscal year ended December 31, 2012.

The information contained in this report shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

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

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

The Audit Committee has discussed with Grant Thornton, LLP the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, "Communication with Audit Committees" and PCAOB Auditing Standard No. 2, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements." In addition, Grant Thornton, LLP has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1, as amended, "Independence Discussions with Audit Committees," and the Audit Committee has discussed with Grant Thornton, LLP their firm's independence.

Based on their review of the consolidated financial statements and discussions with and representations from management and Grant Thornton, LLP referred to above, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2012 for filing with the SEC.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States. That is the responsibility of management and the Company's independent registered public accounting firm. In giving its recommendation to the Board of Directors, the Audit Committee relied on (1) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (2) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Respectfully submitted by the Audit Committee.

Douglas J. McEachern, Chairman
Edward L. Kane
Tim Storey

***Compensation Committee***

Our Board of Directors has a standing Compensation Committee comprised entirely of independent directors. The members of this committee are Alfred Villaseñor, Tim Storey and Edward L. Kane, who serves as Chairman.

The Compensation Committee evaluates and makes recommendations to the full Board of Directors regarding the compensation of our Chief Executive Officer, James J. Cotter, Sr. and of any Cotter family member, provides from time to time advice to James J. Cotter, Sr. regarding the compensation of other executives, as requested by Mr. Cotter, Sr., and performs other compensation related functions as delegated. The Compensation Committee Report is shown below under the heading, "Compensation Committee Report."

***Tax Oversight Committee***

Due to the complexity of our Company's tax issues, given its operations in the United States, Australia, and New Zealand and its historic net operating loss carry forwards, during March 2013, our Board formed a Tax Oversight Committee to review with management and to keep the board abreast of and informed about the Company's tax planning and such tax issues as may emerge from time to time. This committee is comprised of Messrs. Edward L. Kane and James J. Cotter, Jr. Mr. Kane serves as the Chairman of the committee.

**Vote Required**

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board of Directors. Mr. Cotter, Sr. has advised us that he intends to vote his shares of Class B Stock in favor of each of our nominees. Since Mr. Cotter, Sr. owned a majority of the outstanding shares of Class B Stock on the Record Date, if he votes all of his shares as he has advised, each of the nominees will be elected regardless of the vote of our other stockholders.

**Recommendation of the Board**

**THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE DIRECTOR NOMINEES.**

**BENEFICIAL OWNERSHIP OF SECURITIES**

The following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on the Record Date by:

- each of our incumbent directors and director nominees;
- each of our named executive officers set forth in the Summary Compensation Table of this Proxy Statement;
- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and
- all of our incumbent directors and executive officers as a group.

Except as noted, we believe that each beneficial owner has sole voting power and sole investment power with respect to the shares shown.

| Name and Address of Beneficial Owner | Amount and Nature of Beneficial Ownership (1) | | | |
|---|---|---|---|---|
| | Class A Stock | | Class B Stock | |
| | Number of Shares | Percentage of Stock | Number of Shares | Percentage of Stock |
| James J. Cotter, Sr. (2) | 2,944,755 | 13.5% | 1,123,888 | 70.4% |
| James J. Cotter, Jr. (3) | 693,232 | 3.2% | – | – |
| Ellen M. Cotter (4) | 746,902 | 3.4% | 50,000 | 3.2% |
| Margaret Cotter (5) | 677,870 | 3.1% | 35,100 | 2.3% |
| William D. Gould (6) | 79,840 | * | – | – |
| Edward L. Kane (6) | 60,000 | * | 100 | * |
| Douglas J. McEachern (7) | 22,000 | * | – | – |
| Tim Storey (7) | 20,000 | * | – | – |
| Alfred Villaseñor (8) | 29,300 | * | – | – |
| John Hunter | – | * | – | – |
| Andrzej Matyczynski (9) | 60,551 | * | – | – |
| Robert F. Smerling (10) | 43,750 | * | – | – |
| Mark Cuban (11)<br>5424 Deloache Avenue<br>Dallas, Texas 75220 | 72,164 | * | 207,611 | 13.9% |
| PICO Holdings, Inc. and PICO Deferred Holdings, LLC (12)<br>875 Prospect Street, Suite 301<br>La Jolla, California 92037 | N/A | N/A | 97,500 | 6.52% |
| All Directors and Executive Officers as a Group (12 persons)(13) | 5,378,200 | 24.1% | 1,209,088 | 71.9% |

(1)Percentage ownership is determined based on 21,805,665 shares of Class A Stock and 1,495,490 shares of Class B Stock outstanding on the Record Date. Beneficial ownership is determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days of the Record Date, which are indicated by footnote, are deemed to be beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person. An asterisk (*) denotes beneficial ownership of less than 1%.

(2)The Class B Stock shown includes 100,000 shares subject to stock options and 1,023,888 shares owned by the James J. Cotter Living Trust, of which Mr. Cotter, Sr. is the sole trustee. The shares of Class A Stock shown include 1,447,287 shares owned by the James J. Cotter Living Trust, 29,730 shares held in a pension fund in Mr. Cotter, Sr.'s name, 1,000,000 shares held by Cotter Enterprises, LLC, of which Mr. Cotter, Sr. is the sole voting member, 291,390 shares held by a trust for Mr. Cotter, Sr.'s grandchildren, of which Mr. Cotter, Sr. is the trustee, and 176,350 held by the James J. Cotter Foundation, of which Mr. Cotter, Sr. is the trustee. Mr. Cotter, Sr. has no pecuniary interest in the shares held by his grandchildren's trust or the James J. Cotter Foundation. Mr. Cotter, Sr.'s pecuniary interest in the shares held by Cotter Enterprises, LLC is limited to 10,000 of the shares held by Cotter Enterprises, LLC, representing his 1% interest in that entity. The Cotter 2005 Children's Trust U/D/T dated December 31, 2005 (the "Cotter Children's Trust") holds a 99% non-voting interest in Cotter Enterprises, LLC.

(3)The Class A Stock shown includes 22,500 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC.

(4)The Class A Stock shown includes 95,000 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. The Class B Stock shown represents 50,000 shares subject to stock options.

(5)The Class A Stock shown includes 22,500 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. The Class B Stock shown represents 35,100 shares subject to stock options.

(6)Includes 42,500 shares subject to stock options.

(7)Includes 20,000 shares subject to stock options.

(8)Includes 22,500 shares subject to stock options.

(9)Includes 35,100 shares subject to stock options.

(10)Includes 43,750 shares subject to stock options.

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

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

(13)The Class A Stock shown includes 634,240 shares subject to stock options and the Class B Stock shown includes 185,100 shares subject to stock options.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our officers and directors and persons who own more than 10% of either class of our common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission. The SEC rules also require such reporting persons to furnish us with a copy of all Section 16(a) forms they file.

Based solely on a review of the copies of the forms we have received and on written representations from certain reporting persons, during 2012, the following Section 16(a) filings were filed late:

| Filer | Date of Transaction | Shares Acquired (A) / Disposed (D) | Class of Stock | Form | Date Filed |
|---|---|---|---|---|---|
| James J. Cotter, Sr. | 11/15/2012 | 1,255,752 (D) | A | 4 | 3/8/2013 |
| James J. Cotter, Sr. | 12/14/2012 | 27,000 (D) | A | 4 | 3/8/2013 |
| James J. Cotter, Sr. | 12/18/2012 | 25,000 (D) | A | 4 | 3/8/2013 |

Each of the above dispositions was a gift made by James J. Cotter, Sr.

**EXECUTIVE OFFICERS**

The following table sets forth information regarding our executive officers other than James J. Cotter , Sr. and Ellen M. Cotter both of whose information is set forth above under "Proposal 1: Election of Directors – Nominees for Election."

| Name | Age | Title |
|---|---|---|
| John Hunter | 54 | Chief Operating Officer |
| Andrzej Matyczynski | 60 | Chief Financial Officer and Treasurer |
| Robert F. Smerling | 78 | President - Domestic Cinemas |

John Hunter has served as our Chief Operating Officer since February 2007. He is also the President of our Australia and New Zealand subsidiaries. Mr. Hunter has spent more than the past twenty years in senior management positions in cinema operations and real estate development, including positions with Landmark Theatres, Loews Theatres, and Pacific Theatres. Immediately prior to joining the Company, he was the Chief Operating Officer and Chief Financial Officer for Hollywood Theatres.

Andrzej Matyczynski has served as our Chief Financial Officer and Treasurer of our Company since November 1999. Mr. Matyczynski earned a Masters Degree in Business Administration from the University of Southern California.

Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 56 years and, immediately before joining our Company, served as the President of Loews Theatres Management Corporation.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

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

The Board of Directors of our Company has established a standing Compensation Committee, which we refer to in this section as the "Committee," consisting of two or more of our non-employee directors. As a Controlled Company, we are exempt from the NASDAQ Rules regarding the determination of executive compensation. The Compensation Committee has no formal charter, and acts pursuant to the general authority delegated to the Committee by our Board of Directors.

The Compensation Committee recommends to the full Board of Directors the compensation of our Chief Executive Officer and of any Cotter family members. Our Board of Directors, with directors James J. Cotter, Sr., Ellen M. Cotter, Margaret Cotter, and James J. Cotter, Jr. abstaining, determine whether to accept the recommendation of the Compensation Committee or to take other action. James J. Cotter, Sr., as our Chairman and Chief Executive Officer, has been delegated responsibility by our Board to determine the compensation of our executive officers other than Cotter family members. James J. Cotter, Sr., may, in his discretion, seek the advice of the Compensation Committee on matters related to the compensation of other named executive officers. The Board of Directors exercises oversight in this area as a part of its review of James J. Cotter, Sr.'s performance as our Company's Chief Executive Officer, and performs other compensation related functions as delegated.

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

***CEO Compensation***

The Compensation Committee recommends to the Board of Directors the annual compensation of our Chief Executive Officer. Our Chief Executive Officer's executive compensation program is based primarily upon the Compensation Committee's annual review of peer group practices, advice of an independent third-party compensation consultant who reports directly to the Compensation Committee, and consistently applied practices with respect to the timing of equity grants. Consistent with the above program, the Compensation

Committee has determined that a three element approach is best suited to achieve our goals with respect to Chief Executive Officer compensation. The objective of each element is to reward Mr. Cotter, Sr. for his performance and leadership. The three elements are a fixed compensation component, a discretionary bonus component, and a stock grant component.

In 2012 and 2011, the Compensation Committee engaged Towers Watson, executive compensation consultants, to evaluate our Chief Executive Officer's total direct compensation compared to a peer group of companies. In preparing the analyses, Towers Watson, in consultation with our management, including Mr. James J. Cotter, Sr., identified a peer group of companies in the real estate and cinema exhibition industries, our two business segments, based on market value, industry, and business description. The Committee relied upon the Towers Watson analysis in determining our Chief Executive Officer's compensation for 2012 and 2013.

In 2007, our Board of Directors approved a supplemental executive retirement plan ("SERP) pursuant to which we agreed to provide Mr. Cotter, Sr., supplemental retirement benefits to reward him for his more than 25 years of service to our Company and its predecessors. The SERP is described in greater detail below under the caption "Supplemental Executive Retirement Plan." As this plan was adopted as a reward for past services and as the amounts to be paid under that plan are determined by application of an already agreed to formula, the Compensation Committee does not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect an actuarial analysis of any increase in the present value of the SERP benefit and reflects the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the plan is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the plan are tied only to the cash portion of his compensation, and not to compensation in the form of stock options or stock grants.

*2012 CEO Compensation*

For purposes of establishing our Chief Executive Officer's 2012 compensation, the 2011 Towers Watson analysis included a written assessment of Mr. Cotter Sr.'s total direct compensation compared to the following peer group of 19 exhibition and real estate companies in the United States and Australia (to reflect the scope of our Company's geographic operations:

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

Towers Watson determined predicted pay levels of the peer group for 2011 using regression analysis to adjust pay data based on estimated annual revenues of $250 million. Towers Watson considers pay levels to be competitive if they are within 15% (plus or minus) of the levels among the peer companies. According to Towers Watson's assessment, Mr. Cotter Sr.'s total direct compensation for 2011 was below the competitive range of the 66$^{th}$ percentile among the peer companies.

After considering the consultants' analysis, the Committee recommended and our Board of Directors accepted the following compensation for our Chief Executive Officer for 2012.

| | |
|---|---|
| Salary..... | $700,000. |
| Cash Bonus..... | $500,000. At the beginning of 2012, the Compensation Committee recommended and the Board accepted a discretionary cash bonus element of up to $500.000 for such year. No benchmarks, formulas, or quantitative or qualitative measurements of any kind were established for purposes of determining the amount of cash bonus to be awarded within this range. The Compensation Committee ultimately recommended, and the Board of Directors accepted, payment of a cash bonus of $500,000, based solely on the Compensation Committee's subjective evaluation of our Chief Executive Officer's performance. Based on the Compensation Committee's evaluation, our Company's stock price improvement during 2012 and our Company's achievements in the United States, Australia and New Zealand, our Chief Executive Officer was ultimately awarded the maximum discretionary bonus for 2012. |
| Stock Bonus..... | $950,000 (217,890 shares of Class A Stock) which was calculated as the number of shares of Class A nonvoting common stock equal to $950,000 divided by the closing price of the stock January 9, 2012, the date the Committee approved the stock bonus element of Mr. Cotter, Sr.'s 2012 compensation package. At the beginning of 2012, the Compensation Committee recommended, and the Board accepted, a stock bonus element of up to $950,000, to be comprised of two tranches: a $750,000 tranche to be paid to our Chief Executive Officer unless his employment was terminated prior to December 31, 2012, for any reason other than his death or disability, and a $200,000 tranche to be paid if the total stockholder return of the Company for 2012 was equal to or greater than the average stockholder return of the companies comprising the peer group selected by Towers Watson. Since Mr. Cotter, Sr. was employed as our Chief Executive Officer on December 31, 2012 (the sole criteria for an award to the stock bonus element of his compensation) and since the target for the second tranche was also met, he received 217,890 shares of Class A Stock in satisfaction of the stock bonus element of his compensation. The shares issued pursuant to this stock bonus are subject to a five-year restriction on transfer. |

*2013 CEO Compensation*

For purposes of establishing our Chief Executive Officer's 2013 Compensation, Towers Watson in December 2012 provided the Committee an updated written assessment of Mr. Cotter Sr.'s total direct compensation compared to the same peer group of 19 companies used in the 2011 Towers Watson analysis.

As in 2011, Towers Watson determined predicted pay levels of the peer group for 2012 using regression analysis to adjust pay data based on estimated annual revenues of $250 million. Towers Watson considers pay levels to be competitive if they are within 15% (plus or minus) of the levels among the peer companies. According to Towers Watson's assessment, Mr. Cotter Sr.'s overall compensation was in line with the 66$^{th}$ percentile among the peer companies.

Based on the above 2012 Towers Watson analysis, the Compensation Committee recommended to the Board and the Board accepted the following compensation program for our Chief Executive Officer for 2013.

| | |
|---|---|
| Salary..... | $750,000 |
| Cash Bonus..... | Up to $500,000. No benchmarks, formulas or quantitative or qualitative measurements of any kind were specified for use in determining the amount of cash bonus to be awarded within this range. The Compensation Committee will recommend to the Board the amount of the cash bonus, within such range, at its discretion and based solely on its subjective evaluation of our Chief Executive Officer's performance. Based on past practice, the Company considers it likely that the full amount of the discretionary cash bonus will be awarded to Mr. Cotter, Sr. for 2013. The Compensation Committee reserve the right to increase the $500,000 discretionary cash bonus award based upon parameters to be discussed with Mr. Cotter, Sr. and based upon the progress of our proposed developments in New York City, currently proceeding under Mr. Cotter, Sr.'s direction. |
| Stock Bonus..... | $750,000 (127,209 shares of Class A Stock). So long as Mr. Cotter, Sr.'s employment with the Company is not terminated prior to December 31, 2013, other than as a result of his death or disability, he will receive 127,209 shares of our Company's Class A Stock: the number of shares of Class A nonvoting common stock equal to $750,000 divided by the closing price of the stock January 15, 2013, the date the Committee approved the stock bonus element of Mr. Cotter, Sr.'s 2013 compensation package. These shares (if issued) will be subject to a five year restriction on transfer. |

The Company paid Towers Watson a fee of $24,000 for its services in preparing the 2012 analysis.

None of our executive officers plays a role in determining the compensation of our Chief Executive Officer. When invited by the Compensation Committee, Mr. Cotter, Sr. attends meetings of the Compensation Committee. In 2012, he attended one meeting to discuss the amount of his target cash bonus set by the Committee for 2012. Before recommending any changes to our Chief Executive Officer's compensation, the Compensation Committee typically discusses the proposed changes with Mr. Cotter, Sr. Andrzej Matyczynski, our Chief Financial Officer, occasionally attends Compensation Committee meetings to provide information as requested by the Committee.

***Compensation of Other Named Executive Officers***

Mr. Cotter Sr., our Chairman and Chief Executive Officer, sets the compensation of our executive officers other than himself and the members of his family. Mr. Cotter, Sr.'s decisions are not subject to approval by the Compensation Committee or the Board of Directors, but our Compensation Committee and our Board consider Mr. Cotter, Sr.'s decisions with respect to Executive Compensation in evaluating his performance as our Chief Executive Officer. Mr. Cotter, Sr. has informed the Company that he does not use any formula, benchmark or other quantitative measure to establish or award any component of executive compensation, nor does he consult with compensation consultants on the matter. Mr. Cotter, Sr. has advised the Company that he considers the following guidelines in setting the type and amount of executive compensation:

1.Executive compensation should primarily be used to:

·attract and retain talented executives;
·reward executives appropriately for their individual efforts and job performance; and
·afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our Board of Directors.

2.In support of the foregoing, the total compensation paid to our named executive officers should be:
·fair both to our Company and to the named executive officers;
·reasonable in nature and amount; and
·competitive with market compensation rates.

Personal and Company performances are just two factors considered by Mr. Cotter, Sr. in establishing base salaries and awarding discretionary compensation. We have no pre-established policy or target for allocating total executive compensation between base and discretionary or incentive compensation, or between cash and stock-based incentive compensation. Historically, including in 2012, a majority of total compensation to our named executive officers was in the form of annual base salaries and discretionary cash bonuses, although stock bonuses have been granted from time to time under special circumstances. These elements are discussed further below.

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

Cash Bonus..... Cash bonuses may supplement the base salaries of our named executive officers and are entirely discretionary on the part of Mr. Cotter, Sr. Factors that may be considered by Mr. Cotter, Sr. in awarding cash bonuses are (i) the level of the executive's responsibilities; (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision; and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the Company's goals.

Stock Bonus..... Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters set by our 2010 Stock Incentive Plan, are entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to Board Approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights.

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

John Hunter, our Chief Operating Officer, and Andrzej Matyczynski, our Chief Financial Officer, have written employment agreements with our Company that each provide for a specified annual base salary and other compensation.

Other than Mr. Cotter, Sr.'s role in setting compensation, none of our executive officers play a role in determining the compensation of our named executive officers.

In 2012, our Compensation Committee also considered the compensation of Ellen M. Cotter (under our policy under which the compensation of named executive officers who are members of the Cotter family is determined by the Compensation Committee), whose salary had not been changed in four years. The Committee considered Ms. Cotter's performance, particularly her role in the growth in domestic theatre revenues over the past four years, and the compensation of comparable executive officers. Our Compensation Committee recommended, and the Board accepted, a $60,000 increase in Ms. Cotter's base salary from $275,000 to $335,000 and a cash bonus of $60,000, which was paid in August 2012.

***Key Person Insurance***

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

***Retirement Benefits***

*Reading International, Inc. 401(k) Plan*

We provide all of our employees, including Mr. Cotter, Sr. and our other named executive officers, a retirement savings plan qualified under Internal Revenue Code section 401(k). To be eligible to participate, employees must have completed four months of employment, and must be over 21 years of age. Employees choosing to participate can make contributions to their plan account on a pre-tax basis up to the maximum annual amount permitted by IRS rulings. The Company usually matches employee contributions dollar-for-dollar up to 3% of employee wages, then 50 cents per dollar between 3% and 5% of employee wages.

*Supplemental Executive Retirement Plan*

In March 2007, our Board of Directors approved a Supplemental Executive Retirement Plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits to reward him for his more than 25 years of service to our Company and its predecessors. Under the SERP, following his separation from our Company, Mr. Cotter, Sr. will be entitled to receive from our Company for the remainder of his life (with a guaranteed minimum of 180 monthly payments) a monthly payment of the greater of (i) 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us or (ii) $25,000. The beneficiaries under the SERP may be designated by Mr. Cotter, Sr. or by his beneficiary following his death. The benefits under the SERP are fully vested.

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

*Other Retirement Plans*

Mr. Hunter has an unfunded pension benefit that was partially vested and will vest further, assuming he remains in our continuous employ, as of the following dates:

| February 12 | Total Vested Amount at the End of Each Vesting Year |
|---|---|
| 2011 | $ 400,000 |
| 2015 | $ 800,000 |
| 2017 | $ 1,000,000 |
| 2020 | $ 2,000,000 |

The greatest vested amount above is to be paid to Mr. Hunter in a lump sum on the date he ceases to be employed by our Company.

During 2012, Mr. Matyczynski was granted an unfunded deferred compensation plan ("DCP") that is partially vested and will vest further, assuming he remains in our continuous employ. If Mr. Matyczynski is terminated for cause, then the total vested amount reduces to zero. The incremental amount vested each year is subject to review and approval by our Board of Directors (with the concurrence of our Chairman). Assuming no changes in the incremental vesting amount by our Board of Directors, Mr. Matyczynski's DCP will vest as follows:

| December 31 | Total Vested Amount at the End of Each Vesting Year |
|---|---|
| 2012 | $ 250,000 |
| 2013 | $ 300,000 |
| 2014 | $ 375,000 |
| 2015 | $ 450,000 |
| 2016 | $ 525,000 |
| 2017 | $ 625,000 |
| 2018 | $ 750,000 |
| 2019 | $ 1,000,000 |

Payment of the vested benefit is to be made in three equal annual payments, starting six months after he ceases to be employed by our Company.

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

***Tax and Accounting Considerations***

*Deductibility of Executive Compensation*

Subject to an exception for "performance-based compensation," Section 162(m) of the Internal Revenue Code generally prohibits publicly held corporations from deducting for federal income tax purposes

annual compensation paid to any senior executive officer to the extent that such annual compensation exceeds $1.0 million. The Compensation Committee and our Board of Directors consider the limits on deductibility under Section 162(m) in establishing executive compensation, but retain the discretion to authorize the payment of compensation that exceeds the limit on deductibility under this Section as in the case of Mr. Cotter, Sr.

*Nonqualified Deferred Compensation*

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

*Accounting for Stock-Based Compensation*

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

***Say on Pay and Say When Pay***

At our Company's Annual Meeting of Stockholders held on May 19, 2011, we held an advisory vote on executive compensation and an advisory vote on the frequency of future executive compensation advisory votes. Our stockholders voted in favor of our Company's executive compensation and in favor of providing stockholders with an advisory vote on future executive compensation every three years. In light of the voting results and other factors, the Board determined to provide stockholders with an advisory vote on future executive compensation every three years. Accordingly, the next advisory vote on executive compensation will occur at the Annual Meeting of Stockholders to be held in 2014. The Committee reviewed the results of the advisory vote on executive compensation in 2012 and did not make any changes to our compensation based on the results of the vote.

***Compensation Committee Report***

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

Respectfully submitted,

Edward L. Kane, Chairman
Tim Storey
Alfred Villaseñor

**Summary Compensation Table**

The following table presents summary information concerning all compensation payable to our named executive officers for services rendered in all capacities during the past three completed fiscal years:

| | Year | Salary ($) | Bonus ($) | Stock Awards ($) | Option Awards ($) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| James J. Cotter, Sr. | 2012 | 700,000 | 500,000 | 950,000 (1) | -- | 2,433,000 (2) | 24,000 (3) | 4,607,000 |
| Chairman of the Board | 2011 | 500,000 | 500,000 | 750,000 | -- | -- | 25,000 (4) | 1,775,000 |
| and Chief Executive | 2010 | 500,000 | 300,000 | 750,000 | -- | 391,000 (2) | 32,000 (4) | 1,973,000 |
| Officer | | | | | | | | |
| Andrzej Matyczynski | 2012 | 309,000 | -- | -- | 33,000 | 250,000 (5) | 25,000 (4) | 617,000 |
| Chief Financial Officer | 2011 | 309,000 | -- | -- | 31,000 | -- | 22,000 (4) | 362,000 |
| and Treasurer | 2010 | 300,000 | 50,000 | -- | 11,000 | -- | 18,000 (4) | 379,000 |
| John Hunter | 2012 | 400,000 | -- | -- | -- | 100,000 (5) | 12,000 (4) | 512,000 |
| Chief Operating Officer | 2011 | 400,000 | -- | -- | -- | 100,000 (5) | 10,000 (4) | 510,000 |
| | 2010 | 400,000 | 50,000 | -- | -- | 100,000 (5) | -- | 550,000 |
| Ellen M. Cotter | 2012 | 335,000 | 60,000 | -- | -- | -- | 25,000 (4) | 420,000 |
| Chief Operating Officer | 2011 | 275,000 | -- | -- | -- | -- | 24,000 (4) | 299,000 |
| Domestic Cinemas | 2010 | 275,000 | -- | -- | -- | -- | 20,000 (4) | 295,000 |
| Robert F. Smerling | 2012 | 350,000 | 50,000 | -- | -- | | 22,000 (4) | 422,000 |
| President – Domestic | 2011 | 350,000 | 25,000 | -- | -- | | 18,000 (4) | 393,000 |
| Cinema Operations | 2010 | 350,000 | 25,000 | -- | -- | -- | 18,000 (4) | 393,000 |

(1)Based on closing price of our Class A Nonvoting Common Stock on January 9, 2012.

(2)Represents an increase in the actuarial value of Mr. Cotter. Sr.'s SERP at December 31, 2012, as estimated by Towers Watson in January 2013. As the SERP is unfunded, this does not represent any current payment or contribution by our Company. Rather, it is simply a calculation of the increase in the present value of the formula benefits provided for in the SERP, and reflects items such as the timing of cash compensation payments made to Mr. Cotter, Sr., and interest rates from time to time. No change has been made to the SERP benefits since its inception in 2007.

(3)We own a condominium in West Hollywood, California, which is used as an executive meeting place and office. "All Other Compensation" includes our matching contributions under our 401(k) plan, the incremental cost to our Company of providing the use of the West Hollywood Condominium to Mr. Cotter, Sr., the cost of a Company automobile used by Mr. Cotter, Sr., and health club dues paid by the Company.

(4)Represents our employer's matching contributions under our 401(k) plan and any car allowances.

(5)Represents increases in the value of pensions for Messrs. Matyczynski and Hunter at December 31, 2012. As these pensions are unfunded, these amounts do not represent any current payment or

contribution by our Company. Rather, it is simply a calculation of the increase in the value of the benefits provided for each pension.

**Grants of Plan-Based Awards**

The following table contains information concerning the stock grants made to our named executive officers for the year ended December 31, 2012:

| Name | Grant Date | All Other Stock Awards: Number of Shares of Stock or Units | Grant Date Fair Value of Stock and Option Awards |
|---|---|---|---|
| James J. Cotter, Sr. | 1/9/2012 | 217,890 (1) | $ 950,000 |

(1)Represents the value, determined by reference to the closing price of our Class A Stock on January 9, 2012, of shares issued to Mr. Cotter in satisfaction of the stock bonus portion of his compensation package for 2012. This valuation does not reflect the fact that these shares are restricted and cannot be sold for five years.

**Outstanding Equity Awards**

The following table contains information concerning the outstanding option and stock awards of our named executive officers as of December 31, 2012:

| | Option Awards | | | | | Stock Awards | |
|---|---|---|---|---|---|---|---|
| | Class | Number of Shares Underlying Unexercised Options Exercisable | Number of Shares Underlying Unexercised Options Unexercisable | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock that Have Not Vested | Market Value of Shares or Units that Have Not Vested ($) |
| James J. Cotter, Sr. | B | 100,000 | -- | $ 10.24 | 5/8/2017 | – | -- |
| Andrzej Matyczynski | A | 35,100 | -- | $ 5.13 | 9/12/2020 | – | -- |
| | A | – | 50,000 | $ 6.02 | 8/22/2022 | – | -- |
| Robert F. Smerling | A | 43,750 | -- | $ 10.24 | 5/9/2017 | – | -- |
| Ellen M. Cotter | A | 75,000 | -- | $ 4.01 | 4/22/2013 | – | -- |
| | B | 50,000 | -- | $ 10.24 | 5/9/2017 | – | -- |

**Option Exercises and Stock Vested**

The following table contains information for our named executive officers concerning the option awards that were exercised and stock awards that vested during the year ended December 31, 2012:

| Name | Option Awards: Number of Shares Acquired on Exercise | Option Awards: Value Realized on Exercise ($) | Stock Awards: Number of Shares Acquired on Vesting | Stock Awards: Value Realized on Vesting ($) |
|---|---|---|---|---|
| James J. Cotter, Sr. | – | $ -- | 217,890 | $ 1,309,519 |
| Andrzej Matyczynski | 35,000 | $ 133,000 | -- | $ -- |

**Pension Benefits**

The following table contains information concerning pension plans for each of the named executive officers for the year ended December 31, 2012:

| Name | Plan Name | Number of Years of Credited Service | Present Value of Accumulated Benefit ($) | Payments During Last Fiscal Year ($) |
|---|---|---|---|---|
| James J. Cotter, Sr. | SERP | 25 | $ 5,943,000 | $ – |
| John Hunter | COO Pension Plan | 6 | $ 583,000 | $ – |
| Andrzej Matyczynski | CFO DCP | 3 | $ 250,000 | $ – |

**Payments Upon Termination or Change in Control**

We have entered into the following termination arrangements with the following named executive officers:

*Andrzej Matyczynski*. Pursuant to his employment agreement, Mr. Matyczynski is entitled to a severance payment equal to six months' salary in the event his employment is involuntarily terminated.

*John Hunter*. Under the terms of his employment, Mr. Hunter is entitled to a severance payment equal to 50% of his annual base salary if the Company terminates his employment for any reason.

No other named executive officers have termination benefits in their employment agreements. None of our employment agreements with our named executive officers have provisions relating to change in control.

**Compensation Committee Interlocks and Insider Participation**

The current members of our Compensation Committee are Alfred Villaseñor, Tim Storey and Edward L. Kane, who serves as Chairman. There are no "interlocks," as defined by the SEC, with respect to any member of our Compensation Committee.

**CERTAIN TRANSACTIONS AND RELATED PARTY TRANSACTIONS**

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

**Sutton Hill Capital**

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the leasing with an option to purchase of certain cinemas located in Manhattan. In connection with that transaction, we also agreed to lend certain amounts to SHC, to provide liquidity in its investment, pending our determination whether or not to exercise our option to purchase and to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company owned in equal shares by James J. Cotter, Sr. and Michael Forman and of which Mr. Cotter is the managing member. During 2012, 2011, and 2010, we paid rent to SHC in the amount of $590,000, $590,000, and $547,000, respectively.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require Reading to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. Because our Chairman, Chief Executive Officer, and controlling shareholder, Mr. James J. Cotter, Sr., is also the managing member of SHC, RDI and SHC are considered entities under common control. As a result, we recorded the Village East Cinema building as a property asset of $4.7 million on our balance sheet based on the cost carry-over basis from an entity under common control with a corresponding capital lease liability of $5.9 million presented under other liabilities. This resulted in a deemed equity distribution of $877,000.

In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying the Cinemas 1, 2 & 3 in Manhattan. In connection with that transaction, we agreed to grant to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of their $3.0 million deposit plus the assumption of its proportionate share of SHP's liabilities giving it a 25% non-managing membership interest in SHP.

**OBI Management Agreement**

Pursuant to a Theater Management Agreement (the "Management Agreement"), our live theater operations are managed by OBI LLC ("OBI Management"), which is wholly owned by Ms. Margaret Cotter who is the daughter of James J. Cotter, Sr. and a member of our Board of Directors.

The Management Agreement generally provides that we will pay OBI Management a combination of fixed and incentive fees, which historically have equated to approximately 21% of the net cash flow received by us from our live theaters in New York. Since the fixed fees are applicable only during such periods as the New York theaters are booked, OBI Management receives no compensation with respect to a theater at any time when it is not generating revenue for us. This arrangement provides an incentive to OBI Management to keep the theaters booked with the best available shows, and mitigates the negative cash flow that would result from having an empty theater. In addition, OBI Management manages our Royal George live theater complex in Chicago on a fee basis based on theater cash flow. In 2012, OBI Management earned $390,000, which was 19.7% of net cash flows for the year. In 2011, OBI Management earned $398,000, which was 19.4% of net cash flows for the year. In 2010, OBI Management earned $416,000, which was 24.2% of net cash flows for the year. In each year, we reimbursed travel related expenses for OBI Management personnel with respect to travel between New York City and Chicago in connection with the management of the Royal George complex.

OBI Management conducts its operations from our office facilities on a rent-free basis, and we share the cost of one administrative employee of OBI Management. Other than these expenses and travel-related

expenses for OBI Management personnel to travel to Chicago as referred to above, OBI Management is responsible for all of its costs and expenses related to the performance of its management functions. The Management Agreement renews automatically each year unless either party gives at least six months' prior notice of its determination to allow the Management Agreement to expire. In addition, we may terminate the Management Agreement at any time for cause.

**Live Theater Play Investment**

From time to time, our officers and directors may invest in plays that lease our live theaters. The play STOMP has been playing in our Orpheum Theatre since prior to the time we acquired the theater in 2001. Messrs. James J. Cotter and Michael Forman own an approximately 5% interest in that play, an interest that they have held since prior to our acquisition of the theater.

**Shadow View Land and Farming LLC**

During 2012, Mr. James J. Cotter, Sr., our Chairman, Chief Executive Officer and controlling shareholder, contributed $2.5 million of cash and $255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, in which Mr. Cotter owns a 50% interest. We are the managing member of Shadow View Land and Farming, LLC.

**Certain Family Relationships**

Mr. Cotter, Sr., our controlling stockholder, has advised the Board of Directors that he considers his holdings in our Company to be long-term investments to be passed onto his heirs. The Directors believe that it is in the best interests of our Company and our stockholders for his heirs to become experienced in our operations and affairs. Accordingly, all of Mr. Cotter, Sr.'s children are currently involved with our Company and all serve on our Board of Directors.

**Certain Miscellaneous Transactions**

We have loaned Mr. Robert Smerling, the President of our domestic cinema operations, $70,000 pursuant to an interest-free demand loan that antedated the effective date of the Sarbanes-Oxley prohibition on loans to directors and officers.

**INDEPENDENT PUBLIC ACCOUNTANTS**

Our independent public accountants, Grant Thornton, LLP, have audited our financial statements for the fiscal year ended December 31, 2012, and are expected to have a representative present at the Annual Meeting who will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

**Audit Fees**

The aggregate fees for professional services for the audit of our financial statements, audit of internal controls related to the Sarbanes-Oxley Act, and the reviews of the financial statements included in our Forms 10-K and 10-Q provided by Grant Thornton LLP for 2012 and 2011 were approximately $593,000 and $488,000, respectively.

**Audit-Related Fees**

Grant Thornton, LLP did not provide us any audit related services for both 2012 and 2011.

**Tax Fees**

Grant Thornton, LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for both 2012 and 2011

**All Other Fees**

Grant Thornton, LLP did not provide us any other services than as set forth above for both 2012 and 2011.

**Pre-Approval Policies and Procedures**

Our Audit Committee must pre-approve, to the extent required by applicable law, all audit services and permissible non-audit services provided by our independent registered public accounting firm, except for any de minimis non-audit services. Non-audit services are considered de minimis if (i) the aggregate amount of all such non-audit services constitutes less than 5% of the total amount of revenues we paid to our independent registered public accounting firm during the fiscal year in which they are provided; (ii) we did not recognize such services at the time of the engagement to be non-audit services; and (iii) such services are promptly submitted to our Audit Committee for approval prior to the completion of the audit by our Audit Committee or any of its member(s) who has authority to give such approval. Our Audit Committee pre-approved all services provided to us by Grant Thornton LLP for 2012 and 2011.

**STOCKHOLDER COMMUNICATIONS**

**Annual Report**

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2012 is being provided with this Proxy Statement.

**Stockholder Communications with Directors**

It is the policy of our Board of Directors that any communications sent to the attention of any one or more of our directors in care of our executive offices will be promptly forwarded to such directors. Such communications will not be opened or reviewed by any of our officers or employees, or by any other director, unless they are requested to do so by the addressee of any such communication. Likewise, the content of any telephone messages left for any one or more of our directors (including call-back number, if any) will be promptly forwarded to that director.

**Stockholder Proposals and Director Nominations**

Any stockholder who, in accordance with and subject to the provisions of the proxy rules of the SEC, wishes to submit a proposal for inclusion in our Proxy Statement for our 2014 Annual Meeting of Stockholders, must deliver such proposal in writing to the Secretary of the Company at the address of our Company's principal executive offices at 6100 Center Drive, Suite 900, Los Angeles, California 90045. Unless we change the date of our annual meeting by more than 30 days from the prior year's meeting, such written proposal must be delivered to us no later than January 6, 2014 to be considered timely. If our 2014 Annual Meeting is not within 30 days of the anniversary of our 2013 Annual Meeting, to be considered timely, stockholder proposals must be received no later than ten days after the earlier of (a) the date on which notice of the 2014 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2014 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive timely notice of a stockholder proposal, the proxies that we hold may confer discretionary authority to vote against such stockholder proposal, even though such proposal is not discussed in our Proxy Statement for that meeting.

Our Board of Directors will consider written nominations for directors from stockholders. Nominations for the election of directors made by our stockholders must be made by written notice delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the date that this Proxy Statement is first sent to stockholders. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our Company's common stock that is beneficially owned by such nominee and such other information required by the proxy rules of the SEC with respect to a nominee of the Board of Directors.

Under our governing documents and applicable Nevada law, our stockholders may also directly nominate candidates from the floor at any meeting of our stockholders held at which directors are to be elected.

**OTHER MATTERS**

We do not know of any other matters to be presented for consideration other than the proposals described above, but if any matters are properly presented, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their judgment.

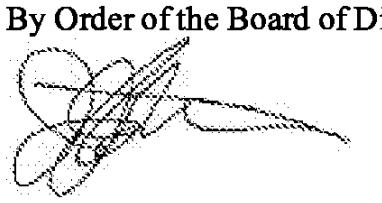
**DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS**

As permitted by the Securities Exchange Act of 1934, only one copy of the proxy materials are being delivered to our stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies of the proxy materials.

We will promptly deliver without charge, upon oral or written request, a separate copy of the proxy materials to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to our Corporate Secretary by telephone at (213) 235-2240 or by mail to Corporate Secretary, Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045.

Stockholders residing at the same address and currently receiving only one copy of the proxy materials may contact the Corporate Secretary as described above to request multiple copies of the proxy materials in the future.

By Order of the Board of Directors,



James J. Cotter, Sr., Chairman
Dated: April 26, 2013

**ANNEX A**

Article IV of the Amended and Restated Articles of Incorporation of the Corporation is hereby amended to add a new Section 4.7 thereof, as follows:

> 4.7. Certain Issuances of Preferred Stock: The Corporation shall not, without the approval or ratification of the holders of a majority of the outstanding shares of Class B Voting Common Stock, engage in any transaction or series of related transactions, involving the sale, issuance or potential issuance by the Corporation of shares of any class of Preferred Stock (or securities convertible into or exchangeable for shares of any class of Preferred Stock) having voting rights, other than voting rights with respect to the approval of any change in the rights, privileges or preferences of such class of Preferred Stock.

# PROXY CARD

**Electronic Voting Instructions**
**You can vote by Internet or telephone!**
**Available 24 hours a day, 7 days a week!**
Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.
VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR
**Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on May 16, 2013.**
**Vote by Internet**
Log on to the Internet and go to
**www.investorvote.com/RDI**
Follow the steps outlined on the secured website.
**Vote by telephone**
Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone telephone. There is **NO CHARGE** to you for the call.
Follow the instructions provided by the recorded message.

**Annual Meeting Proxy Card**
IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A.**Proposals**

1.Approval of Proposed Amendment - The Board of Directors recommends a vote FOR approval of the Proposed Amendment.

| For | Against | Withhold |
|---|---|---|
| " | " | " |

2.Election of Directors – The Board of Directors recommends a vote FOR all the nominees listed.

| Nominees: | For | Against | Withhold | | For | Against | Withhold | | For | Against | Withhold |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 01 - James J. Cotter, Sr. | " | " | " | 02 - James J. Cotter, Jr. | " | " | " | 03 – Ellen M. Cotter | " | " | " |
| 04 - Margaret Cotter | " | " | " | 05 - William D. Gould | " | " | " | 06 - Edward L. Kane | " | " | " |
| 07 - Douglas J. McEachern | " | " | " | 08 - Tim Storey | " | " | " | 09 - Alfred Villaseñor | " | " | " |

3.Other Business. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting and at and with respect to any and all adjournments or postponements thereof. The Board of Directors at present knows of no other business to be presented by or on behalf of the Company or the Board of Directors at the meeting.

B.**Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below**

Please date this proxy card and sign above exactly as your name appears on this card. Joint owners should each sign personally. Corporate proxies should be signed by an authorized officer. Executors, administrators, trustees, etc., should give their full titles.

| Date (mm/dd/yyyy) – Please print date below. | Signature 1 – Please keep signature within the box. | Signature 2 – Please keep signature within the box. |
|---|---|---|
| | | |

**IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A – C ON BOTH SIDES OF THIS CARD.**

**Proxy - READING INTERNATIONAL, INC.**

**PROXY FOR THE ANNUAL MEETING OF STOCKHOLDERS - TO BE HELD MAY 16, 2013**
**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints James J. Cotter, Sr. and Andrzej Matyczynski, and each of them, the attorneys, agents, and proxies of the undersigned, with full powers of substitution to each, to attend and act as proxy or proxies of the undersigned at the Annual Meeting of Stockholders of Reading International, Inc. to be held at the offices of Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045, on Thursday, May 16, 2013 at 11:00 a.m., local time, and at and with respect to any and all adjournments or postponements thereof, and to vote as specified herein the number of shares which the undersigned, if personally present, would be entitled to vote.

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

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

**PLEASE SIGN AND DATE ON REVERSE SIDE**

**C.Non-Voting Items**

Change of Address – Please print new address below.

**Meeting Attendance**
Mark the box to the right if you plan to attend the Annual Meeting. ¨

**IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A – C ON BOTH SIDES OF THIS CARD.**

Data provided by Morningstar Document Research℠ Service provided by

# EXHIBIT 27

READING INTERNATIONAL INC filed this DEF 14A on 04/25/2014



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

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

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

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

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

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

Payment of Filing Fee (Check the appropriate box):

☑ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
(1) Title of each class of securities to which transaction applies: _____
(2) Aggregate number of securities to which transaction applies: _____
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
(4) Proposed maximum aggregate value of transaction: _____
(5) Total fee paid: _____

☐ Fee paid previously with preliminary materials.

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

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

**READING INTERNATIONAL, INC.**
**6100 Center Drive, Suite 900**
**Los Angeles, California 90045**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**
**TO BE HELD ON THURSDAY, MAY 15, 2014**

TO THE STOCKHOLDERS:

The 2014 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at 6100 Center Drive, Suite 900, Los Angeles, California 90045, on Thursday, May 15, 2014, at 11:00 a.m., local time, for the following purposes:

1. To elect nine Directors to our Board of Directors to serve until the 2015 Annual Meeting of Stockholders;

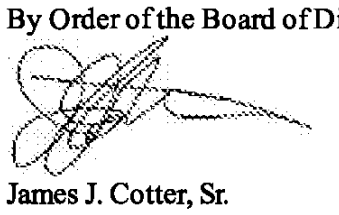
2. To act on an advisory vote on executive compensation; and

3. To transact such other business as may properly come before the meeting or any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 is enclosed. Only holders of our class B voting common stock at the close of business on April 17, 2014 are entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

If you hold shares of our class B voting common stock, you will have received a proxy card enclosed with this notice. Whether or not you expect to attend the Annual Meeting in person, please complete, sign, and date the enclosed proxy card and return it promptly in the accompanying postage-prepaid envelope to ensure that your shares will be represented at the Annual Meeting.

By Order of the Board of Directors



James J. Cotter, Sr.
Chairman

April 25, 2014

**PLEASE SIGN AND DATE THE ENCLOSED PROXY CARD AND MAIL IT PROMPTLY IN THE ENCLOSED RETURN ENVELOPE TO ENSURE THAT YOUR VOTES ARE COUNTED.**

**READING INTERNATIONAL, INC.**
**6100 Center Drive, Suite 900**
**Los Angeles, California 90045**

**PROXY STATEMENT**

**Annual Meeting of Stockholders**
Thursday, May 15, 2014

## INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Reading International, Inc. (the "Company," "Reading," "we," "us," or "our") of proxies for use at our 2014 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, May 15, 2014, at 11:00 a.m., local time, at 6100 Center Drive, Suite 900, Los Angeles, California, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about April 25, 2014.

At our Annual Meeting, you will be asked to (1) elect nine Directors to our Board of Directors to serve until the 2015 Annual Meeting of Stockholders, (2) act on an advisory vote on executive compensation, and (3) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

As of April 17, 2014, the record date for the Annual Meeting (the "Record Date"), there were outstanding 1,495,490 shares of our class B voting common stock ("Class B Stock"). James J. Cotter, Sr., our Chairman and Chief Executive Officer, beneficially owned 1,123,888 shares of our Class B Stock on the Record Date, which shares represent a majority of the outstanding voting rights of the Company. Accordingly, Mr. Cotter, Sr. has the power, acting alone and regardless of the vote of our other stockholders, to determine the outcome of each of the proposals on the agenda for the Annual Meeting. Mr. Cotter, Sr. has advised us that he intends to follow the recommendations of our Board of Directors in casting his votes and to vote in favor of each of the proposals described in this Proxy Statement.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON MAY 15, 2014 – This Proxy Statement, along with the proxy card, and our Annual Report to Stockholders on Form 10-K for the year ended December 31, 2013 as filed with the Securities and Exchange Commission are available at our website, http://www.readingrdi.com, under "Investor Information."

**VOTING AND PROXIES**

***Am I eligible to vote?***

If you owned shares of Class B Stock on the Record Date, you are eligible to vote, and you should have received a proxy card enclosed with this notice. If you own Class B Stock and did not receive a proxy card, please contact our Corporate Secretary at (213) 235-2240. Your shares of Class B Stock are entitled to one vote per share.

***What if I own Class A Nonvoting Common Stock?***

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

***How will my shares be voted if I am a stockholder of record?***

If you are a stockholder of record and do not vote via the Internet, by telephone or by returning a signed proxy card, your shares will not be voted unless you attend the Annual Meeting and vote your shares or designate some other person to vote on your behalf by issuance to such person of a valid proxy and such person attends the meeting and votes such shares on your behalf.

If you vote via the Internet or telephone and do not specify contrary voting instructions, your shares will be voted in accordance with the recommendations of our Board of Directors with respect to each of the Proposals. Similarly, if you sign and submit your proxy card with no instructions, your shares will be voted in accordance with the recommendations of our Board of Directors with respect to each of the Proposals.

***If I am a beneficial owner of shares, can my brokerage firm vote my shares?***

If you are a beneficial owner and do not vote via the Internet, by telephone or by returning a signed voting instruction card to your broker, your shares may be voted only with respect to so-called routine matters where your broker has discretionary voting authority over your shares. Brokers will have no such discretionary authority to vote on any of the Proposals. We encourage you, therefore, to provide instructions to your brokerage firm by returning the voting instruction card provided by that broker.

***How do I vote in person?***

If you are a stockholder of record, you may vote in person by attending the 2014 Annual Meeting.

If your shares are held in the name of a brokerage firm, bank nominee, or other institution, only it can give a proxy with respect to your shares. Accordingly, if you want to vote in person, you will need to bring that proxy with you to evidence your rights to vote such shares. If you do not have record ownership of your shares and want to vote in person at the Annual Meeting, you must obtain a proxy from the record holder of your shares and bring it with you to the Annual Meeting.

***If I plan to attend the Annual Meeting, should I still submit a proxy?***

Whether or not you plan to attend the Annual Meeting, we urge you to submit a proxy. Submission of a proxy will not in any way affect your right to attend the Annual Meeting and vote in person.

***What if I want to revoke my proxy?***

You have the right to revoke your proxy at any time before it is voted on your behalf by:

·submitting to our Corporate Secretary at our address at 6100 Center Drive, Suite 900, Los Angeles, California 90045, prior to the commencement of the Annual Meeting, a duly executed instrument dated subsequent to such proxy revoking the same;

· submitting a duly executed proxy bearing a later date; or

· attending the Annual Meeting and voting in person.

**Proxy Solicitation and Expenses**

In addition to the solicitation by mail, our employees may solicit proxies in person or by telephone, but no additional compensation will be paid to them for such services. We will bear all the costs of soliciting proxies on behalf of our Board of Directors and will reimburse persons holding shares in their own names or in the names of their nominees, but not owning such shares beneficially, for the expenses of forwarding solicitation materials to the beneficial owners.

**Quorum and Vote Required**

The presence in person or by proxy of the holders of a majority of our outstanding shares of Class B Stock will constitute a quorum at the Annual Meeting. Each share of our Class B Stock entitles the holder to one vote on all matters to come before the Annual Meeting.

The following voting rights are associated with respect to the Proposals:

·As to Proposal 1 regarding the election of Directors, you may vote "FOR" or "WITHHOLD" with respect to all or any of the nominees.

·As to Proposal 2 regarding the approval, by non-binding vote, of the compensation of our named executive officers as disclosed in this proxy statement, you may vote "FOR," "AGAINST" or "ABSTAIN." If you elect to abstain, it will have the same effect as an "AGAINST" vote.

An automated system administered by our transfer agent will tabulate votes cast by proxy at the Annual Meeting, and the inspector of elections for the Annual Meeting will tabulate votes cast in person at the Annual Meeting.

***Is my vote kept confidential?***

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed to third parties except as may be necessary to meet legal requirements.

## PROPOSAL 1: ELECTION OF DIRECTORS

**Nominees for Election**

Nine Directors are to be elected at our Annual Meeting to serve until the annual meeting of stockholders to be held in 2015 or until their successors are elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as Directors. The nine nominees for election to the Board of Directors who receive the greatest number of votes cast for the election of Directors by the shares present and entitled to vote will be elected Directors. If any nominee becomes unavailable for any reason, it is intended that the proxies will be voted for a substitute nominee designated by the Board of Directors. We believe the nominees named will be able to serve if elected.

The names of the nominees for Director, together with certain information regarding them, are as follows:

| Name | Age | Position |
|---|---|---|
| James J. Cotter, Sr. | 76 | Chairman of the Board and Chief Executive Officer (1) |
| James J. Cotter, Jr. | 44 | Vice Chairman of the Board(2) |
| Ellen M. Cotter | 48 | Director |
| Margaret Cotter | 46 | Director |
| Guy W. Adams | 63 | Director |
| William D. Gould | 75 | Director (3) |
| Edward L. Kane | 76 | Director (1)(2)(4)(5) |
| Douglas J. McEachern | 62 | Director (4) |
| Tim Storey | 56 | Director (4)(5) |

(1) Member of the Executive Committee.

(2) Member of the Tax Oversight Committee.

(3) Lead Independent Director.

(4) Member of the Audit and Conflicts Committee.

(5) Member of the Compensation Committee.

*James J. Cotter, Sr.*

James J. Cotter, Sr. has been a Director of our Company since 1991, the Chairman of our Board since 1992, and our Chief Executive Officer since December 27, 2000. Mr. Cotter, Sr. also served as our Chief Executive Officer from August 1, 1999 to October 16, 2000, and as a Director of our Company from 1986 to 1988. Mr. Cotter, Sr. is a 50% owner of Sutton Hill Associates, a general partnership engaged in cinema-related activities primarily with our Company, a 50% member in Shadow View Land and Farming, LLC, a limited liability company in which our Company owns the remaining membership interest, and the sole voting member of Cotter Enterprises LLC (a family-owned private investment vehicle). Mr. Cotter, Sr. is the father of Ellen M. Cotter, James J. Cotter, Jr., and Margaret Cotter. Mr. Cotter also serves as a Director, officer, and/or manager of all of our consolidated subsidiaries, other than Shadow View Land and Farming, LLC, which is managed by our Company under the supervision of the Audit and Conflict Committee.

Mr. Cotter, Sr. is highly qualified to serve on our Board due to his decades of experience as an executive in the film exhibition and real estate industries, as well as experience in diverse ventures and investments. Mr. Cotter, Sr. has also served on several Boards of public and private companies, primarily engaged in banking and real estate activities. Furthermore, as the largest stockholder of the Company, his

interests are generally aligned with those of the other stockholders of the Company, which enhances his value as a Director. In those situations where there may be a conflict of interest, such matters are referred to our Audit and Conflicts Committee comprised entirely of independent Directors.

*James J. Cotter, Jr.*

James J. Cotter, Jr. has been a Director of the Company since March 21, 2002, and was appointed Vice Chairman of the Board in 2007. The Board of Directors appointed Mr. James J. Cotter, Jr. to serve as the Company's President, beginning June 1, 2013. He had been Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) since July 2004. Mr. Cotter, Jr. served as a Director to Cecelia Packing Corporation from February 1996 to September 1997 and as a Director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the son of James J. Cotter, Sr. and the brother of Margaret Cotter and Ellen M. Cotter.

James J. Cotter, Jr. brings to the Board his experience as a business professional and corporate attorney. In addition, with his direct ownership of approximately 671,000 shares of our Company's Class A Common Stock, Mr. Cotter, Jr. is a significant stake holder in our Company. Mr Cotter Jr. also holds options to acquire an additional 22,500 shares of Class A Common Stock.

*Ellen M. Cotter*

Ellen M. Cotter has been a member of the Board of Directors since March 13, 2013. She joined the Company in March 1998, is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining the Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. Ms. Cotter is the daughter of James J. Cotter, Sr. and the sister of James J. Cotter, Jr. and Margaret Cotter.

Ms. Cotter brings to the Board her 15 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 12 years, she has served as the senior operating officer of our Company's domestic cinema operations. She has also served as the Chief Executive Officer of Reading's subsidiary, Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. With her direct ownership of approximately 674,000 shares of Class A Stock, Ms. Cotter is a significant stake holder in our Company. Ms. Cotter also holds options to acquire an additional 95,000 shares of Class A Common Stock and 50,000 shares of Class B Voting Common Stock.

Ms. Cotter is a senior executive officer of our Company and, accordingly, will not be paid for her services as a Director, but has been granted the 20,000 stock options customarily granted to all new Directors.

*Margaret Cotter*

Margaret Cotter has been a Director of the Company since September 27, 2002. Ms. Cotter is the owner and President of OBI, LLC, a company that provides live theater management services to our live theaters. Pursuant to that management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, the subsidiary through which we own our live theaters. Ms. Cotter manages the real estate which houses each of the four live theaters (without compensation). Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of the properties as well as heads the day to day pre-development process and transition of our properties from live theatre operations to major realty developments. Ms. Cotter was first commissioned to handle these properties by Sutton Hill Associates which subsequently sold the business to Reading with other real estate and theaters in 2000. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a Board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New

York, graduated from Georgetown University Law Center. She is the daughter of James J. Cotter, Sr. and the sister of James J. Cotter, Jr. and Ellen M. Cotter.

Ms. Cotter brings to the Board her experience as a live theater producer, theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing these properties for over 15 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, with her direct ownership of approximately 655,000 shares of our Company's Class A Common Stock, Ms. Cotter is a significant stake holder in our Company. Ms. Cotter also holds options to acquire an additional 27,500 shares of Class A Common Stock and 35,100 shares of Class B Voting Common Stock.

*Guy W. Adams*

Guy W. Adams is a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC. The fund invests in various publicly traded securities. Over the past ten years, Mr. Adams has served as an independent Director on the Boards of Directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor having served in various capacities as lead Director, Audit Committee Chair and/or Compensation Committee Chair. Prior to this Mr. Adams provided investment advice to various family offices as well as investing his own capital in public and private equity transactions.

Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

Mr. Adams brings many years of experience serving as an independent Director on public company Boards, and in investing and providing financial advice in making investments in public companies.

*William D. Gould*

William D. Gould has been a Director of the Company since October 15, 2004 and has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice.

As an author and lecturer on the subjects of corporate governance and mergers and acquisitions, Mr. Gould brings to the Board specialized experience as a corporate attorney. Mr. Gould's corporate transactional experience and expertise in corporate governance matters ensures that we have a highly qualified advisor on our Board to provide oversight in such matters.

*Edward L. Kane*

Edward L. Kane has been a Director of the Company since October 15, 2004. Mr. Kane was also a Director of the Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the Chairman of our Tax Oversight Committee and of our Compensation and Stock Option Committee (which we refer to as our Compensation Committee). He also serves as a member of our Executive Committee and our Audit and Conflicts Committee. Since 1996, Mr. Kane's principal occupation has been healthcare consultant and advisor. In that capacity, he has served as President and sole shareholder of High Avenue Consulting, a healthcare consulting firm, and as the head of its successor proprietorship. At various times during the past three decades, he has been Adjunct Professor of Law at two of San Diego's Law Schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

Mr. Kane brings to the Board his many years as a tax attorney and law professor. Mr. Kane's tax law experience has served the Company in its recent tax litigation and his expertise and guidance in such complex matters continue to be invaluable to the Company. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company, two of our corporate predecessors, as well as a former member of the Boards of Directors of several publicly held corporations.

*Douglas J. McEachern*

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

Mr. McEachern brings to the Board his more than 36 years' experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our Company. Mr. McEachern also brings his experience reporting as an independent auditor to the Boards of Directors of a variety of public reporting companies and as a Board member himself for various companies and not-for-profit organizations.

*Tim Storey*

Tim Storey has been a Director of the Company since December 28, 2011. Mr. Storey has served as the sole outside Director of the Company's wholly-owned New Zealand subsidiary since 2006. He has served since April 1, 2009 as a Director of DNZ Property Fund Limited, a commercial property investment fund based in New Zealand and listed on the New Zealand Stock Exchange, and was appointed Chairman of the Board of that company on July 1, 2009.

From 2011 to 2012, Mr. Storey was a Director of NZ Farming Systems Uruguay, also a New Zealand listed company. NZ Farming Systems Uruguay owns and operates dairy farms in Uruguay. Prior to being elected Chairman of DNZ Property Fund Limited, Mr. Storey was a partner in Bell Gully (one of the largest law firms in New Zealand). Mr. Storey is also a principal in Prolex Advisory, a private company in the business of providing commercial advisory services to a variety of clients and related entities. Prolex Advisory has provided consulting services primarily with respect to fund management and commercial property/project transactions across a range of industries including health care, community housing, student accommodations and agriculture.

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

**Attendance at Board and Committee Meetings**

During the year ended December 31, 2013, our Board of Directors met five times. The Audit and Conflicts Committee and the Compensation Committee each held six meetings, while the Tax Oversight Committee held five meetings.

Each Director attended at least 75% of these Board Meetings and at least 75% of the meetings of all committees on which he or she served.

**Code of Ethics**

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

**Indemnity Agreements**

We currently have indemnity agreements in place with each of our current Directors and senior officers, as well as certain of the Directors and senior officers of our subsidiaries. Under these agreements, we have agreed, subject to certain exceptions, to indemnify each of these individuals against all expenses, liabilities and losses incurred in connection with any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative or investigative, to which such individual is a party or is threatened to be made a party, in any manner, based upon, arising from, relating to or by reason of the fact that such individual is, was, shall be or has been a Director, officer employee, agent or fiduciary of the Company.

**Compensation of Directors**

During 2013, all of our Directors, except those who are working executives, received an annual fee of $35,000 for their services, including attendance at meetings of the Board and Board committees. In addition, each Director received a one-time payment of $3,000. For 2013, the Chairman of our Audit and Conflicts Committee received an additional $7,000, the Chairman of our Compensation Committee received an additional $5,000, and the Chairman of our Tax Oversight Committee received an additional $18,000.

Prior to becoming the Company's President on June 3, 2013, James J. Cotter, Jr. received $59,000 for his services as Director and Vice Chairman of the Board in 2013.

In addition, upon joining the Board, new Directors receive immediately vested options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. Our Directors are from time to time granted additional stock options as a part of their continuing compensation for their ongoing participation on our Board of Directors. These awards are based upon the recommendations of our Chairman and principal shareholder, James J. Cotter, Sr., which recommendations are reviewed and acted upon by our entire Board of Directors. Typically, in such cases, each sitting Director (other than Mr. Cotter, Sr., who does not participate in such awards) is awarded the same number of options, and such options are granted on the same terms. Historically, we have granted our officers and Directors replacement options where their options would otherwise expire with exercise prices that were out of the money at the time of such expiration. Such awards have in each case been recommended by Mr. Cotter, Sr. to our Compensation Committee for the committee's consideration.

**Director Compensation Table**

The following table summarizes the Director compensation for the year ended December 31, 2013:

| Name | Fees Earned or Paid in Cash ($) | Option Awards ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|
| James J. Cotter, Sr. (1) | $ -- | $ – | $ – | $ -- |
| James J. Cotter, Jr. (1) | $ 59,000 | $ – | $ – | $ 59,000 |
| Ellen M. Cotter (1) | $ -- | $ 35,000 (4) | $ – | $ 35,000 |
| Margaret Cotter (2) | $ 38,000 | $ 10,000 (5) | $ – | $ 48,000 |
| Guy W. Adams (3) | $ -- | $ – | $ – | $ -- |
| William D. Gould | $ 38,000 | $ 10,000 (5) | $ – | $ 48,000 |
| Edward L. Kane | $ 61,000 | $ 10,000 (5) | $ – | $ 71,000 |
| Douglas J. McEachern | $ 45,000 | $ 10,000 (5) | $ – | $ 55,000 |
| Tim Storey | $ 38,000 | $ 10,000 (5) | $ 21,000 (6) | $ 69,000 |
| Alfred Villaseñor (7) | $ 38,000 | $ 10,000 (5) | $ – | $ 48,000 |

(1)Mr. Cotter, Sr. and Ms. Ellen Cotter receive compensation only as executive officers of the Company and not in their capacities as Directors. Prior to becoming the Company's President on June 3, 2013, James J. Cotter, Jr. received $59,000 for his services as Director and Vice Chairman of the Board in 2013.

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

(3)Mr. Adams joined the Board on January 14, 2014 and was granted 20,000 options on the same date.

(4) As a new Director, Ellen Cotter was granted 20,000 options on March 7, 2013.

(5) Each of these Directors was granted 5,000 options on June 21, 2013.

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

(7)Alfred Villaseñor, who has been a Director of the Company since 1987, has decided not to put his name forward for re-election this year. Accordingly, his term will end and he will be retiring from our Board, effective upon election of his successor at our upcoming Annual Meeting.

**Board Committees and Corporate Governance**

Our Board of Directors has standing Executive, Audit and Conflicts, Compensation, and Tax Oversight Committees. These committees are discussed in greater detail below.

James J. Cotter, Sr. owns beneficially a majority of our Class B Stock and accordingly holds more than 50% of the voting power for the election of Directors of the Company. Therefore, our Board of Directors, has determined that our Company is a "Controlled Company" under section 5615(c)(1) of the listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Rules"). After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in section 5605 of the NASDAQ Rules, our Board of Directors in 2009 unanimously determined to take advantage of all of the exceptions from the NASDAQ Rules afforded to our Company as a Controlled Company.

A Controlled Company is not required to have an independent nominating committee or independent nominating process. It was noted by our Directors that the use of an independent nominating committee or independent nominating process would be of limited utility, since any nominee would need to be acceptable to Mr. Cotter, Sr. as our controlling stockholder, in order to be elected. Mr. Cotter, Sr., as the holder of a majority of the voting power of our Company, is able to unilaterally elect candidates to our Board of Directors at our annual meeting or any other meeting where our Directors are to be elected or remove a Director from the

Board of Directors. Historically, Mr. Cotter, Sr. has identified and recommended nominees to our Board of Directors in consultation with our other incumbent Directors.

Our Board of Directors does not have a formal policy with respect to the consideration of Director candidates recommended by our stockholders. No stockholder has, in more than the past ten years, made any proposal or recommendation to the Board as to potential nominees, nor has Mr. Cotter, Sr. ever proposed, in the time he has been our principal or controlling stockholder, any nominee that our remaining Directors have found to be unacceptable. Neither our governing documents nor applicable Nevada law place any restriction on the nomination of candidates for election to our Board of Directors directly by our stockholders. In light of the facts that (i) we are a Controlled Company under the NASDAQ Rules and exempted from the requirements for an independent nominating process and (ii) our governing documents and Nevada law place no limitation upon the direct nomination of Director candidates by our stockholders, our Board of Directors believes there is no need for a formal policy with respect to Director nominations.

Our Board of Directors will consider nominations from our stockholders, provided written notice is delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the immediately preceding annual meeting of our stockholders at which Directors are elected, or such earlier date as may be reasonable in the event that our annual stockholders meeting is moved forward. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our common stock that are beneficially owned by such nominee, and such other information required by the proxy rules of the SEC with respect to a nominee of our Board of Directors.

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

Five of the current nominees are long-standing incumbent Directors, and all nine nominees were originally recommended by Mr. Cotter, Sr. No other recommendations were received by us with respect to possible nominees to our Board of Director for consideration at our upcoming Annual Meeting of Stockholders.

James J. Cotter, Sr., serves as our Chief Executive Officer and as Chairman of the Board of Directors. We believe this leadership structure is appropriate because it is more efficient than having these roles divided, and, because the first-hand knowledge of our business operations that our Chairman possesses as Chief Executive Officer, better serves our entire Board in its decision making. In lieu of separating the Chief Executive Officer and Chairman functions, the Board has designated William D. Gould to serve as our Lead Independent Director, to chair meetings of the independent Directors, and to act as liaison between our Chairman and our independent Directors.

Our Board of Directors oversees risk by remaining well-informed through regular meetings with management and our Chairman's personal involvement in our day-to-day business including any matters requiring specific risk management oversight. Our Vice-Chairman chairs regular senior management meetings, which are typically held weekly, one addressing domestic issues and the other addressing overseas issues. The risk oversight function of our Board of Directors is enhanced by the fact that our Audit and Conflict Committee is comprised entirely of independent Directors.

We encourage, but do not require, our Board members to attend our annual meeting of stockholders. Six of our nine then-incumbent Directors attended last year's annual meeting.

***Executive Committee***

A standing Executive Committee, comprised of Mr. Cotter, Sr., Mr. Kane and Mr. Villaseñor, is authorized, to the fullest extent permitted by Nevada law, to take action on matters between meetings of the full Board of Directors. In recent years, this committee has not been used to take any action on corporate matters. With the exception of matters delegated to the Audit and Conflicts Committee or the Compensation Committee, all matters requiring Board approval have been considered by the entire Board of Directors.

***Audit and Conflicts Committee***

Our Board of Directors maintains a standing Audit and Conflicts Committee, which we refer to as the "Audit Committee." The Audit Committee operates under a Charter adopted by the Board of Directors, and is available on our website at www.readingrdi.com. Our Board of Directors has determined that the Audit Committee is comprised entirely of independent Directors, (as defined in section 5605(a)(2) of the NASDAQ Rules), and that Mr. McEachern, the Chairman of our Audit Committee, is qualified as an Audit Committee Financial Expert. With respect to our fiscal year ended December 31, 2013, our Audit and Conflicts Committee was comprised of Messrs. McEachern, Kane, and Storey.

***Audit Committee Report***

The following is the report of the Audit Committee of our Board of Directors with respect to our audited financial statements for the fiscal year ended December 31, 2013.

The information contained in this report shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

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

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

The Audit Committee has discussed with Grant Thornton, LLP the matters required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees" and PCAOB Auditing Standard No. 2, "An Audit of Internal Control Over Financial Reporting Performed in Conjunction with an Audit of Financial Statements." In addition, Grant Thornton, LLP has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1, as amended, "Independence Discussions with Audit Committees," and the Audit Committee has discussed with Grant Thornton, LLP their firm's independence.

Based on their review of the consolidated financial statements and discussions with and representations from management and Grant Thornton, LLP referred to above, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2013 for filing with the SEC.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States. That is the responsibility of management and the Company's independent registered public accounting firm. In giving its recommendation to the Board of Directors, the Audit Committee relied on (1) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (2) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Respectfully submitted by the Audit Committee.

Douglas J. McEachern, Chairman
Edward L. Kane
Tim Storey

***Compensation Committee***

Our Board of Directors has a standing Compensation Committee comprised entirely of independent Directors. The current members of this committee are Alfred Villaseñor, Tim Storey and Edward L. Kane, who serves as Chairman.

The Compensation Committee evaluates and makes recommendations to the full Board of Directors regarding the compensation of our Chief Executive Officer, James J. Cotter, Sr. and of any Cotter family member, provides from time to time advice to James J. Cotter, Sr. regarding the compensation of other executives, as requested by Mr. Cotter, Sr., and performs other compensation related functions as delegated. The Compensation Committee Report is shown below under the heading, "Compensation Committee Report."

***Tax Oversight Committee***

Given our operations in the United States, Australia, and New Zealand and our historic net operating loss carry forwards, our Board formed a Tax Oversight Committee to review with management and to keep the Board abreast of and informed about the Company's tax planning and such tax issues as may emerge from time to time. This committee is comprised of Messrs. Edward L. Kane and James J. Cotter, Jr. Mr. Kane serves as the Chairman of the committee.

**Vote Required**

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board of Directors.

Mr. Cotter, Sr. has advised us that he intends to vote his shares of Class B Stock in favor of each of our nominees. Since Mr. Cotter, Sr. owned a majority of the outstanding shares of Class B Stock on the Record Date, if he votes all of his shares as he has advised, each of the nominees will be elected regardless of the vote of our other stockholders.

**Recommendation of the Board**

**THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE DIRECTOR NOMINEES.**

## PROPOSAL 2: ADVISORY VOTE ON EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") mandates that our stockholders vote whether to approve, on an advisory or non-binding basis, the compensation of our "named executive officers" as disclosed in this proxy statement. Currently, our named executive officers are Messrs. James J. Cotter, Sr., Ellen M. Cotter, Andrzej Matyczynski, Robert F. Smerling, and Wayne D. Smith. A description of the compensation paid to these individuals is set out below under the heading, "Executive Compensation."

This vote is advisory in nature and therefore not binding on us, our Compensation Committee, or our Board of Directors. Furthermore, this vote is not intended to address any specific item of compensation, but rather the overall compensation of these executive officers and our general compensation policies and practices.

**Vote Required**

The affirmative vote of a majority of the shares of our Class B Stock present in person or represented by proxy and entitled to be voted on the proposal at the Annual Meeting is required for advisory approval of this proposal.

Mr. Cotter has indicated that he intends to vote his approximately 70% of the outstanding shares of our Class B Stock in accordance with the Board of Directors' recommendation and "for" such approval, and if he does, Proposal 2 will be approved.

**Recommendation of the Board**

**OUR BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS AS DISCLOSED IN THIS PROXY STATEMENT PURSUANT TO THE COMPENSATION DISCLOSURE RULES OF THE SEC.**

## BENEFICIAL OWNERSHIP OF SECURITIES

The following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on the Record Date by:

- each of our incumbent Directors and Director nominees;
- each of our named executive officers set forth in the Summary Compensation Table of this Proxy Statement;
- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and
- all of our incumbent Directors and executive officers as a group.

Except as noted, we believe that each beneficial owner has sole voting power and sole investment power with respect to the shares shown.

| | Amount and Nature of Beneficial Ownership (1) | | | |
|---|---|---|---|---|
| | Class A Stock | | Class B Stock | |
| Name and Address of Beneficial Owner | Number of Shares | Percentage of Stock | Number of Shares | Percentage of Stock |
| James J. Cotter, Sr. (2) | 3,024,097 | 13.7% | 1,123,888 | 70.4% |
| James J. Cotter, Jr. (3) | 718,232 | 3.3% | – | -- |
| Ellen M. Cotter (4) | 768,766 | 3.5% | 50,000 | 3.2% |
| Margaret Cotter (5) | 682,870 | 3.1% | 35,100 | 2.3% |
| Guy Adams (6) | 20,000 | * | – | -- |
| William D. Gould (7) | 84,840 | * | – | -- |
| Edward L. Kane (7) | 65,000 | * | 100 | * |
| Douglas J. McEachem (8) | 29,000 | * | – | -- |
| Tim Storey (8) | 25,000 | * | – | -- |
| Alfred Villaseñor (9) | 34,300 | * | – | -- |
| Andrzej Matyczynski (10) | 73,244 | * | – | -- |
| Robert F. Smerling (11) | 43,750 | * | – | -- |
| Wayne Smith | -- | – | – | -- |

| | | | | |
|---|---|---|---|---|
| Mark Cuban (12)<br>5424 Deloache Avenue<br>Dallas, Texas 75220 | 72,164 | * | 207,611 | 13.9% |
| PICO Holdings, Inc. and PICO Deferred Holdings, LLC (13)<br>875 Prospect Street, Suite 301<br>La Jolla, California 92037 | N/A | N/A | 97,500 | 6.5% |
| All Directors and Executive Officers as a Group (12 persons)(14) | 5,534,799 | 24.7% | 1,209,088 | 71.9% |

(1)Percentage ownership is determined based on 22,015,738 shares of Class A Stock and 1,495,490 shares of Class B Stock outstanding on the Record Date. Beneficial ownership is determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days of the Record Date, which are indicated by footnote, are deemed to be beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person. An asterisk (*) denotes beneficial ownership of less than 1%.

(2)The Class B Stock shown includes 100,000 shares subject to stock options and 1,023,888 shares owned by the James J. Cotter Living Trust, of which Mr. Cotter, Sr. is the sole trustee. The shares of Class A Stock shown include 1,602,226 shares owned by the James J. Cotter Living Trust, 29,730 shares held in a pension fund in Mr. Cotter, Sr.'s name, 1,000,000 shares held by Cotter Enterprises, LLC, of which Mr. Cotter, Sr. is the sole voting member, 289,390 shares held by a trust for Mr. Cotter, Sr.'s grandchildren, of which Mr. Cotter, Sr. is the trustee, and 102,751 held by the James J. Cotter Foundation, of which Mr. Cotter, Sr. is the trustee. Mr. Cotter, Sr. has no pecuniary interest in the shares held by his grandchildren's trust or the James J. Cotter Foundation. Mr. Cotter, Sr.'s pecuniary interest in the shares held by Cotter Enterprises, LLC is limited to 10,000 of the shares held by Cotter Enterprises, LLC, representing his 1% interest in that entity. The Cotter 2005 Children's Trust U/D/T dated December 31, 2005 (the "Cotter Children's Trust") holds a 99% non-voting interest in Cotter Enterprises, LLC.

(3)The Class A Stock shown includes 22,500 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. It also includes 25,000 shares subject to stock options exercisable on June 3, 2014.

(4)The Class A Stock shown includes 95,000 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. The Class B Stock shown consists of shares subject to stock options.

(5)The Class A Stock shown includes 27,500 shares subject to stock options, and excludes any indirect interest in the shares held by Cotter Enterprises, LLC. The Class B Stock shown consists of shares subject to stock options.

(6) Includes 20,000 shares subject to stock options.

(7) Includes 47,500 shares subject to stock options.

(8) Includes 25,000 shares subject to stock options.

(9) Includes 22,500 shares subject to stock options.

(10) Includes 47,600 shares subject to stock options.

(11) Includes 43,750 shares subject to stock options.

(12) Based on Mr. Cuban's Form 4 filed on July 18, 2011 and Schedule 13-G filed on February 14, 2012.

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

(14) The Class A Stock shown includes 423,850 shares subject to stock options and the Class B Stock shown includes 185,100 shares subject to stock options.

**SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our officers and Directors and persons who own more than 10% of either class of our common stock to file reports of ownership and changes in ownership with the Securities and Exchange Commission. The SEC rules also require such reporting persons to furnish us with a copy of all Section 16(a) forms they file.

Based solely on a review of the copies of the forms we have received and on written representations from certain reporting persons, during 2013, it appears that certain Section 16(a) filings were not timely made. Mr. James J. Cotter, Sr. filed four late reports on Form 4 covering five transactions. M. James J. Cotter, Jr. filed one late report on From 4 and one late report on Form 5 covering two transactions. Ellen M. Cotter filed two late reports on Form 4, pertaining to five transactions. Ms. Margaret Cotter filed one late filing on Form 4 and one late filing on Form 5 pertaining to two transactions. Messrs. William Gould, Edward L. Kane, Douglas J. McEachern and Alfred Villasenor each filed one late Form 4 relating to the grant of Director stock option to them on June 21, 2013. Mr. Andrzej J. Matyczynski made three late filings on form 4 relating to three transactions. Mr. Wayne Smith filed one late filing on from 4, relating to a single transaction. Generally speaking, these late filing related to the granting or exercise of stock options or stock grants or, in the case of the members of the Cotter family, transfers between affiliates of such Cotter Family Members and did not involve open market transactions.

**EXECUTIVE OFFICERS**

The following table sets forth information regarding our executive officers other than James J. Cotter, Sr., James J. Cotter, Jr., and Ellen M. Cotter, whose information is set forth above under "Proposal 1: Election of Directors – Nominees for Election."

| Name | Age | Title |
|---|---|---|
| Andrzej Matyczynski | 61 | Chief Financial Officer and Treasurer |
| Robert F. Smerling | 79 | President - Domestic Cinemas |
| Wayne Smith | 56 | Managing Director – Australia and New Zealand |

Andrzej Matyczynski has served as our Chief Financial Officer and Treasurer of our Company since November 1999. Prior to joining our Company, he spent 20 years in various senior roles throughout the world at Beckman Coulter Inc., a U.S. based multi-national. Mr. Matyczynski earned a Masters Degree in Business Administration from the University of Southern California.

Robert F. Smerling has served as President of our domestic cinema operations since 1994. Mr. Smerling has been in the cinema industry for 56 years and, immediately before joining our Company, served as the President of Loews Theatres Management Corporation.

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

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

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

The Board of Directors of our Company has established a standing Compensation Committee, which we refer to in this section as the "Committee," consisting of two or more of our non-employee Directors. As a Controlled Company, we are exempt from the NASDAQ Rules regarding the determination of executive compensation. The Compensation Committee has no formal charter, and acts pursuant to the general authority delegated to the Committee by our Board of Directors.

The Compensation Committee recommends to the full Board of Directors the compensation of our Chief Executive Officer and of any Cotter family members. Our Board of Directors, with Directors James J. Cotter, Sr., Ellen M. Cotter, Margaret Cotter, and James J. Cotter, Jr. abstaining, typically accepts the recommendation of the Compensation Committee without modification, but reserves the right to modify the recommendations or take other action. James J. Cotter, Sr., as our Chairman and Chief Executive Officer, has been delegated responsibility by our Board to determine the compensation of our executive officers other than Cotter family members. In his discretion, however, Mr. Cotter, Sr., may seek the advice of the Compensation Committee on matters related to the compensation of other named executive officers. The Board of Directors exercises oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our Company's Chief Executive Officer, and from time to time performs other compensation-related functions.

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

***CEO Compensation***

The Compensation Committee recommends to the Board of Directors the annual compensation of our Chief Executive Officer, based primarily upon the Compensation Committee's annual review of peer group practices and the advice of an independent third-party compensation consultant who reports directly to the Compensation Committee. Consistent with the above program, the Compensation Committee utilizes three elements – a base salary cash component, a discretionary annual cash bonus component, and a fixed stock grant component – with respect to our Chief Executive Officer's compensation. The objective of each element is to reasonably reward Mr. Cotter, Sr. for his performance and leadership.

In 2012, the Compensation Committee engaged Towers Watson, executive compensation consultants, to analyze our Chief Executive Officer's total direct compensation compared to a peer group of companies. In preparing the analyses, Towers Watson, in consultation with our management, including Mr. James J. Cotter, Sr., identified a peer group of companies in the real estate and cinema exhibition industries, our two business segments, based on market value, industry, and business description. The Committee relied upon the Towers Watson 2012 analysis in determining our Chief Executive Officer's compensation for 2013.

In 2007, our Board of Directors approved a supplemental executive retirement plan ("SERP) pursuant to which we agreed to provide Mr. Cotter, Sr., supplemental retirement benefits to reward him for his more than 25 years of service to our Company and its predecessors. The SERP is described in greater detail below under the caption "Supplemental Executive Retirement Plan." As this plan was adopted as a reward for past services and as the amounts to be paid under that plan are determined by application of an already agreed to formula, the Compensation Committee does not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect an actuarial analysis of any increase in the present value of the SERP benefit and reflects the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the plan is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the plan are tied only to the cash portion of his compensation, and not to compensation in the form of stock options or stock grants.

*2013 CEO Compensation*

For purposes of establishing our Chief Executive Officer's 2013 Compensation, Towers Watson in December 2012 provided the Committee an updated written assessment of Mr. Cotter Sr.'s total direct compensation compared to the following peer group of companies:

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

The 2012 Towers Watson analysis predicted pay levels of the peer group for 2013 using regression analysis to adjust pay data based on estimated annual revenues of $250 million. Towers Watson considers pay levels to be competitive if they are within 15% (plus or minus) of the levels among the peer companies. According to Towers Watson's assessment, Mr. Cotter Sr.'s overall compensation was in line with the 66th percentile among the peer companies. The Compensation Committee, however, does not target Mr. Cotter Sr.'s compensation to any particular percentile of compensation among the peer companies.

The Company paid Towers Watson a fee of $24,000 for its services in preparing the 2012 analysis.

Based on the above 2012 Towers Watson analysis, on January 15, 2013, the Compensation Committee recommended to the Board, and the Board subsequently accepted, the following compensation program for our Chief Executive Officer for 2013.

*Salary:* *$750,000*

The Compensation Committee determined to increase Mr. Cotter, Sr.'s 2013 annual base salary from $700,000 in 2012 to $750,000, or approximately 7%. According to Tower Watson's advice, most of the peer group companies were considering increases in the range of 3%. In deciding to recommend an increase in Mr. Cotter, Sr.'s annual base salary, the Compensation Committee decided to maintain Mr. Cotter Sr.'s overall total compensation increase from 2012 to within the 3% range, but make the adjustment fully on the base salary. The Compensation Committee also considered the fact that the increase would necessarily result in an increase in Mr. Cotter, Sr.'s SERP, but this did not affect the Compensation Committee's recommendation,

since the SERP is fully vested and, except for changes in benefits resulting from changes in Mr. Cotter, Sr.'s annual cash compensation, Mr. Cotter, Sr. is no longer accruing additional benefits under the SERP.

*Discretionary Cash Bonus:* *Up to $500,000.*

The Compensation Committee determined to maintain the upper range of Mr. Cotter, Sr.'s usual discretionary cash bonus for 2013 at the 2012 level. No benchmarks, formulas or quantitative or qualitative measurements of any kind were specified for use in determining the amount of cash bonus to be awarded within this range. In its annual compensation review, the Compensation Committee recommends to the Board the actual amount of the cash bonus, within such range, at its discretion and based solely on its subjective evaluation of our Chief Executive Officer's performance. As it typically has done in the past, in December 2013 the Compensation Committee recommended that the full amount of the discretionary cash bonus be awarded to Mr. Cotter, Sr. for 2013. The Compensation Committee reserved the right to increase the $500,000 upper range of discretionary cash bonus amount based upon parameters discussed with Mr. Cotter, Sr.

At its January 15, 2013 meeting, the Compensation Committee also determined to recommend to the Board of Directors an additional 2013 cash bonus to Mr. Cotter, Sr. of up to $500,000 based on the achievement of specified criteria relating to the progress of the Company's proposed Cinemas and Union Square developments in New York City.

In subsequent informal discussions among the Compensation Committee members later in 2013, they discussed the progress of the Company's development, which had been delayed temporarily by subway and landmarking issues, as well as the continued importance to the Company of the proposed development and estimated appreciation in the value of the proposed development. The Compensation Committee members also considered the diversion of Mr. Cotter, Sr.'s time and attention by other business of the Company, including the successful sale of the Company's Moonee Ponds Property for AUS$23 million, which the Compensation Committee had not considered in recommending the additional $500,000 bonus for 2013.

As a result of the above, at a meeting of the Board of Directors on January 14, 2014, the Chairman of the Compensation Committee summarized the discussions among the Compensation Committee members and reported that there was a consensus among the members that Mr. Cotter, Sr. should be awarded the full additional $500,000 bonus for 2013 despite the Company's failure to meet certain criteria originally established by the Compensation Committee in January 2013 as the basis for the payment of the additional $500,000 bonus for 2013. Based on the Compensation Committee's report and recommendations, the Board of Directors, with Mr. Cotter, Sr. and Mr. Cotter, Jr. and Ellen Cotter abstaining, approved the payment to Mr. Cotter, Sr., of the full $500,000 additional bonus for 2013.

*Stock Bonus:* *$750,000 (125,209 shares of Class A Stock).*

In its meeting on January 15, 2013, the Compensation Committee determined that, so long as Mr. Cotter, Sr.'s employment with the Company was not terminated prior to December 31, 2013 other than as a result of his death or disability, he was to receive 125,209 shares of our Company's Class A Stock: the number of shares of Class A nonvoting common stock equal to $750,000 divided by the closing price of the stock on January 15, 2013, the date the Committee approved the stock bonus. These shares were issued on April 8, 2014.

None of our executive officers plays a role in determining the compensation of our Chief Executive Officer. When invited by the Compensation Committee, Mr. Cotter, Sr. attends meetings of the Compensation Committee. In 2013, he attended one such meeting. Before recommending any changes to our Chief Executive Officer's compensation, the Compensation Committee typically discusses the proposed changes with Mr. Cotter, Sr. and Andrzej Matyczynski, our Chief Financial Officer, occasionally attends Compensation Committee meetings as he did in 2013 to provide information as requested by the Committee.

*2014 CEO Compensation*

For purposes of establishing our Chief Executive Officer's 2014 compensation, the Company engaged Towers Watson to generate an updated report, which the Company received on February 26, 2014.

The Company paid Towers Watson $7,455 for the updated report.

The Towers Watson analysis focused on the competitiveness of Mr. Cotter, Sr.'s annual base salary, total cash compensation and total direct compensation (i.e., total cash compensation plus expected value of long-term compensation) relative to, with one exception, the same peer group of 19 United States and Australian companies and published compensation survey data, and to the Company's compensation philosophy. The excepted former peer group company was Bluegreen Corp., which was acquired in 2013.

Towers Watson again predicted pay levels by using regression analysis to adjust compensation data based on estimated annual revenues of $260 million (i.e., the Company's approximate annual revenues) for all companies, excluding financial services companies. The published survey data was updated to January 1, 2014 using an annual update factor of 3%, which reflects the projected 2013 salary budget increase for the arts, entertainment and recreation industry. As in its prior reports to the Company, Towers Watson did not evaluate Mr. Cotter, Sr.'s SERP, because the SERP is fully vested and accrues no additional benefits except as Mr. Cotter, Sr.'s annual cash compensation changes.

The Towers Watson analysis indicated that Mr. Cotter, Sr.'s total direct compensation for 2013, including the $500,000 additional cash bonus to Mr. Cotter, Sr., was in line with the 66th percentile of the peer group.

The Towers Watson analysis indicated that the peer group data, with the exception of annual base salary, is above Mr. Cotter, Sr.'s annual base salary as it was in 2012 even after the 7% increase in Mr. Cotter, Sr.'s salary implemented in 2013. The peer group is partially comprised of companies that are larger than Reading and the 66th percentile level tend to reflect the larger peers. However, Towers Watson analysis also indicated that the size of the Company's peers does not materially affect the pay levels at the peer companies. The published survey data of companies of comparable size reviewed by Towers Watson is below the Company's pay levels.

Towers Watson combined the data from the peer group and the published survey data to compile "blended" market data. As compared to the blended market data, Mr. Cotter, Sr.'s cash compensation is in line with the 66th percentile while the total direct compensation, which includes the expected value of long-term incentive compensation, would have been below the 66th percentile, without the additional $500,000 cash bonus paid to Mr. Cotter, Sr. for 2013.

Because our Company is comparable to the smaller companies in the peer group, Towers Watson reviewed whether the size of the proxy peer group of companies had a meaningful impact on reported CEO pay levels, and concluded that there is a weak correlation between company size and CEO compensation. It concluded, therefore, that it is not necessary to separately adjust the peer group data based on the size of our Company, since the peer group was selected based on the acceptable revenue range. The Compensation Committee met on February 27, 2014 to consider the Towers Watson analysis. At the meeting, the Compensation Committee determined to recommend to our Board of Directors the following compensation for our Chief Executive Officer for 2014. The Board met on March 13, 2014 and accepted this recommendation without change.

*Salary:* *$750,000*

The Compensation Committee recommended maintaining Mr. Cotter, Sr.'s 2014 annual base salary at $750,000, its 2013 level.

*Discretionary Cash Bonus:* *Up to $750,000.*

The Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s usual discretionary cash bonus for 2014 from the 2013 level of $500,000 to $750,000. The bonus is subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless his employment is terminated earlier due to his death or disability. No other benchmarks, formulas or quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in the past, the Compensation Committee reserves the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of the Company or Mr. Cotter, Sr.'s exceptional performance as determined in the Compensation Committee's discretion

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

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

***Compensation of Other Named Executive Officers***

Mr. Cotter Sr., our Chairman and Chief Executive Officer, sets the compensation of our executive officers other than himself and the members of his family. Mr. Cotter, Sr.'s decisions are not subject to approval by the Compensation Committee or the Board of Directors, but our Compensation Committee and our Board consider Mr. Cotter, Sr.'s decisions with respect to Executive Compensation in evaluating his performance as our Chief Executive Officer. Mr. Cotter, Sr. has informed the Company that he does not use any formula, benchmark or other quantitative measure to establish or award any component of executive compensation, nor does he consult with compensation consultants on the matter. Mr. Cotter, Sr. has advised the Company that he considers the following guidelines in setting the type and amount of executive compensation:

1. Executive compensation should primarily be used to:

   · attract and retain talented executives;
   · reward executives appropriately for their individual efforts and job performance; and
   · afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our Board of Directors.

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

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

Personal and Company performances are just two factors considered by Mr. Cotter, Sr. in establishing base salaries and awarding discretionary compensation. We have no pre-established policy or target for allocating total executive compensation between base and discretionary or incentive compensation, or between cash and stock-based incentive compensation. Historically, including in 2013, a majority of total compensation to our named executive officers was in the form of annual base salaries and discretionary cash bonuses, although stock bonuses have been granted from time to time under special circumstances. These elements are discussed further below.

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

Cash Bonus: Cash bonuses may supplement the base salaries of our named executive officers and are entirely discretionary on the part of Mr. Cotter, Sr. Factors that may be considered by Mr. Cotter, Sr. in awarding cash bonuses are (i) the level of the executive's responsibilities; (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision; and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the Company's goals.

Stock Bonus: Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters set by our 2010 Stock Incentive Plan, are entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to Board Approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights.

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

Andrzej Matyczynski, our Chief Financial Officer, has a written employment agreement with our Company that provides for a specified annual base salary and other compensation as described elsewhere in this proxy statement.

Other than Mr. Cotter, Sr.'s role in setting compensation, none of our executive officers play a role in determining the compensation of our named executive officers.

***Key Person Insurance***

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

***Retirement Benefits***

We provide all of our employees, including Mr. Cotter, Sr. and our other named executive officers, a retirement savings plan qualified under Internal Revenue Code section 401(k). To be eligible to participate, employees must have completed four months of employment, and must be over 21 years of age. Employees choosing to participate can make contributions to their plan account on a pre-tax basis up to the maximum

annual amount permitted by IRS rulings. The Company usually matches employee contributions dollar-for-dollar up to 3% of employee wages, then 50 cents per dollar between 3% and 5% of employee wages.

*Supplemental Executive Retirement Plan*

In March 2007, our Board of Directors approved a Supplemental Executive Retirement Plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits to reward him for his more than 25 years of service to our Company and its predecessors. Under the SERP, following his separation from our Company, Mr. Cotter, Sr. will be entitled to receive from our Company for the remainder of his life (with a guaranteed minimum of 180 monthly payments) a monthly payment of the greater of (i) 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us or (ii) $25,000. The beneficiaries under the SERP may be designated by Mr. Cotter, Sr. or by his beneficiary following his death. The benefits under the SERP are fully vested.

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

*Other Retirement Plans*

John Hunter, our former Chief Operating Officer, left the company in June 2013, and in accordance with the provisions of his employment agreement, the Company paid the vested pension benefit of $400,000 on February 3, 2014, without interest.

During 2012, Mr. Matyczynski was granted an unfunded deferred compensation plan ("DCP") that is partially vested and will vest further, assuming he remains in our continuous employ. If Mr. Matyczynski is terminated for cause, then the total vested amount reduces to zero. The incremental amount vested each year is subject to review and approval by our Board of Directors (with the concurrence of our Chairman). Assuming no changes in the incremental vesting amount by our Board of Directors, Mr. Matyczynski's DCP will vest as follows:

| December 31 | Total Vested Amount at the End of Each Vesting Year | |
|---|---|---|
| 2013 | $ | 300,000 |
| 2014 | $ | 375,000 |
| 2015 | $ | 450,000 |
| 2016 | $ | 525,000 |
| 2017 | $ | 625,000 |
| 2018 | $ | 750,000 |
| 2019 | $ | 1,000,000 |

Payment of the vested benefit is to be made in three equal annual payments, starting six months after he ceases to be employed by our Company.

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

***Tax and Accounting Considerations***

*Deductibility of Executive Compensation*

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

*Nonqualified Deferred Compensation*

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

*Accounting for Stock-Based Compensation*

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

***Say on Pay and Say When Pay***

At our Company's Annual Meeting of Stockholders held on May 19, 2011, we held an advisory vote on executive compensation and an advisory vote on the frequency of future executive compensation advisory votes. Our stockholders voted in favor of our Company's executive compensation and in favor of providing stockholders with an advisory vote on future executive compensation every three years. In light of the voting results and other factors, the Board determined to provide stockholders with an advisory vote on future executive compensation every three years. The Committee reviewed the results of the advisory vote on executive compensation in 2012 and did not make any changes to our compensation based on the results of the vote. The Committee will review the results of the upcoming advisory vote on executive compensation and decide whether any changes should be made going forward.

***Compensation Committee Report***

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

Respectfully submitted,

Edward L. Kane, Chairman
Tim Storey
Alfred Villaseñor

**Summary Compensation Table**

The following table presents summary information concerning all compensation payable to our named executive officers for services rendered in all capacities during the past three completed fiscal years:

| | Year | Salary ($) | Bonus ($) | Stock Awards ($) | Option Awards ($) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| James J. Cotter, Sr. | 2013 | 750,000 | 1,000,000 | 750,000 (1) | -- | 1,455,000 (2) | 25,000 (3) | 3,980,000 |
| Chairman of the Board | 2012 | 700,000 | 500,000 | 950,000 | -- | 2,433,000 | 24,000 | 4,607,000 |
| and Chief Executive | 2011 | 500,000 | 500,000 | 750,000 | -- | -- | 25,000 | 1,775,000 |
| Officer | | | | | | | | |
| Andrzej Matyczynski | 2013 | 309,000 | 35,000 | -- | 33,000 | 50,000 (5) | 26,000 (4) | 453,000 |
| Chief Financial Officer | 2012 | 309,000 | -- | -- | 33,000 | 250,000 | 25,000 | 617,000 |
| and Treasurer | 2011 | 309,000 | -- | -- | 31,000 | -- | 22,000 | 362,000 |
| Robert F. Smerling | 2013 | 350,000 | 50,000 | -- | -- | -- | 22,000 (4) | 422,000 |
| President – Domestic | 2012 | 350,000 | 50,000 | -- | -- | -- | 22,000 | 422,000 |
| Cinema Operations | 2011 | 350,000 | 25,000 | -- | -- | -- | 18,000 | 393,000 |
| Ellen M. Cotter | 2013 | 335,000 | -- | -- | -- | -- | 25,000 (4) | 360,000 |
| Chief Operating Officer | 2012 | 335,000 | 60,000 | -- | -- | -- | 25,000 | 420,000 |
| Domestic Cinemas | 2011 | 275,000 | -- | -- | -- | -- | 24,000 | 299,000 |
| Wayne Smith | 2013 | 339,000 | -- | -- | -- | -- | 20,000 (4) | 359,000 |
| Managing Director - | 2012 | 357,000 | 16,000 | -- | 22,000 | -- | 19,000 | 414,000 |
| Australia and New Zealand | 2011 | 353,000 | 26,000 | -- | 33,000 | -- | 40,000 | 452,000 |

(1) Based on closing price of our Class A Nonvoting Common Stock on January 15, 2013.

(2)Represents an increase in the actuarial value of Mr. Cotter. Sr.'s SERP at December 31, 2013, as estimated by Towers Watson in January 2014. As the SERP is unfunded, this does not represent any current payment or contribution by our Company. Rather, it is simply a calculation of the increase in the present value of the formula benefits provided for in the SERP, and reflects items such as the timing of cash compensation payments made to Mr. Cotter, Sr., and interest rates from time to time. No change has been made to the SERP benefits since its inception in 2007.

(3)We own a condominium in West Hollywood, California, which is used as an executive meeting place and office. "All Other Compensation" includes our matching contributions under our 401(k) plan, the incremental cost to our Company of providing the use of the West Hollywood Condominium to Mr. Cotter, Sr., the cost of a Company automobile used by Mr. Cotter, Sr., and health club dues paid by the Company.

(4)Represents our employer's matching contributions under our 401(k) plan, key person insurance, and any car allowances.

(5)Represents increases in the value of the DCP for Mr. Matyczynski at December 31, 2013. As this DCP is unfunded, these amounts do not represent any current payment or contribution by our Company. Rather, it is simply a calculation of the increase in the value of the benefits provided for by the DCP.

**Grants of Plan-Based Awards**

The following table contains information concerning the stock grants made to our named executive officers for the year ended December 31, 2013:

| Name | Grant Date | All Other Stock Awards: Number of Shares of Stock or Units | Grant Date Fair Value of Stock and Option Awards |
|---|---|---|---|
| James J. Cotter, Sr. | 1/15/2013 | 125,209 (1) | $ 750,000 |

(1)Represents the value, determined by reference to the closing price of our Class A Stock on January 15, 2013, of shares issued to Mr. Cotter in satisfaction of the stock bonus portion of his compensation package for 2013. This valuation does not reflect any discount for the fact that these shares are restricted and cannot be sold for five years.

**Outstanding Equity Awards**

The following table contains information concerning the outstanding option and stock awards of our named executive officers as of December 31, 2013:

| | Option Awards | | | | | Stock Awards | |
|---|---|---|---|---|---|---|---|
| | Class | Number of Shares Underlying Unexercised Options Exercisable | Number of Shares Underlying Unexercised Options Unexercisable | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock that Have Not Vested | Market Value of Shares or Units that Have Not Vested ($) |
| James J. Cotter, Sr. | B | 100,000 | -- | $ 10.24 | 5/9/2017 | -- | – |
| Ellen M. Cotter | A | 20,000 | -- | $ 5.55 | 3/16/2018 | -- | – |
| Ellen M. Cotter | B | 50,000 | -- | $ 10.24 | 5/9/2017 | -- | – |
| Andrzej Matyczynski | A | 35,100 | -- | $ 5.13 | 9/12/2020 | -- | – |
| Andrzej Matyczynski | A | 12,500 | 37,500 | $ 6.02 | 8/22/2022 | -- | – |
| Robert F. Smerling | A | 43,750 | -- | $ 10.24 | 5/9/2017 | -- | – |

**Option Exercises and Stock Vested**

The following table contains information for our named executive officers concerning the option awards that were exercised and stock awards that vested during the year ended December 31, 2013:

| | Option Awards | | Stock Awards | |
|---|---|---|---|---|
| Name | Number of Shares Acquired on Exercise | Value Realized on Exercise ($) | Number of Shares Acquired on Vesting | Value Realized on Vesting ($) |
| James J. Cotter, Sr. | -- | $ -- | 125,209 | $ 937,815 |
| Ellen M. Cotter | 75,000 | $ 300,750 | -- | $ -- |
| Wayne Smith | 50,000 | $ 200,500 | -- | $ -- |

**Pension Benefits**

The following table contains information concerning pension plans for each of the named executive officers for the year ended December 31, 2013:

| Name | Plan Name | Number of Years of Credited Service | Present Value of Accumulated Benefit ($) | Payments During Last Fiscal Year ($) |
|---|---|---|---|---|
| James J. Cotter, Sr. | SERP | 26 | $ 7,398,000 | $ -- |
| Andrzej Matyczynski | CFO DCP | 4 | $ 300,000 | $ -- |

**Payments Upon Termination or Change in Control**

We have entered into the following termination arrangements with the following named executive officer:

*Andrzej Matyczynski*. Pursuant to his employment agreement, Mr. Matyczynski is entitled to a severance payment equal to six months' salary in the event his employment is involuntarily terminated.

*Wayne Smith*. Pursuant to his employment agreement, Mr. Smith is entitled to a severance payment equal to six months' salary if the Reading Board terminates his employment for not meeting the standards of anticipated performance.

No other named executive officers have termination benefits in their employment agreements. None of our employment agreements with our named executive officers have provisions relating to change in control.

**Compensation Committee Interlocks and Insider Participation**

The current members of our Compensation Committee are Alfred Villaseñor, Tim Storey and Edward L. Kane, who serves as Chairman. There are no "interlocks," as defined by the SEC, with respect to any member of our Compensation Committee.

**CERTAIN TRANSACTIONS AND RELATED PARTY TRANSACTIONS**

The members of our Audit and Conflicts Committee are Edward Kane, Tim Storey, and Douglas McEachern, who serves as Chairman. Management presents all potential related party transactions to

the Conflicts Committee for review. Our Conflicts Committee reviews whether a given related party transaction is beneficial to our Company, and approves or bars the transaction after a thorough analysis. Only Committee members disinterested in the transaction in question participate in the determination of whether the transaction may proceed.

**Sutton Hill Capital**

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the leasing with an option to purchase of certain cinemas located in Manhattan including our Village East and Cinemas 1, 2 & 3 theaters. In connection with that transaction, we also agreed to lend certain amounts to SHC, to provide liquidity in its investment, pending our determination whether or not to exercise our option to purchase and to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company owned in equal shares by James J. Cotter and a third party and of which Mr. Cotter is the managing member. The Village East is the only cinema that remains subject to this lease and during 2013, 2012, and 2011, we paid rent to SHC for this cinema in the amount of $590,000 annually.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require Reading to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. We are advised by SHC that they intend to exercise their put option this year. In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of their $3.0 million deposit plus the assumption of its proportionate share of SHP's liabilities giving it a 25% non-managing membership interest in SHP. We manage this cinema property for a management fee equal to 5% of its gross income.

In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of their $3.0 million deposit plus the assumption of its proportionate share of SHP's liabilities giving it a 25% non-managing membership interest in SHP.

**OBI Management Agreement**

Pursuant to a Theater Management Agreement (the "Management Agreement"), our live theater operations are managed by OBI LLC ("OBI Management"), which is wholly owned by Ms. Margaret Cotter who is the daughter of James J. Cotter and a member of our Board of Directors.

The Management Agreement generally provides that we will pay OBI Management a combination of fixed and incentive fees, which historically have equated to approximately 21% of the net cash flow received by us from our live theaters in New York. Since the fixed fees are applicable only during such periods as the New York theaters are booked, OBI Management receives no compensation with respect to a theater at any time when it is not generating revenue for us. This arrangement provides an incentive to OBI Management to keep the theaters booked with the best available shows, and mitigates the negative cash flow that would result from having an empty theater. In addition, OBI Management manages our Royal George live theater complex

in Chicago on a fee basis based on theater cash flow. In 2013, OBI Management earned $401,000, which was 20.1% of net cash flows for the year. In 2012, OBI Management earned $390,000, which was 19.7% of net cash flows for the year. In 2011, OBI Management earned $398,000, which was 19.4% of net cash flows for the year. In each year, we reimbursed travel related expenses for OBI Management personnel with respect to travel between New York City and Chicago in connection with the management of the Royal George complex.

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

**Live Theater Play Investment**

From time to time, our officers and Directors may invest in plays that lease our live theaters. The play STOMP has been playing in our Orpheum Theatre since prior to the time we acquired the theater in 2001. Messrs. James J. Cotter and Michael Forman own an approximately 5% interest in that play, an interest that they have held since prior to our acquisition of the theater.

**Shadow View Land and Farming LLC**

During 2012, Mr. James J. Cotter, our Chairman, Chief Executive Officer and controlling shareholder, contributed $2.5 million of cash and $255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, in which Mr. Cotter owns a 50% interest. We are the managing member of Shadow View Land and Farming, LLC, with oversight provided by the Audit and Conflicts Committee of our Board of Directors.

**Certain Family Relationships**

Mr. Cotter, Sr., our controlling stockholder, has advised the Board of Directors that he considers his holdings in our Company to be long-term investments to be passed onto his heirs. The Directors believe that it is in the best interests of our Company and our stockholders for his heirs to become experienced in our operations and affairs. Accordingly, all of Mr. Cotter, Sr.'s children are currently involved with our Company and all serve on our Board of Directors.

**Certain Miscellaneous Transactions**

We have loaned Mr. Robert Smerling, the President of our domestic cinema operations, $70,000 pursuant to an interest-free demand loan that antedated the effective date of the Sarbanes-Oxley prohibition on loans to Directors and officers.

**INDEPENDENT PUBLIC ACCOUNTANTS**

Our independent public accountants, Grant Thornton, LLP, have audited our financial statements for the fiscal year ended December 31, 2013, and are expected to have a representative present at the Annual Meeting who will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

**Audit Fees**

The aggregate fees for professional services for the audit of our financial statements, audit of internal controls related to the Sarbanes-Oxley Act, and the reviews of the financial statements included in our Forms 10-K and 10-Q provided by Grant Thornton LLP for 2013 and 2012 were approximately $550,000 and $593,000, respectively.

**Audit-Related Fees**

Grant Thornton, LLP did not provide us any audit related services for both 2013 and 2012.

**Tax Fees**

Grant Thornton, LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for both 2013 and 2012.

**All Other Fees**

Grant Thornton, LLP did not provide us any other services than as set forth above for both 2013 and 2012.

**Pre-Approval Policies and Procedures**

Our Audit Committee must pre-approve, to the extent required by applicable law, all audit services and permissible non-audit services provided by our independent registered public accounting firm, except for any de minimis non-audit services. Non-audit services are considered de minimis if (i) the aggregate amount of all such non-audit services constitutes less than 5% of the total amount of revenues we paid to our independent registered public accounting firm during the fiscal year in which they are provided; (ii) we did not recognize such services at the time of the engagement to be non-audit services; and (iii) such services are promptly submitted to our Audit Committee for approval prior to the completion of the audit by our Audit Committee or any of its member(s) who has authority to give such approval. Our Audit Committee pre-approved all services provided to us by Grant Thornton LLP for 2013 and 2012.

**STOCKHOLDER COMMUNICATIONS**

**Annual Report**

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 is being provided with this Proxy Statement.

**Stockholder Communications with Directors**

It is the policy of our Board of Directors that any communications sent to the attention of any one or more of our Directors in care of our executive offices will be promptly forwarded to such Directors. Such communications will not be opened or reviewed by any of our officers or employees, or by any other Director, unless they are requested to do so by the addressee of any such communication. Likewise, the content of any telephone messages left for any one or more of our Directors (including call-back number, if any) will be promptly forwarded to that Director.

**Stockholder Proposals and Director Nominations**

Any stockholder who, in accordance with and subject to the provisions of the proxy rules of the SEC, wishes to submit a proposal for inclusion in our Proxy Statement for our 2015 Annual Meeting of

Stockholders, must deliver such proposal in writing to the Secretary of the Company at the address of our Company's principal executive offices at 6100 Center Drive, Suite 900, Los Angeles, California 90045. Unless we change the date of our annual meeting by more than 30 days from the prior year's meeting, such written proposal must be delivered to us no later than January 6, 2015 to be considered timely. If our 2015 Annual Meeting is not within 30 days of the anniversary of our 2014 Annual Meeting, to be considered timely, stockholder proposals must be received no later than ten days after the earlier of (a) the date on which notice of the 2015 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2015 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive timely notice of a stockholder proposal, the proxies that we hold may confer discretionary authority to vote against such stockholder proposal, even though such proposal is not discussed in our Proxy Statement for that meeting.

Our Board of Directors will consider written nominations for Directors from stockholders. Nominations for the election of Directors made by our stockholders must be made by written notice delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the date that this Proxy Statement is first sent to stockholders. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our Company's common stock that is beneficially owned by such nominee and such other information required by the proxy rules of the SEC with respect to a nominee of the Board of Directors.

Under our governing documents and applicable Nevada law, our stockholders may also directly nominate candidates from the floor at any meeting of our stockholders held at which Directors are to be elected.

**OTHER MATTERS**

We do not know of any other matters to be presented for consideration other than the proposals described above, but if any matters are properly presented, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their judgment.

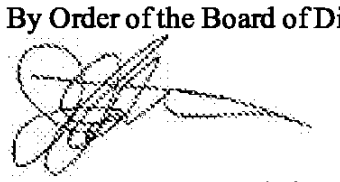
**DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS**

As permitted by the Securities Exchange Act of 1934, only one copy of the proxy materials are being delivered to our stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies of the proxy materials.

We will promptly deliver without charge, upon oral or written request, a separate copy of the proxy materials to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to our Corporate Secretary by telephone at (213) 235-2240 or by mail to Corporate Secretary, Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045.

Stockholders residing at the same address and currently receiving only one copy of the proxy materials may contact the Corporate Secretary as described above to request multiple copies of the proxy materials in the future.

By Order of the Board of Directors,



James J. Cotter, Sr., Chairman
Dated: April 25, 2014

## PROXY CARD

**Electronic Voting Instructions**
**You can vote by Internet or telephone!**
**Available 24 hours a day, 7 days a week!**
Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy.
VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR
**Proxies submitted by the Internet or telephone must be received by 1:00 a.m., Central Time, on May 15, 2014.**
**Vote by Internet**
Log on to the Internet and go to
**www.investorvote.com/RDI**
Follow the steps outlined on the secured website.
**Vote by telephone**
Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada any time on a touch tone telephone. There is **NO CHARGE** to you for the call.
Follow the instructions provided by the recorded message.

**Annual Meeting Proxy Card**
IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE.

A. **Proposals**

1. Election of Directors – The Board of Directors recommends a vote FOR all the nominees listed.

| Nominees: | For | Withhold | | For | Withhold | | For | Withhold |
|---|---|---|---|---|---|---|---|---|
| 01 - James J. Cotter, Sr. | ☐ | ☐ | 02 - James J. Cotter, Jr. | ☐ | ☐ | 03 – Ellen M. Cotter | ☐ | ☐ |
| 04 - Margaret Cotter | ☐ | ☐ | 05 - Guy W. Adams | ☐ | ☐ | 06 - William D. Gould | ☐ | ☐ |
| 07 - Edward L. Kane | ☐ | ☐ | 08 – Douglas J. McEachern | ☐ | ☐ | 09 - Tim Storey | ☐ | ☐ |

2. Advisory vote on executive officer compensation – The Board of Directors recommends a vote FOR approval of the advisory and non-binding vote on the Company's named executive officer compensation.

| For | Against | Withhold |
|---|---|---|
| ☐ | ☐ | ☐ |

3. Other Business. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting and at and with respect to any and all adjournments or postponements thereof. The Board of Directors at present knows of no other business to be presented by or on behalf of the Company or the Board of Directors at the meeting.

B. **Authorized Signatures – This section must be completed for your vote to be counted. – Date and Sign Below**

Please date this proxy card and sign above exactly as your name appears on this card. Joint owners should each sign personally. Corporate proxies should be signed by an authorized officer. Executors, administrators, trustees, etc., should give their full titles.

| Date (mm/dd/yyyy) – Please print date below. | Signature 1 – Please keep signature within the box. | Signature 2 – Please keep signature within the box. |
|---|---|---|
| | | |

**IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A – C ON BOTH SIDES OF THIS CARD.**

**Proxy - READING INTERNATIONAL, INC.**

**PROXY FOR THE ANNUAL MEETING OF STOCKHOLDERS - TO BE HELD MAY 15, 2014**
**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints James J. Cotter, Sr. and Andrzej Matyczynski, and each of them, the attorneys, agents, and proxies of the undersigned, with full powers of substitution to each, to attend and act as proxy or proxies of the undersigned at the Annual Meeting of Stockholders of Reading International, Inc. to be held at the offices of Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045, on Thursday, May 15, 2014 at 11:00 a.m., local time, and at and with respect to any and all adjournments or postponements thereof, and to vote as specified herein the number of shares which the undersigned, if personally present, would be entitled to vote.

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

**THE PROXY, WHEN PROPERLY EXECUTED AND RETURNED PRIOR TO THE ANNUAL MEETING, WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS GIVEN, IT WILL BE VOTED "FOR" PROPOSAL 1, 2, AND IN THE PROXY HOLDERS' DISCRETION AS TO ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF.**

**PLEASE SIGN AND DATE ON REVERSE SIDE**

C. **Non-Voting Items**

Change of Address – Please print new address below.

| |
|---|
| |

**Meeting Attendance**
Mark the box to the right if you plan to attend the Annual Meeting. ☐

**IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A – C ON BOTH SIDES OF THIS CARD.**

Data provided by Morningstar Document Research℠ Service provided by

# EXHIBIT 28

READING INTERNATIONAL INC filed this DEF 14A on 10/20/2015



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

# SCHEDULE 14A
**Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934**

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

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

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

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

Payment of Filing Fee (Check the appropriate box):

☑ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
- (1) Title of each class of securities to which transaction applies: _____
- (2) Aggregate number of securities to which transaction applies: _____
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
- (4) Proposed maximum aggregate value of transaction: _____
- (5) Total fee paid: _____

☐ Fee paid previously with preliminary materials.

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

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

**READING INTERNATIONAL, INC.**
**6100 Center Drive, Suite 900**
**Los Angeles, California 90045**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**
**TO BE HELD ON TUESDAY, NOVEMBER 10, 2015**

TO THE STOCKHOLDERS:

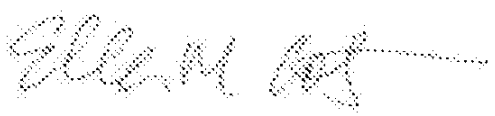
The 2015 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at The Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292, on Tuesday, November 10, 2015, at 11:00 a.m., local time, for the following purposes:

1. To elect nine Directors to serve until the Company's 2016 Annual Meeting of Stockholders and thereafter until their successors are duly elected and qualified;
2. To ratify the appointment of Grant Thornton LLP as the Company's independent auditors for the fiscal year ending December 31, 2015; and
3. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 is enclosed (the "Annual Report"). Only holders of record of our Class B Voting Common Stock at the close of business on October 6, 2015 are entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

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

By Order of the Board of Directors



Ellen M. Cotter
*Chairperson of the Board*

October 16, 2015

**READING INTERNATIONAL, INC.**
**6100 Center Drive, Suite 900**
**Los Angeles, California 90045**

**PROXY STATEMENT**
**Annual Meeting of Stockholders**
Tuesday, November 10, 2015

## INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Reading International, Inc. (the "Company," "Reading," "we," "us," or "our") of proxies for use at our 2015 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Tuesday, November 10, 2015, at 11:00 a.m., local time, at The Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about Tuesday, October 20, 2015.

At our Annual Meeting, you will be asked to (1) elect nine Directors to our Board of Directors (the "Board") to serve until the 2016 Annual Meeting of Stockholders, (2) ratify the appointment of Grant Thornton LLP as our independent auditors for the fiscal year ending December 31, 2015, and (3) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

As of October 6, 2015, the record date for the Annual Meeting (the "Record Date"), there were outstanding 1,680,590 shares of our Class B Voting Common Stock ("Class B Stock").

When proxies are properly executed and received, the shares represented thereby will be voted at the Annual Meeting in accordance with the directions noted thereon. If no direction is indicated, the shares will be voted: FOR each of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1 and FOR the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 under Proposal 2.

## INTERNET AVAILABILITY OF PROXY DOCUMENTS

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON NOVEMBER 10, 2015** – This Proxy Statement, along with the proxy card, and our Annual Report for the year ended December 31, 2014, as filed with the Securities and Exchange Commission, are available at our website, http://www.readingrdi.com, under "Investor Relations."

## ABOUT THE ANNUAL MEETING AND VOTING

**Why am I receiving these proxy materials?**

This proxy statement is being sent to all of our stockholders of record as of the close of business on October 6, 2015, by Reading's Board of Directors to solicit the proxy of holders of our Class B Stock to be voted at Reading's 2015 Annual Meeting of Stockholders, which will be held on Tuesday, November 10, 2015, at 11:00 a.m. Pacific Time, at The Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292.

**What items of business will be voted on at the annual meeting?**

There are two items of business scheduled to be voted on at the 2015 Annual Meeting:

- PROPOSAL 1: Election of nine directors to the Board of Directors.
- PROPOSAL 2: Ratification of the appointment of Grant Thornton LLP as our independent auditors for the year ending December 31, 2015.

We will also consider any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof, including approving any such adjournment, if necessary. Please note that at this time we are not aware of any such business.

**How does the Board of Directors recommend that I vote?**

Our Board of Directors recommends that you vote:

- On PROPOSAL 1: "FOR" the election of its nominees to the Board of Directors.
- On PROPOSAL 2: "FOR" the ratification of the appointment of Grant Thornton LLP as our independent auditors for the year ending December 31, 2015.

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

Other than the two items of business described in this Proxy Statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxies will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting.

**Am I eligible to vote?**

You may vote your shares of Class B Stock at the Annual Meeting if you were a holder of record of Class B Stock at the close of business on October 6, 2015. Your shares of Class B Stock are entitled to one vote per share. At that time, there were 1,680,590 shares of Class B Stock outstanding, and approximately 85 holders of record. Each share of Class B Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

**What if I own Class A Nonvoting Common Stock?**

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

**How can I get electronic access to the proxy materials?**

This Proxy Statement, along with the proxy card, and our Annual Report for the year ended December 31, 2014 as filed with the Securities and Exchange Commission are available at our website, http://www.readingrdi.com, under "Investor Relations."

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

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

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

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

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

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

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

**How do I vote?**

Proxies are solicited to give all holders of our Class B Stock who are entitled to vote on the matters that come before the meeting the opportunity to vote their shares, whether or not they attend the meeting in person. If you are a holder of record of shares of our Class B Stock, you have the right to vote in person at the meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting. You can vote by one of the following manners:

- By Internet — Holders of our Class B Stock of record may submit proxies over the Internet by following the instructions on the proxy card. Holders of our Class B Stock who are beneficial owners may vote by Internet by following the instructions on the voting instruction card sent to them by their bank, broker, trustee or nominee. Proxies submitted by the Internet must be received by 11:59 p.m., Pacific Time, on November 9, 2015 (the day before the Annual Meeting).
- By Telephone — Holders of our Class B Stock of record who live in the United States or Canada may submit proxies by telephone by calling the toll-free number on the proxy card and following the instructions. Holders of our Class B Stock of record will need to have the control number that appears on their proxy card available when voting. In addition, beneficial owners of shares living in the United States or Canada and who have received a voting instruction card by mail from their bank, broker, trustee or nominee may vote by phone by calling the number specified on the voting instruction card. Those stockholders should check the voting instruction card for telephone voting availability. Proxies submitted by telephone must be received by 11:59 p.m., Pacific Time, on November 9, 2015 (the day before the Annual Meeting).
- By Mail — Holders of our Class B Stock of record who have received a paper copy of a proxy card by mail may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope. Holders of our Class B Stock who are beneficial owners who have received a voting

instruction card from their bank, broker or nominee may return the voting instruction card by mail as set forth on the card. Proxies submitted by mail must be received before the polls are closed at the Annual Meeting.

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

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

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

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

*Shares held of record by a trust:* The trustee of a trust is entitled to vote the shares held by the trust, either by proxy or by attending and voting in person at the Annual Meeting. If you are voting as a trustee, and are not identified as a record owner of the shares, then you must provide suitable evidence of your status as a trustee of the record trust owner. If the record owner is a trust and there are multiple trustees, then if only one trustee votes, that trustee's vote applies to all of the shares held of record by the trust. If more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular Proposal, each trustee may vote proportionally the shares held of record by the trust.

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

**What is a broker non-vote?**

Applicable rules permit brokers to vote shares held in street name on routine matters. Shares that are not voted on non-routine matters, such as the election of directors or any proposed amendment of our Articles or Bylaws, are called broker non-votes. Broker non-votes will have no effect on the vote for the election of directors, but could affect the outcome of any matter requiring the approval of the holders of an absolute majority of the Class B Stock. We are not currently aware of any matter to be presented to the Annual Meeting that would require the approval of the holders of an absolute majority of the Class B Stock.

**What routine matters will be voted on at the annual meeting?**

The ratification of Grant Thornton LLP as our independent auditors for 2015 is the only routine matter to be presented at the Annual Meeting by the Board on which brokers may vote in their discretion on behalf of beneficial owners who have not provided voting instructions.

**What non-routine matters will be voted on at the annual meeting?**

The election of nine members to the Board of Directors is the only non-routine matter included among the Board's proposals on which brokers may not vote, unless they have received specific voting instructions from beneficial owners of our Class B Stock.

**How are abstentions and broker non-votes counted?**

Abstentions and broker non-votes are included in determining whether a quorum is present. In tabulating the voting results for the items to be voted on at the 2015 Annual Meeting, shares that constitute abstentions and broker non-votes are not considered entitled to vote on that matter and will not affect the outcome of any matter being voted on at the meeting, unless the matter requires the approval of the holders of a majority of the outstanding shares of Class B Stock.

**How can I change my vote after I submit a proxy?**

If you are a stockholder of record, there are three ways you can change your vote or revoke your proxy after you have submitted your proxy:

- First, you may send a written notice to Reading International, Inc., posting or other delivery charges pre-paid, c/o Office of the Secretary, 6100 Center Drive, Suite 900, Los Angeles, CA, 90045, stating that you revoke your proxy. To be effective, we must receive your written notice prior to the closing of the polls at the Annual Meeting.
- Second, you may complete and submit a new proxy in one of the manners described above under the caption, "How Do I Vote." Any earlier proxies will be revoked automatically.
- Third, you may attend the Annual Meeting and vote in person. Any earlier proxy will be revoked. However, attending the Annual Meeting without voting in person will not revoke your proxy.

**How will you solicit proxies and who will pay the costs?**

We will pay the costs of the solicitation of proxies. We may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding the voting materials to their customers who are beneficial owners and obtaining their voting instructions. In addition to soliciting proxies by mail, our board members, officers and employees may solicit proxies on our behalf, without additional compensation, personally or by telephone.

**Is there a list of stockholders entitled to vote at the Annual Meeting?**

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting at our principal executive offices between the hours of 9:00 a.m. and 5:00 p.m. for any purpose relevant to the Annual Meeting. To arrange to view this list during the times specified above, please contact the Secretary of the Company.

**What constitutes a quorum?**

The presence in person or by proxy of the holders of record of a majority of our outstanding shares of Class B Stock entitled to vote will constitute a quorum at the Annual Meeting. Each share of our Class B Stock entitles the holder of record to one vote on all matters to come before the Annual Meeting.

**How are votes counted and who will certify the results?**

First Coast Results, Inc. will act as the independent Inspector of Elections and will count the votes, determine whether a quorum is present, evaluate the validity of proxies and ballots, and certify the results. A representative of First Coast Results, Inc. will be present at the Annual Meeting. The final voting results will be reported by us on a Current Report on Form 8-K to be filed with the SEC within four business days following the Annual Meeting.

**What is the vote required for a Proposal to pass?**

The nine nominees for election as Directors at the Annual Meeting who receive the highest number of "FOR" votes will be elected as Directors. This is called plurality voting. Unless you indicate otherwise, the persons named as your proxies will vote your shares FOR all the nominees for Director named in Proposal 1. If your shares are held by a broker or other nominee and you would like to vote your shares for the election of Directors in Proposal 1, you must instruct the broker or nominee to vote "FOR" for each member of the slate. If you give no instructions to your broker or nominee, then your shares will not be voted. If you instruct your broker or nominee to "WITHHOLD," then your vote will not be counted in determining the election.

Proposal 2 requires the affirmative "FOR" vote of a majority of the votes cast by the stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote thereon.

Except with respect to the Proposal to ratify our independent auditors, where broker non-votes will be counted, only votes for or against Proposal 1 at the Annual Meeting will be counted as votes cast and abstentions and broker non-votes will not be counted for voting purposes.

**Is my vote kept confidential?**

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed to third parties, except as may be necessary to meet legal requirements.

**How will the Annual Meeting be conducted?**

In accordance with our Bylaws, Ellen M. Cotter, as the Chairperson of the Board of Directors, will be the Presiding Officer of the Annual Meeting. Craig Tompkins has been designated by Ms. Cotter to serve as Secretary for the Annual Meeting.

Ms. Cotter and other members of management will address attendees following the Annual Meeting. Stockholders desiring to pose questions to our management are encouraged to send their questions to us, care of the Annual Meeting Secretary, in advance of the Annual Meeting, so as to assist our management in preparing appropriate responses and to facilitate compliance with applicable securities laws.

The Presiding Officer has broad authority to conduct the Annual Meeting in an orderly and timely manner. This authority includes establishing rules for stockholders who wish to address the meeting or bring matters before the Annual Meeting. The Presiding Officer may also exercise broad discretion in recognizing stockholders who wish to speak and in determining the extent of discussion on each item of business. In light of the need to conclude the Annual Meeting within a reasonable period of time, there can be no assurance that every stockholder who wishes to speak will be able to do so. The Presiding Officer has authority, in her discretion, to at any time recess or adjourn the Annual Meeting. Only stockholders are entitled to attend and address the Annual Meeting. Any questions or disputes as to who may or may not attend and address the Annual Meeting will be determined by the Presiding Officer.

Only such business as shall have been properly brought before the Annual Meeting shall be conducted. Pursuant to our governing documents and applicable Nevada law, in order to be properly brought before the Annual Meeting, such business must be brought by or at the direction of (1) the Chairperson, (2) our Board of Directors, or (3) holders of record of our Class B Stock. At the appropriate time, any stockholder who wishes to address the Annual Meeting should do so only upon being recognized by the Presiding Officer.

## CORPORATE GOVERNANCE

**Director Leadership Structure**

Ellen M. Cotter is our current Chairperson and also serves as our interim Chief Executive Officer and President and serves as the Chief Operating Officer for our Domestic Cinemas. Ellen M. Cotter has been with our Company for more than 17 years, focusing principally on the cinema operations aspects of our business. During this time period, we have grown our Domestic Cinema Operations from 42 to 248 screens and our cinema revenues have grown from US $15.5 million to US $125.7 million. Margaret Cotter is our current Vice-Chairperson. Margaret Cotter has been responsible for the operation of our live theaters for more than the past 14 years and has for more than the past five years been actively involved in the re-development of our New York properties.

Ellen M. Cotter has a substantial stake in our business, owning directly 799,765 shares of Class A Stock and 50,000 shares of Class B Stock. Margaret Cotter likewise has a substantial stake in our business, owning directly 804,173 shares of Class A Stock and 35,100 shares of Class B Stock. Ellen and Margaret Cotter are the Co-Executors of their father's (James J. Cotter, Sr.) estate and Co-Trustees of a trust (the "Living Trust") established for the benefit of his heirs. Together they have shared voting control over an aggregate of 1,208,988 shares or 71.9% of our Class B Stock. Ellen and Margaret Cotter have informed the Board that they intend to vote the shares beneficially held by them for each of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1.

James Cotter, Jr. alleges he has the right to vote the shares held by the Living Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada Corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Living Trust, have informed the Board that they intend to vote the shares held by the Living Trust for each of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Living Trust, which, when added to the other shares they report as being beneficially owned by them, will constitute 71.9% of the shares of Class B Stock entitled to vote for directors at the Annual Meeting.

The Company has elected to take the "controlled company" exception under applicable listing rules of The NASDAQ Capital Stock Market (the NASDAQ Listing Rules"). Accordingly, the Company is exempted from the requirement to have an independent nominating committee and to have a board comprised of at least a majority of independent directors, we are nevertheless nominating six independent directors for election to our Board. We have an Audit and Conflicts Committee (the "Audit Committee") and a Compensation and Stock Options Committee (the "Compensation Committee") comprised entirely of independent directors. And, we have a four member Executive Committee comprised of our Chairperson and Vice-Chairperson and two independent directors (Messrs. Guy W. Adams and Edward L. Kane). Due to this structure, the concurrence of at least one independent member of the Executive Committee is required in order for the Executive Committee to take action.

We believe that our Directors bring a broad range of leadership experience to our Company and regularly contribute to the thoughtful discussion involved in effectively overseeing the business and affairs of the Company. We believe that all Board members are well engaged in their responsibilities and that all Board members express their views and consider the opinions expressed by other Directors. Six Directors on our Board are independent under the NASDAQ Listing Rules and SEC rules, and William D. Gould serves as the lead director among our Independent Directors. In that capacity, Mr. Gould chairs meetings of the Independent Directors and acts as liaison between our Chairperson of the Board and interim Chief Executive Officer and our Independent Directors. Our Independent Directors are involved in the leadership structure of our Board by serving on our Audit Committee, the Compensation Committee, and the Tax Oversight Committee, each having a separate independent chairperson. In connection with the Annual Meeting, we have established a Special Nominating Committee comprised of the chairs of our Executive, Audit and Compensation Committees.

**Management Succession**

James J. Cotter, Sr., our Company's controlling stockholder, Chairperson and Chief Executive Officer, resigned from all positions at our Company on August 7, 2014, and passed away on September 13, 2014. Upon his resignation, Ellen M. Cotter was appointed Chairperson, Margaret Cotter, her sister, was appointed Vice Chairperson and James J. Cotter, Jr., her brother, was appointed Chief Executive Officer, while continuing his position as President.

On June 12, 2015, the Board terminated the employment of James J. Cotter, Jr. as our President and Chief Executive Officer, and appointed Ellen M. Cotter to serve as the Company's interim President and Chief Executive Officer. The Board has established an Executive Search Committee (the "Search Committee") comprised of our Chairperson, our Vice Chairperson and directors Adams, Gould and McEachern and has retained Korn Ferry to seek out candidates for the Chief Executive Officer position. The Search Committee will consider both internal and external candidates.

**Board's Role in Risk Oversight**

Our management is responsible for the day-to-day management of risks we face as a Company, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The Board plays an important role in risk oversight at Reading through direct decision-making authority with respect to significant matters, as well as through the oversight of management by the Board and its committees. In particular, the Board administers its risk oversight function through (1) the review and discussion of regular periodic reports by the Board and its committees on topics relating to the risks that the Company faces, (2) the required approval by the Board (or a committee of the Board) of significant transactions and other decisions, (3) the direct oversight of specific areas of the Company's business by the Audit Committee, the Compensation Committee and the Tax Oversight Committee, and (4) regular periodic reports from the auditors and other outside consultants regarding various areas of potential risk, including, among others, those relating to our internal control over financial reporting. The Board also relies on management to bring significant matters impacting the Company to the attention of the Board.

**"Controlled Company" Status**

Under section 5615(c)(1) of the NASDAQ Listing Rules, a "controlled company" is a company in which 50% of the voting power for the election of directors is held by an individual, a group or another company. Together, Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock. Based on advice of counsel, our Board has determined that therefore the Company is a "controlled company" within the NASDAQ Listing Rules.

After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in the NASDAQ Listing Rules, our Board has determined to take advantage of certain exceptions from the NASDAQ Listing Rules afforded to our Company as a Controlled Company. In reliance on a "controlled company" exception, the Company does not maintain a separate standing Nominating Committee. The Company nevertheless at this time maintains a full Board comprised of a majority of independent Directors and fully independent Audit and Compensation Committees, and has no present intention to vary from that structure. For purposes of selecting nominees for our 2015 Annual Meeting, the Board formed a Special Nominating Committee comprised of the Chairs of our Executive, Audit and Compensation Committees (Messrs. Adams, McEachern and Kane, respectively), and delegated to that committee authority to recommend nominees to the Board for the Board's approval and nomination. Proposal 1 is comprised of the nominees recommended by the Special Nominating Committee and approved and nominated by our Board.

**Board Committees**

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

Executive Committee. The Executive Committee operates pursuant to a Charter adopted by our Board. Our Executive Committee is currently comprised of Ms. Ellen M. Cotter, Ms. Margaret Cotter and Messrs. Adams and Kane. Pursuant to its Charter, the Executive Committee is authorized, to the fullest extent permitted by Nevada law and our Bylaws, to take any and all actions that could have been taken by the full Board between meetings of the full Board. The Executive Committee held no meetings during 2014.

Audit Committee. The Audit Committee operates pursuant to Charter adopted by our Board that is available on our website at www.readingrdi.com. Our Board has determined that the Audit Committee is comprised entirely of independent

Directors (as defined in section 5605(a)(2) of the NASDAQ Listing Rules), and that Mr. McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. Our Audit Committee is currently comprised of Mr. McEachern, who serves as Chair, and Mr. Kane. Mr. Storey, who served on our Board in 2014 and through October 11, 2015, served on our Audit Committee throughout 2014. The Audit Committee held four meetings during 2014.

Compensation Committee. The Compensation Committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Adams. Mr. Alfred Villaseñor, a former Director, served on our Compensation Committee during 2014 until his term expired at the time of our 2014 Annual Meeting. Mr. Storey served on our Compensation Committee throughout 2014. The Compensation Committee evaluates and makes recommendations to the full Board regarding the compensation of our Chief Executive Officer and Cotter family members and performs other compensation related functions as delegated by our Board. The Compensation Committee held three meetings during 2014.

Tax Oversight Committee. Given our operations in the United States, Australia, and New Zealand and our historic net operating loss carry forwards, our Board formed a Tax Oversight Committee to review with management and to keep the Board informed about our Company's tax planning and such tax issues as may arise from time to time. This committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Cotter, Jr. The Tax Oversight Committee held four meetings during 2014.

**Consideration and Selection of the Board's Director Nominees**

The Company has elected to take the "controlled company" exception under applicable NASDAQ Listing Rules. Accordingly, the Company does not maintain a standing Nominating Committee. However, in connection with the Annual Meeting, the Board established a Special Nominating Committee consisting of Mr. Guy W. Adams (the Chair of our Executive Committee), Mr. Edward L. Kane (the Chair of our Compensation Committee) and Mr. Doug McEachern (the Chair of our Audit Committee) and delegated to that committee authority to evaluate and recommend nominees to the full Board for the Board's consideration, approval and nomination. Proposal 1 (Election of Directors) sets forth the names of the nominees recommended by the Special Nominating Committee and approved and nominated by our full Board.

The Special Nominating Committee considered for nomination incumbent Directors and candidates proposed by Ellen M. Cotter, Margaret Cotter and Mr. James Cotter, Jr. As part of its deliberations, the Special Nominating Committee reviewed the qualifications of each candidate submitted and conducted interviews with certain of the candidates. Since Ellen M. Cotter and Margaret Cotter vote a majority of the Class B Stock, the Special Nominating Committee and the Board accordingly considered their views with respect to the 2015 Director nominees.

Following a review of the experience and overall qualifications of the Director candidates evaluated by the Special Nominating Committee, the Committee recommended that the full Board nominate, and the full Board resolved to nominate, each of the individuals named in Proposal 1 for election as Directors of the Company at our 2015 Annual Meeting of Stockholders.

The Special Nominating Committee reported to the Board that in reaching the decision to recommend the nomination of Mr. James J. Cotter, Jr. for re-election to the Board, the Special Nominating Committee had taken a number of factors into consideration. Without attempting to place any particular priority on any particular consideration or to enumerate all of the matters discussed, the Special Nominating Committee reported to the Board that it had considered, among other factors, Mr. Cotter Jr.'s pending litigation against certain of the other Directors and arbitration proceedings with the Company; the Board's recent determination to terminate Mr. Cotter, Jr. as the Company's Chief Executive Officer and President of the Company; the potential that this personnel action and resultant legal proceedings could contribute to dissension among Board members and impact the otherwise collegial nature of Board meetings; Mr. Cotter, Jr.'s longevity on the Board and his broad knowledge of our Company; Mr. Cotter, Jr.'s beneficial holdings of the Company's securities; and the fact that Ellen M. Cotter and Margaret Cotter had notified the Special Nominating Committee that, if Mr. Cotter, Jr. was not nominated by the Board, they intend to vote in their capacity as stockholders, as the Co-Executors of the Cotter Estate and as a majority of the Co-Trustees of the Trust, to nominate Mr. Cotter, Jr. from the floor and to vote the more than 70% of the voting stock that they collectively control for the election of Mr. Cotter, Jr. After considering these factors and their deliberations, the Special Nominating Committee recommended that Mr. Cotter, Jr. be nominated to serve another term as a Director of the Company.

The Board approved each of the nominees recommended by the Special Nominating Committee, with James J. Cotter, Jr. voting against each of the recommended nominees (including himself) and Dr. Codding abstaining (Mr. Wrotniak was not present for the meeting). Mr. Cotter, Jr. subsequently executed a consent to being named as a nominee in these materials and

has agreed to serve as a Director if he is elected. Director Codding informed the Board that she abstained in view of the fact that she had just recently joined our Board. Director Wrotniak was not present at the meeting, having only recently been appointed to the Board earlier in the day.

**Code of Ethics**

We have adopted a Code of Ethics designed to help our Directors and employees resolve ethical issues. Our Code of Ethics applies to all Directors and employees, including the Chief Executive Officer, the Chief Financial Officer, principal accounting officer, controller and persons performing similar functions. Our Code of Ethics is posted on our website, www.readingrdi.com, under the "Investor Relations—Governance Documents" caption.

The Board has established a means for employees to report a violation or suspected violation of the Code of Ethics anonymously. In addition, we have adopted a "Whistleblower Policy" that establishes a process by which employees may anonymously disclose to the Audit Committee alleged fraud or violations of accounting, internal accounting controls or auditing matters.

**Review, Approval or Ratification of Transactions with Related Persons**

The Audit Committee has adopted a written policy for approval of transactions between the Company and its directors, director nominees, executive officers, greater than five percent beneficial owners and their respective immediate family members, where the amount involved in the transaction exceeds or is expected to exceed $120,000 in a single calendar year and the party to the transaction has or will have a direct or indirect interest. A copy of this policy is available at www.readingrdi.com under the "Investor Relations" caption. The policy provides that the Audit Committee reviews transactions subject to the policy and determines whether or not to approve or ratify those transactions. In doing so, the Audit Committee takes into account, among other factors it deems appropriate:

- The related person's interest in the transaction;
- The approximate dollar value of the amount involved in the transaction;
- The approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- Whether the transaction was undertaken in the ordinary course of business of the Company;
- Whether the transaction with the related person is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;
- The purpose of, and the potential benefits to the Company of, the transaction;
- Required public disclosure, if any; and
- Any other information regarding the transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

## PROPOSAL 1: Election of Directors

**Nominees for Election**

Nine Directors are to be elected at our Annual Meeting to serve until the annual meeting of stockholders to be held in 2016 or until their successors are duly elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as Directors. The nine nominees for election to the Board of Directors who receive the greatest number of votes cast for the election of Directors by the shares present and entitled to vote will be elected Directors. If any nominee becomes unavailable for any reason, it is intended that the proxies will be voted for a substitute nominee designated by the Board of Directors. We believe the nominees named will be able to serve if elected.

The names of the nominees for Director, together with certain information regarding them, are as follows:

| Name | Age | Position |
|---|---|---|
| Ellen M. Cotter | 49 | Chairperson of the Board, Interim Chief Executive Officer and President, and Chief Operating Officer – Domestic Cinemas (1) |
| Guy W. Adams | 64 | Director(1) (2) |
| Judy Codding | 70 | Director |
| James J. Cotter, Jr. | 46 | Director(3) |
| Margaret Cotter | 47 | Vice Chairperson of the Board(1) |
| William D. Gould | 76 | Director(4) |
| Edward L. Kane | 77 | Director(1) (2) (3) (5) |
| Douglas J. McEachern | 64 | Director(5) |
| Michael Wrotniak | 48 | Director |

(1) Member of the Executive Committee.

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

(3) Member of the Tax Oversight Committee.

(4) Lead independent Director.

(5) Member of the Audit and Conflicts Committee.

Ellen M. Cotter. Ellen M. Cotter has been a member of the Board of Directors since March 13, 2013, was appointed Chairperson of our Board on August 7, 2014 and has served as our interim Chief Executive Officer and President since June 12, 2015. She joined the Company in March 1998, is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining the Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. Ms. Cotter is the sister of Margaret Cotter and James J. Cotter, Jr. For more than the past ten years, Ms. Cotter has served as the Chief Operating Officer ("COO") of our domestic cinema operations, in which capacity she has, among other things, been responsible for the acquisition and development, marketing and operation of our cinemas. Prior to her appointment as COO Domestic Cinemas, she spent one year in Australia and New Zealand, working to develop our cinema and real estate assets in those countries. Ms. Cotter is the Co-Executor of her father's estate, which is the record owner of 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Cotter is also a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Stock (representing an additional 44.0% of such Class B Stock).

Ms. Cotter brings to the Board her 17 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 13 years, she has served as the senior operating officer of our Company's domestic cinema operations. She has also served as the Chief Executive Officer of Reading's subsidiary, Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. In addition, with her direct ownership of 799,765 shares of Class A Stock and 50,000 shares of Class B Stock and her positions as Co-Executor of her father's (James J. Cotter, Sr.) estate and Co-Trustee of the James J. Cotter, Sr. Trust, Ms. Cotter is a significant stake holder in our Company.

Guy W. Adams. Guy W. Adams has been a Director of the Company since January 14, 2014. He is a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC, a fund investing in various publicly traded securities. Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor. He has held a variety of public company board positions, including lead director, audit committee chair and compensation committee chair. Mr. Adams provided investment advice to various family offices and invests his own capital in public and private equity transactions. He has served as an advisor to James J. Cotter, Sr. and to various enterprises now owned by the James J. Cotter, Sr. Estate or the James J. Cotter, Sr. Trust. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

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

Dr. Judy Codding. Dr. Judy Codding was elected to serve as a Director of the Company on October 5, 2015. Dr. Codding is a globally respected education leader. She is currently, and has since 2010 been, the Managing Director of "The System of Courses," a division of Pearson, PLC (NYSE:PSO), a leading education company providing education products and services to institutions, governments and direct to individual learners. Prior to that time, and for more than the past five years, Dr. Codding served as the Chief Executive Officer and President of America's Choice, Inc., which she founded in 1998 and which was acquired by Pearson in 2010. America's Choice, Inc. was a leading educational organization offering comprehensive, proven solutions to the complex problems educators face in the era of accountability. Dr. Codding has a Doctorate from University of Massachusetts at Amherst, and completed post–doctoral work and served as a teaching associate in Education at Harvard University. Dr. Codding serves on various boards, including the Board of Trustees of Curtis School, Los Angeles, CA (2011 to present) and the Board of Trustees of Educational Development Center, Inc. (EDC) since 2012.

Dr. Codding brings to the Board her experience as an entrepreneur and as an advisor and researcher in the areas of leadership training and leadership decision making.

James J. Cotter, Jr. James J. Cotter, Jr. has been a Director of the Company since March 21, 2002, serving as Vice Chairperson from June 2007 until he was succeeded by Margaret Cotter on August 7, 2014. Mr. Cotter, Jr. served as our President from June 1, 2013 through June 12, 2015 and as our Chief Executive Officer from August 7, 2014 through June 12, 2015. He served as Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) from July 2004 until 2013. Mr. Cotter, Jr. served as a Director to Cecelia Packing Corporation from February 1996 to September 1997 and as a Director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the brother of Margaret Cotter and Ellen M. Cotter. Mr. Cotter, Jr. is a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Stock (representing 44.0% of such Class B Stock).

James J. Cotter, Jr. brings to the Board his experience as a business professional and corporate attorney, as well as his many years of experience in, and knowledge of, the Company's business and affairs. In addition, with his direct ownership of 859,286 shares of our Company's Class A Common Stock and his position as Co-Trustee of the James J. Cotter, Sr. Trust, Mr. Cotter, Jr. is a significant stake holder in our Company. Further, depending on the outcome of ongoing litigation among members of the Cotter family, in the future Mr. Cotter, Jr. may be a controlling shareholder in the Company.

Margaret Cotter. Margaret Cotter has been a Director of the Company since September 27, 2002, and on August 7, 2014 was appointed Vice Chairperson of our Board. Ms. Cotter is the owner and President of OBI, LLC ("OBI"), which has, since 2002, managed our live-theater operations. Pursuant to the OBI management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. While she receives management fees through OBI, Ms. Cotter receives no compensation for her duties as President of Liberty Theaters, LLC, other than the right to participate in our Company's medical insurance program. Ms. Cotter, through OBI and Liberty Theaters, LLC, manages the real estate which houses each of our four live theaters in Manhattan and Chicago. Based in New York, Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of these properties and heads up the re-development process with respect to these properties and our Cinemas 1, 2 & 3. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of Ellen M. Cotter and James J. Cotter, Jr. Ms. Margaret Cotter is a Co-Executor of her father's estate, which is the record owner of 427,808 shares of our Class B

Stock (representing 25.5% of such Class B Stock). Ms. Margaret Cotter is also a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Voting Common Stock (representing an additional 44.0% of such Class B Stock).

Ms. Cotter brings to the Board her experience as a live theater producer, theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing these properties for over 16 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, with her direct ownership of 804,173 shares of Class A Stock and 35,100 shares of Class B Stock and her positions as Co-Executor of her father's estate and Co-Trustee of the James J. Cotter, Sr. Trust, Ms. Cotter is a significant stake holder in our Company.

William D. Gould. William D. Gould has been a Director of our Company since October 15, 2004 and has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. Total fees paid to Mr. Gould's law firm during 2014 were $41,642. Mr. Gould is an author and lecturer on the subjects of corporate governance and mergers and acquisitions.

Edward L. Kane. Edward L. Kane has been a Director of our Company since October 15, 2004. Mr. Kane was also a Director of our Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the Chair of our Tax Oversight Committee and of our Compensation Committee. He also serves as a member of our Executive Committee and our Audit Committee. At various times during the past three decades, he has been Adjunct Professor of Law at two of San Diego's law schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

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

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

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

Michael Wrotniak. Michael Wrotniak was elected to serve as a Director of the Company on October 12, 2015. Since 2009, Mr. Wrotniak has been the Chief Executive Officer of Aminco Resources, LLC ("Aminco"), a privately held international commodities trading firm. Mr. Wrotniak joined Aminco in 1991 and is credited with expanding Aminco's activities in Europe and Asia. By establishing a joint venture with a Swiss engineering company, as well as creating partnerships with Asia-based businesses, Mr. Wrotniak successfully diversified Aminco's product portfolio. Mr. Wrotniak became a partner of Aminco in 2002. Mr. Wrotniak has been for more than the past five years, a trustee of St. Joseph's Church in Bronxville, New York, and is a member of the Board of Advisors of the Little Sisters of the Poor at their nursing home in the Bronx, New York since approximately 2004. Mr. Wrotniak graduated from Georgetown University in 1989 with a B.S.B.A (cum laude).

Mr. Wrotniak is a specialist in foreign trade, and brings to the Board his considerable experience in international business, including foreign exchange risk mitigation.

**Attendance at Board and Committee Meetings**

During the year ended December 31, 2014, our Board of Directors met seven times. The Audit Committee held four meetings and the Compensation Committee held three meetings, while the Tax Oversight Committee held four meetings. Each Director attended at least 75% of these Board meetings and at least 75% of the meetings of all committees on which he or she served.

**Indemnity Agreements**

We currently have indemnity agreements in place with each of our current Directors and senior officers, as well as certain of the Directors and senior officers of our subsidiaries. Under these agreements, we have agreed, subject to certain exceptions, to indemnify each of these individuals against all expenses, liabilities and losses incurred in connection with any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative or investigative, to

which such individual is a party or is threatened to be made a party, in any manner, based upon, arising from, relating to or by reason of the fact that such individual is, was, shall be or has been a Director, officer, employee, agent or fiduciary of the Company.

**Compensation of Directors**

During 2014, we paid our non-employee directors $35,000 per year. This amount was increased to $50,000 in 2015. We pay the Chairman of our Audit Committee an additional $7,000 per year, the Chairman of our Compensation Committee an additional $5,000 per year, the Chairman of our Tax Oversight Committee an additional $18,000 per year and the Lead Independent Director an additional $5,000 per year.

During 2014 we paid an additional one-time fee of $5,000 to each of Messrs. Adams, Gould, McEachern and Kane and an additional one-time fee of $10,000 to Mr. Storey. Messrs. McEachern and Storey also each received an additional $6,000 for their additional committee work. In 2015 we paid an additional one-time fee of $25,000 to each of Messrs. Adams, Gould, McEachern and Kane and an additional one-time fee of $75,000 to Mr. Storey. These fees were awarded in each case in recognition of their service on our Board and Committees.

Upon joining our Board, new Directors have historically received immediately vested five-year stock options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. Initial grants to be made to Ms. Codding and Mr. Wrotniak, our recently appointed Directors, are being reviewed by our Compensation Committee. Commencing January 15, 2015, each of our non-employee Directors will receive an additional annual grant of stock options to purchase 2,000 shares of our Class A Stock. The award will be on January 15 of the applicable year, will be for a term of five years, have an exercise price equal to the market price of Class A Stock on the grant date and be fully vested immediately upon grant.

**Director Compensation Table**

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

| Name | Fees Earned or Paid in Cash ($) | Option Awards ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|
| Margaret Cotter (1) | 35,000 | 0 | 0 | 35,000 |
| Guy W. Adams (2) | 40,000 | 69,000 | 0 | 109,000 |
| William D. Gould | 40,000 | 0 | 0 | 40,000 |
| Edward L. Kane | 63,000 | 0 | 0 | 63,000 |

| | | | | |
|---|---|---|---|---|
| Douglas J. McEachern | $3,000 | 0 | 0 | $3,000 |
| Tim Storey | 51,000 | 0 | 21,000(3) | 72,000 |
| Alfred Villaseñor (4) | 10,000 | 0 | 0 | 10,000 |

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

(2) Mr. Adams joined the Board on January 14, 2014 and was granted on that date a five-year stock option to purchase 20,000 shares of our Class A Stock at an exercise price of $7.40 per share. In accordance with SEC rules, the amount shown reflects the aggregate grant date fair value of the option award, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718.

(3) Represents fees paid to Mr. Storey as the sole independent Director of our Company's wholly-owned New Zealand subsidiary.

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

**Vote Required**

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board of Directors.

The Board has nominated each of the nominees discussed above to hold office until the 2016 Annual Meeting of Stockholders and thereafter until his or her respective successor has been duly elected and qualified. In the event that any nominee shall be unable or unwilling to serve as a Director, the Board shall reserve discretionary authority to vote for a substitute or substitutes. The Board has no reason to believe that any nominee will be unable or unwilling to serve.

**Recommendation of the Board**

**THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE DIRECTOR NOMINEES.**

Ellen M. Cotter and Margaret Cotter, who together have shared voting control over an aggregate of 1,208,988 shares, or 71.9%, of our Class B Stock, have informed the Board that they intend to vote the shares beneficially held by them in favor of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1. Of the shares of Class B Stock beneficially held by them, 696,080 shares are held of record by the Living Trust. James Cotter, Jr. alleges he has the right to vote the shares held by the Living Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada Corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Living Trust, have informed the Board that they intend to vote the shares held by the Living Trust for the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Living Trust.

## PROPOSAL 2: Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee has selected Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2015, and the Board has ratified such appointment. The Board has directed that our management submit the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015 for ratification by the stockholders at the Annual Meeting.

Grant Thornton LLP has audited our consolidated financial statements since 2011. Representatives of Grant Thornton LLP are expected to be at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Stockholder ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015 is not required by our Bylaws or otherwise. However, the Board has directed our management to submit this selection to the stockholders for ratification as a matter of good corporate practice. In the event the stockholders fail to ratify the selection of Grant Thornton LLP, the Audit Committee will not be required to replace Grant Thornton LLP as our independent registered public accounting firm. In the event of such a failure to ratify, the Audit Committee and the Board will reconsider whether or not to retain Grant Thornton LLP as our independent registered public accounting firm in future years. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time if the Audit Committee determines that such a change would be in our and our stockholders' best interests.

**Vote Required**

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting is required to ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015.

**Recommendation of the Board**

**THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE SELECTION OF GRANT THORNTON LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2015.**

## REPORT OF THE AUDIT AND CONFLICTS COMMITTEE

The following is the report of the Audit Committee of our Board of Directors with respect to our audited financial statements for the fiscal year ended December 31, 2014.

The information contained in this report shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

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

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

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

Based on their review of the consolidated financial statements and discussions with and representations from management and Grant Thornton LLP referred to above, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2014 for filing with the SEC.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States. That is the responsibility of management and the Company's independent registered public accounting firm. In giving its recommendation to the Board of Directors, the Audit Committee relied on (1) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (2) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Respectfully submitted by the Audit Committee.

Douglas J. McEachern, Chairman
Edward L. Kane
Tim Storey

## BENEFICIAL OWNERSHIP OF SECURITIES

Except as described below, the following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on October 6, 2015 by:

- each of our incumbent Directors and Director nominees;
- each of our incumbent executive officers and named executive officers set forth in the Summary Compensation Table of this Proxy Statement;
- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and
- all of our incumbent Directors and incumbent executive officers as a group.

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

| | Amount and Nature of Beneficial Ownership (1) | | | |
|---|---|---|---|---|
| | Class A Stock | | Class B Stock | |
| Name and Address of Beneficial Owner | Number of Shares | Percentage of Stock | Number of Shares | Percentage of Stock |
| ***Directors and Named Executive Officers*** | | | | |
| Ellen M. Cotter (2)(8) | 3,146,965 | 14.0 | 1,173,888 | 69.8 |
| James J. Cotter, Jr. (8)(9) | 3,149,076 | 14.0 | 696,080 | 44.0 |
| Margaret Cotter (3)(8) | 3,338,913 | 14.9 | 1,158,988 | 69.0 |
| Guy W. Adams | – | – | – | – |
| Judy Codding | – | – | – | – |
| William D. Gould (4) | 34,340 | * | – | – |
| Edward L. Kane (5) | 17,500 | * | 100 | * |
| Andrzej Matyczynski (12) | 36,289 | * | – | – |
| Douglas J. McEachern (6) | 37,300 | * | – | – |
| Michael Wrotniak | – | – | – | – |
| Robert F. Smerling (7) | 43,750 | * | – | – |
| Wayne Smith | 6,000 | * | – | – |
| ***5% or Greater Stockholders*** | | | | |
| James J. Cotter Living Trust (8) | 1,827,649 | 8.3 | 696,080 | 44.0 |
| Estate of James J. Cotter, Sr. (Deceased) (8) | 326,800 | 1.5 | 427,808 | 25.5 |
| Mark Cuban (10)<br>5424 Deloache Avenue<br>Dallas, Texas 75220 | 72,164 | * | 207,611 | 13.1 |
| PICO Holdings, Inc. and PICO Deferred Holdings, LLC (11)<br>875 Prospect Street, Suite 301<br>La Jolla, California 92037 | – | – | 97,500 | 6.2 |

| | | | | |
|---|---|---|---|---|
| All Directors and executive officers as a group (12 persons) (13) | 5,315,993 | 23.7 | 1,209,088 | 71.9 |

(1) Percentage ownership is determined based on 22,425,056 shares of Class A Stock and 1,680,590 shares of Class B Stock outstanding on October 6, 2015. Beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days following the date as of which this information is provided, and not subject to repurchase as of that date, which are indicated by footnote, are deemed to be beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.

(2) The Class A Stock shown includes 20,000 shares subject to stock options as well as 799,765 shares held directly. The Class A Stock shown also includes 102,751 shares held by the James J. Cotter Foundation (the "Cotter Foundation"). Ellen M. Cotter is Co-Trustee of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown also includes 297,070 shares that are part of the Estate of James J. Cotter, Deceased (the "Cotter Estate") that is being administered in the State of Nevada and 29,730 shares from the Cotter Profit Sharing Plan. On December 22, 2014, the District Court of Clark County, Nevada, appointed Ellen M. Cotter and Margaret Cotter as co-executors of the Cotter Estate. As such, Ellen M. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the James J. Cotter Living Trust (the "Living Trust"). See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

(3) The Class A Stock shown includes 17,000 shares subject to stock options as well as 804,173 shares held directly. The Class A Stock shown also includes 289,390 shares held by the Cotter 2005 Grandchildren's Trust and and 29,730 shares from the Cotter Profit Sharing Plan. Margaret Cotter is Co-Trustee of the Cotter 2005 Grandchildren's Trust and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 297,070 shares of Class A Stock that are part of the Cotter Estate. As Co-Executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the Living Trust. See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

(4) The Class A Stock shown includes 17,000 shares subject to stock options.

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

(6) The Class A Stock shown includes 27,000 shares subject to stock options.

(7) The Class A Stock shown consists of shares subject to stock options.

(8) On June 5, 2013, the Declaration of Trust establishing the Living Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away on September 13, 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James J. Cotter, Jr. as the first alternate trustee in the event that Ms. Cotter is unable or unwilling to act as trustee. The trustees of the Living Trust, as of the 2013 Restatement, were Ellen M. Cotter and Margaret Cotter. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James J. Cotter, Jr. as the co-trustees of the Reading Voting Trust and provides that, in the event they are unable to agree upon an important trust decision, they shall rotate the trusteeship between them annually on each January 1st. It further directs the trustees of the Reading Voting Trust to, among other things, vote the Class B Stock held by the Reading Voting Trust in favor of the appointment of Ellen M. Cotter, Margaret Cotter and James J. Cotter, Jr. to our Board and to take all actions to rotate the chairmanship of our Board among the three of them. The 2014 Amendment states that James J. Cotter, Jr., Ellen M. Cotter and Margaret Cotter are Co-Trustees of the Living Trust. On February 6, 2015, Ellen M. Cotter and Margaret Cotter filed a Petition in the Superior Court of the State of California, County of Los Angeles, captioned In re James J. Cotter Living Trust dated August 1, 2000 (Case No. BP159755). The Petition, among other things, seeks relief that could determine the validity of the 2014 Amendment and who between Margaret Cotter and James J. Cotter Jr. will have authority as trustee or co-trustees of the Reading Voting Trust to vote the shares of Class B Stock shown (in whole or in part) and the scope and extent of such authority. Mr. Cotter, Jr. has filed an opposition to the Petition. The 696,080 shares of Class B Stock shown in the table as being beneficially owned by the Living Trust are reflected on the Company's stock register as being held by the Living Trust and not by the Reading Voting Trust. The information in the table reflects direct ownership of the 696,080 shares of Class B Stock by the Living Trust in accordance with the Company's stock register and beneficial ownership of such shares as being held by each of the three potential Co-Trustees, Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter, who, unless a court determines otherwise, are deemed to share voting and investment power of the shares held by the Living Trust.

(9) The Class A Stock shown includes 859,286 shares held directly. The Class A Stock shown also includes 289,390 shares held by the Cotter 2005 Grandchildren's Trust and 102,751 held by the Cotter Foundation. Mr. Cotter, Jr. is Co-Trustee of the Cotter 2005 Grandchildren's Trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Mr. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the Living Trust, which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). The Class A Stock shown includes 811,661 shares pledged as security for a margin loan.

(10) Based on Mr. Cuban's Form 4 filed with the SEC on July 18, 2011 and Schedule 13D filed on August 3, 2015.

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

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

(13) The Class A Stock shown includes 139,250 shares subject to options.

## SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

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

- James J. Cotter, Sr. failed to timely file 16 Forms 4 with respect to 70 transactions in our common stock;
- James J. Cotter, Jr. failed to timely file two Forms 4 with respect to one transaction in our common stock;
- Ellen M. Cotter failed to timely file three Forms 4 with respect to one transaction in our common stock;
- Margaret Cotter failed to timely file two Forms 4 with respect to one transaction in our common stock;
- Mr. Storey failed to timely file one Form 4 with respect to one transaction in our common stock;
- The Estate of James Cotter, Sr. (Deceased) failed to timely file one Form 3 with respect to one transaction in our common stock; and
- The James J. Cotter Living Trust failed to timely file one Form 3 with respect to one transaction in our common stock.

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

## EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers other than Ellen M. Cotter, whose information is set forth above under "Proposal 1: Election of Directors – Nominees for Election."

| Name | Age | Title |
|---|---|---|
| Devasis Ghose | 62 | Chief Financial Officer |
| Robert F. Smerling | 80 | President - Domestic Cinemas |
| William D. Ellis | 58 | General Counsel and Secretary |
| Wayne D. Smith | 57 | Managing Director – Australia and New Zealand |
| James J. Cotter, Sr. | | Former Chief Executive Officer (Deceased) |
| James J. Cotter, Jr. | 46 | Former Chief Executive Officer |
| Andrzej Matyczynski | 63 | Former Chief Financial Officer, Treasurer and Corporate Secretary |

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

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

William D. Ellis. William D. Ellis was appointed our General Counsel and Secretary in October 2014. Mr. Ellis has more than 30 years of hands-on legal experience as a real estate lawyer. Before joining our Company, he was a partner in the real estate group at Sidley Austin LLP for 16 years. Before that, he worked at the law firm of Morgan Lewis & Bockius LLP. Mr. Ellis began his career as a corporate and securities lawyer (handling corporate acquisitions, IPO's, mergers, etc.) and then moved on to real estate specialization (handling leasing, acquisitions, dispositions, financing, development and land use and entitlement across the United States). He had a substantial real estate practice in New York and Hawaii, areas in which we have particular asset concentrations. Mr. Ellis graduated Phi Beta Kappa from Occidental College in 1979 with a Bachelor of Arts degree in Political Science. He received his J.D. degree in 1982 from the University of Michigan Law School.

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

James J. Cotter Sr. James J. Cotter Sr. served as our Chairman and Chief Executive Officer during 2014 until his resignation on August 7, 2014.

James J. Cotter Jr. James J. Cotter Jr. served as our President during all of 2014 and was appointed our Chief Executive Officer on August 7, 2014. He served as our Vice Chairman during 2014 through August 7, 2014. Mr. Cotter's position as President and Chief Executive Officer continued until June 12, 2015.

Andrzej Matyczynski. Andrzej Matyczynski served as our Chief Financial Officer, Treasurer and Corporate Secretary during 2014. Mr. Matyczynski resigned as Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer effective May 11, 2015.

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

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

Our Board has established a standing Compensation Committee consisting of two or more of our non-employee Directors. As a Controlled Company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation.

The Compensation Committee recommends to the full Board the compensation of our Chief Executive Officer and of the other Cotter family members who serve as officers of our Company. Our Board, with the Cotter family Directors abstaining, typically has accepted without modification the compensation recommendations of the Compensation Committee, but reserves the right to modify the recommendations or take other compensation actions of its own. Prior to his resignation as our Chairman and Chief Executive Officer on August 7, 2014, during 2014, as in prior years, James J. Cotter, Sr. was delegated responsibility by our Board for determining the compensation of our executive officers other than himself and his family members. The Board exercised oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our former Chief Executive Officer.

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

***CEO Compensation***

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

In 2007, our Board approved a supplemental executive retirement plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits as a reward for his more than 25 years of service to our Company and its predecessors. None of Mr. James J. Cotter, Jr., our former Chief Executive Officer, Ms. Ellen M. Cotter, our interim Chief Executive Officer, or any of our other current or former officers or employees, is eligible to participate in the SERP, which is described in greater detail below under the caption "Supplemental Executive Retirement Plan." Because this plan was adopted as a reward to Mr. Cotter, Sr. for his past services and the amounts to be paid under that plan are determined by an agreed-upon formula, the Compensation Committee did not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation for 2014 or previous years. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect any increase in the present value of the SERP benefit based upon the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the SERP is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the SERP were tied to the cash portion only of his compensation, and not to compensation in the form of stock options or stock grants.

***2014 CEO Compensation***

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

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

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

Company's compensation philosophy, which was to target Mr. Cotter, Sr.'s total direct compensation to the 66th percentile of the peer group.

The peer group consisted of the following 18 companies:

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

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

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

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

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

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

Salary: $750,000

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

Discretionary Cash Bonus:Up to $750,000.

In 2013, the Compensation Committee recommended and our Board approved a total cash bonus to Mr. Cotter, Sr. of $1,000,000, as compared to the target bonus of $500,000. This resulted in total 2013 compensation to Mr. Cotter, Sr. above the 75th percentile of the peer group and total direct compensation near the 66th percentile. At its meeting on February 27, 2014, the Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s discretionary cash bonus for 2014 to $750,000 from the 2013 target level of $500,000. The bonus was subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless his employment were to terminate earlier due to his death or disability. No other benchmarks, formulas or

quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in 2013, the Compensation Committee also reserved the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of our Company or Mr. Cotter, Sr.'s exceptional performance, as determined in the Compensation Committee's discretion.

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

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

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

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

Following his appointment on August 7, 2014 as our Chief Executive Officer and until his termination from that position on June 12, 2015, James J. Cotter, Jr. continued to receive the same base salary of $335,000 that he had previously been receiving in his capacity as our President.

Mr. Cotter, Jr. was not awarded a discretionary cash bonus for 2014.

*Total Direct Compensation*

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

***Compensation of Other Named Executive Officers***

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

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

1. Executive compensation should primarily be used to:
   - attract and retain talented executives;
   - reward executives appropriately for their individual efforts and job performance; and
   - afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our Board.
2. In support of the foregoing, the total compensation paid to our named executive officers should be:
   - fair, both to our Company and to the named executive officers;
   - reasonable in nature and amount; and
   - competitive with market compensation rates.

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

These elements of our executive compensation are discussed further below.

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

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

No cash bonuses were awarded to Cotter family members other than Mr. Cotter, Sr. for 2014. Factors to be considered in determining or recommending any such cash bonuses include (i) the level of the executive's responsibilities, (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision, and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the Company's goals.

Stock Bonus: Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters set by our 2010 Stock Incentive Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to approval by the Compensation Committee. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights.

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

Andrzej Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written employment agreement with our Company that provides for a specified annual base salary and other compensation. Mr. Matyczynski resigned effective September 1, 2014, but he and our Company agreed to postpone the effective date of his resignation until April 15, 2016. Upon Mr. Matyczynski's Retirement Date, he will become entitled under his employment agreement to a lump-sum severance payment of $244,500 and to the payment of his vested benefit under his deferred compensation plan discussed below in this section.

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

***2014 Base Salaries and Target Bonuses***

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

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

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

| Name | 2013 Base Salary ($) | 2014 Base Salary ($) |
|---|---|---|
| Andrzej Matyczynski | 309,000 | 309,000 |
| Robert F. Smerling | 350,000 | 350,000 |
| Wayne Smith | 351,500 | 359,250 |

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

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

***Other Elements of Compensation***

*Retirement Plans*

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

*Supplemental Executive Retirement Plan*

In March 2007, our Board approved the SERP pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits. Under the SERP, following his separation from our Company, Mr. Cotter, Sr. was to be entitled to receive from our Company for the remainder of his life or 180 months, whichever is longer, a monthly payment of 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us. The benefits under the SERP are fully vested.

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

*Other Retirement Plans*

During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was

partially vested and was to vest further so long as he remained in our continuous employ. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our Board. Mr. Matyczynski's DCP vested as follows:

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

Mr. Matyczynski resigned his employment with the Company effective September 1, 2014, but he and our Company agreed to postpone the effective date of his resignation until April, 2016. Upon the termination of Mr. Matyczynski's employment, he would become entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service, unless his employment were to be terminated for cause.

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

*Key Person Insurance*

Our Company maintains life insurance on certain individuals who we believe to be key to our management. In 2014, these individuals included James J. Cotter, Sr., James J. Cotter, Jr., Ellen M. Cotter, Margaret Cotter and Messrs. Matyczynski, Smerling and Smith. If such individual ceases to be an employee, Director or independent contractor of our Company, as the case may be, she or he is permitted, by assuming responsibility for all future premium payments, to replace our Company as the beneficiary under such policy. These policies allow each such individual to purchase up to an equal amount of insurance for such individual's own benefit. In the case of our employees, the premium for both the insurance as to which our Company is the beneficiary and the insurance as to which our employee is the beneficiary, is paid by our Company. In the case of named executive officers, the premium paid by our Company for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

*Employee Benefits and Perquisites*

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

*Tax Gross-Ups*

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

***Tax and Accounting Considerations***

*Deductibility of Executive Compensation*

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

discretion to authorize the payment of compensation that exceeds the limit on deductibility under this Section as in the case of Mr. Cotter, Sr.

*Nonqualified Deferred Compensation*

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

*Accounting for Stock-Based Compensation*

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

***Say on Pay***

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

## REPORT OF THE COMPENSATION COMMITTEE

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

Respectfully submitted,

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

### Compensation Committee Interlocks and Insider Participation

Our Compensation Committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Adams. Mr. Storey, who served on our Board in 2014 and through October 11, 2015, served on our Compensation Committee throughout 2014. None of the members of the Compensation Committee was an officer or employee of the Company at any time during 2014. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has or had one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

### Executive Compensation

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

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

### Summary Compensation Table

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2014 to (i) Mr. James J. Cotter, Sr., who served as our principal executive officer until August 7, 2014, (ii) Mr. James J. Cotter, Jr., who served as our principal executive officer from August 7, 2014 through December 31, 2014, (iii) Mr. Andrzej Matyczynski, who served as our Chief Financial Officer through December 31, 2014, and (iv) the other three most highly compensated persons who served as executive officers in 2014. The following executives are herein referred to as our "named executive officers."

| | Year | Salary ($) | Bonus ($) | Stock Awards ($)(1) | Option Awards ($)(1) | Change in Pension Value and Nonqualified Deferred Compensation Earnings ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| James J. Cotter, Sr.(2) Former Chairman of the Board and Chief Executive Officer | 2014 | 452,000 | 1,050,000 | 1,200,000 | -- | 197,000 (3) | 20,000 (4) | 2,919,000 |
| | 2013 | 750,000 | 1,000,000 | 750,000 | -- | 1,455,000 (3) | 25,000 (4) | 3,980,000 |
| | 2012 | 700,000 | 500,000 | 950,000 | -- | 2,433,000 (3) | 24,000 (4) | 4,607,000 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| James J. Cotter, Jr.(5)<br>Former President and Chief Executive Officer | 2014 | 335,000 | -- | -- | -- | -- | 27,000 (7) | 362,000 |
| | 2013 | 195,000 | -- | -- | -- | -- | 20,000 (7) | 215,000 |
| | 2012 | -- | | | | | 0 | 0 |
| Andrzej Matyczynski (9)<br>Former Chief Financial Officer, Treasurer and Corporate Secretary | 2014 | 309,000 | | | 33,000 | 150,000 (6) | 26,000 (7) | 518,000 |
| | 2013 | 309,000 | 35,000 | -- | 33,000 | 50,000 (6) | 26,000 (7) | 453,000 |
| | 2012 | 309,000 | -- | -- | 11,000 | 250,000 (6) | 25,000 (7) | 617,000 |
| Robert F. Smerling<br>President – Domestic Cinema Operations | 2014 | 350,000 | 25,000 | -- | -- | -- | 22,000 (7) | 397,000 |
| | 2013 | 350,000 | 50,000 | -- | -- | -- | 22,000 (7) | 422,000 |
| | 2012 | 350,000 | 50,000 | -- | -- | -- | 22,000 (7) | 422,000 |
| Ellen M. Cotter (10)<br>Interim President and Chief Executive Officer, Chief Operating Officer - Domestic Cinemas | 2014 | 335,000 | -- | -- | -- | -- | 75,000 (7)(8) | 410,000 |
| | 2013 | 335,000 | -- | -- | -- | -- | 25,000 (7) | 360,000 |
| | 2012 | 335,000 | 60,000 | -- | -- | -- | 25,000 (7) | 420,000 |
| Wayne Smith<br>Managing Director - Australia and New Zealand | 2014 | 324,000 | 56,000 | -- | -- | -- | 19,000 (7) | 388,000 |
| | 2013 | 339,000 | -- | -- | -- | -- | 20,000 (7) | 359,000 |
| | 2012 | 357,000 | 16,000 | -- | 22,000 | -- | 19,000 (7) | 414,000 |

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

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

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

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

(5) Mr. Cotter, Jr. was appointed as our Chief Executive Officer on August 7, 2014 and served until June 12, 2015.

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

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

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

(9) Mr. Matyczynski resigned as our Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer on May 11, 2015.

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

## Grants of Plan-Based Awards

The following table contains information concerning the stock grants made to our named executive officers for the year ended December 31, 2014:

| Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards | Estimated Future Payouts Under Equity Incentive Plan Awards | All Other Stock Awards: Number of Shares of Stock or Units | All Other Option Awards: Number of Securities Underlying Options (#) | Exercise or Base Price of Option Award | Grant Date Fair Value of Stock and Option Awards |
|---|---|---|---|---|---|---|

| Name | Threshold ($) | Target ($) | Maximum ($) | Threshold (#) | Target (#) | Maximum (#) |
|---|---|---|---|---|---|---|

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| James J. Cotter, Sr. | 12/31/2014 | $ 1,200,000 | $ 1,200,000 | $ 1,200,000 | | | | | | | |
| Wayne Smith (1) | 12/31/2014 | | | | 6,000 | 6,000 | 6,000 | | | | |
| William Ellis | 10/20/2014 | | | | | | | 60,000 | $ 8.94 | | 171,457 |

(1) The awards issued to Mr. Wayne Smith are related to his prior-year performance and will vest in equal installments in 2015 and 2016.

**Employment Agreements**

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

On June 12, 2015, the Board terminated the employment of James J. Cotter, Jr. as our President and Chief Executive Officer. Under Mr. Cotter, Jr.'s employment agreement with the Company, he is entitled to the compensation and benefits he was receiving at the time of a termination without cause for a period of twelve months from notice of termination. At the time of termination, Mr. Cotter Jr.'s annual salary was $335,000. A dispute has arisen between the Company and Mr. Cotter as to whether the Company is required to continue to make these payments, which is currently subject to arbitration.

Devasis Ghose. On April 20, 2015, we entered into an employment agreement with Mr. Devasis Ghose, pursuant to which he agreed to serve as our Chief Financial Officer for a one year term commencing on May 11, 2015. The employment agreement provides that Mr. Ghose is to receive an annual base salary of $400,000, with an annual target bonus of $200,000, and employee benefits in line with those received by our other senior executives. Mr. Ghose was also granted stock options to purchase 100,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a four-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renewal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

William D. Ellis. On October 20, 2014, we entered into an employment agreement with Mr. William D. Ellis, which was amended in September 2015, pursuant to which he agreed to serve as our General Counsel for a term of three years. The employment agreement provides that Mr. Ellis is to receive an annual base salary of $350,000, with an annual target bonus of at least $60,000. Mr. Ellis also received a "sign-up" bonus of $10,000 and is entitled to employee benefits in line with those received by our other senior executives. In addition, Mr. Ellis was granted stock options to purchase 60,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a three-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled, subject to receipt of a general release, to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less, but in no event less than 12 months. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

Andrzej Matyczynski. Mr. Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written employment agreement with our Company that provides for an annual base salary of $312,000 and other compensation. Mr. Matyczynski resigned as our Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer effective May 11, 2015, but will continue as an employee until April 15, 2016 (the "Retirement Date") in order to assist in the transition of our new Chief Financial Officer, Mr. Ghose, whose information is set forth above. Upon Mr. Matyczynski's Retirement Date, he will become entitled under his employment agreement to a lump-sum severance payment of $244,500 and to the payment of his vested benefit under his deferred compensation plan discussed above in this section.

**2010 Equity Incentive Plan**

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

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

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

**Certain Federal Income Tax Consequences**

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

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

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

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

discriminate among participants or among awards in exercising such discretion.

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

**Outstanding Equity Awards**

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

**Outstanding Equity Awards At Year Ended December 31, 2014**

| | Option Awards | | | | | Stock Awards | |
|---|---|---|---|---|---|---|---|
| | Class | Number of Shares Underlying Unexercised Options Exercisable | Number of Shares Underlying Unexercised Options Unexercisable | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock that Have Not Vested | Market Value of Shares or Units that Have Not Vested ($) |
| James J. Cotter, Sr. | B | 100,000 | -- | 10.24 | 09/05/2017 | -- | -- |
| James J. Cotter, Jr. | A | 12,500 | -- | 3.87 | 07/07/2015 | -- | -- |
| James J. Cotter, Jr. | A | 10,000 | -- | 8.35 | 01/19/2017 | -- | -- |
| James J. Cotter, Jr. | A | 100,000 | -- | 6.31 | 02/06/2018 | -- | -- |
| Ellen M. Cotter | A | 20,000 | -- | 6.55 | 03/06/2018 | -- | -- |
| Ellen M. Cotter | B | 50,000 | -- | 10.24 | 09/05/2017 | -- | -- |
| Andrzej Matyczynski | A | 25,000 | 25,000 | 6.82 | 08/22/2022 | -- | -- |
| Robert F. Smerling | A | 43,750 | -- | 10.24 | 09/05/2017 | -- | -- |

**Option Exercises and Stock Vested**

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

| | Option Awards | Stock Awards |
|---|---|---|

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

**Pension Benefits**

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

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

**Equity Compensation Plan Information**

The following table sets forth, as of December 31, 2014, a summary of certain information related to our equity incentive plans under which our equity securities are authorized for issuance:

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | | Weighted average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a) (c) |
|---|---|---|---|---|
| Equity compensation plans approved by security holders (1) | 753,350 | (2)$ | 7.63 | 1,625,050 |
| Equity compensation plans not approved by security holders | 160,643 | (3) | – | – |
| Total | 913,993 | | – | – |

(1) These plans are the Company's 1999 Stock Option Plan and 2010 Stock Incentive Plan.
(2) Represents outstanding options only. The Company did not have any outstanding warrants and rights as of December 31, 2014.
(3) Represents the restricted stock to be issued in 2015.

**Potential Payments Upon Termination of Employment or Change in Control**

The following paragraphs provide information regarding potential payments to each of our named executive officers in connection with certain termination events, including a termination related to a change of control of the Company, as of December 31, 2014:

Mr. Devasis Ghose – Termination without Cause. Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renwal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

Mr. William Ellis – Termination without Cause. Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled, subject to receipt of a general release, to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less, but in no event less than 12 months. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

Mr. Wayne Smith—Termination of Employment for Failing to Meet Performance Standards. If Mr. Smith's employment is terminated by the Board for failing to meet the standards of his anticipated performance, Mr. Smith will be entitled to a severance payment of six months' base salary.

No other named executive officers currently have employment agreements or other arrangements providing benefits upon termination or a change of control.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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

**Sutton Hill Capital**

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

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require us to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at

any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of its $3 million deposit plus the assumption of its proportionate share of SHP's liabilities, giving SHC a 25% non-managing membership interest in SHP. We manage this cinema property for an annual management fee equal to 5% of its annual gross income.

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

**OBI Management Agreement**

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

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

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

**Live Theater Show Investment**

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

**Shadow View Land and Farming LLC**

During 2012, Mr. Cotter, Sr., our former Chair, Chief Executive Officer and controlling shareholder, contributed $2.5 million of cash and $255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California

and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, which is owned 50% by our Company. Mr. Cotter, Jr. contends that the other 50% interest in Shadow View Land and Farming, LLC is owned by the James J. Cotter, Sr. Living Trust, while Ellen M. Cotter and Margaret Cotter contend that such interest is owned by the Estate of James J. Cotter, Sr. We are the managing member of Shadow View Land and Farming, LLC, with oversight provided by our Audit Committee.

## INDEPENDENT PUBLIC ACCOUNTANTS

**Summary of Principal Accounting Fees for Professional Services Rendered**

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

**Audit Fees**

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

**Audit-Related Fees**

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

**Tax Fees**

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

**All Other Fees**

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

**Pre-Approval Policies and Procedures**

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

## STOCKHOLDER COMMUNICATIONS

**Annual Report**

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 is being provided with this Proxy Statement.

**Stockholder Communications with Directors**

It is the policy of our Board of Directors that any communications sent to the attention of any one or more of our Directors in care of our executive offices will be promptly forwarded to such Directors. Such communications will not be opened or reviewed by any of our officers or employees, or by any other Director, unless they are requested to do so by the addressee of any such communication. Likewise, the content of any telephone messages left for any one or more of our Directors (including call-back number, if any) will be promptly forwarded to that Director.

**Stockholder Proposals and Director Nominations**

Any stockholder who, in accordance with and subject to the provisions of the proxy rules of the SEC, wishes to submit a proposal for inclusion in our Proxy Statement for our 2016 Annual Meeting of Stockholders, must deliver such proposal in writing to the Secretary of the Company at the address of our Company's principal executive offices at 6100 Center Drive, Suite 900, Los Angeles, California 90045. Unless we change the date of our annual meeting by more than 30 days from the prior year's meeting, such written proposal must be delivered to us no later than June 22, 2016 to be considered timely. If our 2016 Annual Meeting is not within 30 days of the anniversary of our 2015 Annual Meeting, to be considered timely, stockholder proposals must be received no later than ten days after the earlier of (a) the date on which notice of the 2016 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2016 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive timely notice of a stockholder proposal, the proxies that we hold may confer discretionary authority to vote against such stockholder proposal, even though such proposal is not discussed in our Proxy Statement for that meeting.

Our Board of Directors will consider written nominations for Directors from stockholders. Nominations for the election of Directors made by our stockholders must be made by written notice delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the date that this Proxy Statement is first sent to stockholders. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our Company's common stock that is beneficially owned by such nominee and such other information required by the proxy rules of the SEC with respect to a nominee of the Board of Directors.

Under our governing documents and applicable Nevada law, our stockholders may also directly nominate candidates from the floor at any meeting of our stockholders held at which Directors are to be elected.

## OTHER MATTERS

We do not know of any other matters to be presented for consideration other than the proposals described above, but if any matters are properly presented, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their judgment.

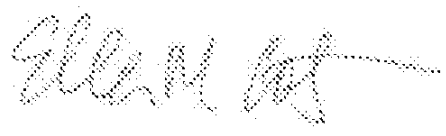
## DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

As permitted by the Securities Exchange Act of 1934, only one copy of the proxy materials are being delivered to our stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies of the proxy materials.

We will promptly deliver without charge, upon oral or written request, a separate copy of the proxy materials to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to our Corporate Secretary by telephone at (213) 235-2240 or by mail to Corporate Secretary, Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045.

Stockholders residing at the same address and currently receiving only one copy of the proxy materials may contact the Corporate Secretary as described above to request multiple copies of the proxy materials in the future.

By Order of the Board of Directors,



Ellen M. Cotter
*Chair of the Board*

October 16, 2015

# PROXY VOTING INSTRUCTIONS

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.
We encourage you to take advantage of Internet or telephone voting.
Both are available 24 hours a day, 7 days a week.
Internet and telephone voting is available through 11:59 p.m. PT on November 9, 2015.

| VOTE BY INTERNET | WWW.FIRSTCOASTRESULTS.COM/RDI |
|---|---|

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m. PT on November 9, 2015. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

OR

| VOTE BY TELEPHONE | 1-888-393-7886 |
|---|---|

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. PT on November 9, 2015. Have your proxy card in hand when you call and then follow the instructions.

OR

| VOTE BY MAIL |
|---|

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided to: FirstCoast Results, Inc., P.O. Box 3572, Ponte Vedra Beach, FL 32004-9911.

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

CONTROL NUMBER

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

READING INTERNATIONAL ANNUAL MEETING PROXY CARD

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

*Proposal 1*

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

FOR ALL ☐ WITHHOLD ALL ☐ FOR ALL EXCEPT ☐

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

_____

| | FOR | AGAINST | ABSTAIN |
|---|---|---|---|
| *Proposal 2* Ratification of the Appointment of Our Independent Auditors, Grant Thornton LLP, for fiscal year 2015- The Board of Directors recommends a vote FOR approval of the appointment of our Grant Thornton LLP. | ☐ | ☐ | ☐ |

*Proposal 3* Other Business. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting and at and with respect to any and all adjournments or postponements thereof. The Board of Directors at present knows of no other business to be presented by or on behalf of the Company or the Board of Directors at the meeting.

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

_____
Signature

_____
Signature (Capacity)

_____
Date

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

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

IF YOU HAVE NOT VOTED BY INTERNET OR TELEPHONE, PLEASE DATE, MARK, SIGN AND RETURN THIS PROXY PROMPTLY. YOUR VOTE, WHETHER BY INTERNET, TELEPHONE OR MAIL, MUST BE RECEIVED NO LATER THAN 11:59 P.M. PACIFIC TIME, NOVEMBER 9, 2015.
TO BE INCLUDED IN THE VOTING RESULTS, ALL VALID PROXIES RECEIVED PRIOR TO 11:59 P.M. PACIFIC TIME, NOVEMBER 9, 2015 WILL BE VOTED.

SEE REVERSE SIDE

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

READING INTERNATIONAL

ANNUAL MEETING OF STOCKHOLDERS
November 10, 2015, 11:00 a.m.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Ellen M. Cotter and Andrzej Matyczynski, and each of them, the attorneys, agents, and proxies of the undersigned, with full powers of substitution to each, to attend and act as proxy or proxies of the undersigned at the Annual Meeting of Stockholders of Reading International, Inc. to be held at the Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina del Rey, California 90292, on Tuesday, November 10, 2015 at 11:00 a.m., local time, and at and with respect to any and all adjournments or postponements thereof, and to vote as specified herein the number of shares which the undersigned, if personally present, would be entitled to vote.

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

THE PROXY, WHEN PROPERLY EXECUTED AND RETURNED PRIOR TO THE ANNUAL MEETING, WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS GIVEN, IT WILL BE VOTED "FOR" PROPOSAL 1, 2, AND IN THE PROXY HOLDERS' DISCRETION AS TO ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF.

SEE REVERSE SIDE

Data provided by Morningstar Document Research℠ Service provided by

# EXHIBIT 29

READING INTERNATIONAL INC filed this DEF 14A on 05/18/2016

Outline Back to Results Printer Friendly

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

**SCHEDULE 14A**

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

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

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

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

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

Payment of Filing Fee (Check the appropriate box):

☑ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11
(1) Title of each class of securities to which transaction applies: _____
(2) Aggregate number of securities to which transaction applies: _____
(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
(4) Proposed maximum aggregate value of transaction: _____
(5) Total fee paid: _____

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1) Amount Previously Paid: _____
(2) Form, Schedule or Registration Statement No.: _____
(3) Filing Party: _____
(4) Date Filed: _____

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**READING INTERNATIONAL, INC.**
**6100 Center Drive, Suite 900**
**Los Angeles, California 90045**

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**
**TO BE HELD ON Thursday, June 2, 2016**

TO THE STOCKHOLDERS:

The 2016 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230, on Thursday, June 2, 2016, at 11:00 a.m., Local Time, for the following purposes:

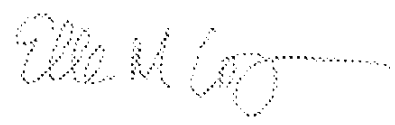
1. To elect nine Directors to serve until the Company's 2017 Annual Meeting of Stockholders and thereafter until their successors are duly elected and qualified; and

2. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 is enclosed (the "Annual Report"). Only holders of record of our Class B Voting Common Stock at the close of business on April 22, 2016, are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

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

By Order of the Board of Directors,



Ellen M. Cotter
*Chair of the Board*

May 19, 2016

**READING INTERNATIONAL, INC.**
**6100 Center Drive, Suite 900**
**Los Angeles, California 90045**

**PROXY STATEMENT**

**Annual Meeting of Stockholders**
Thursday, June 2, 2016

**INTRODUCTION**

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Reading International, Inc. (the "Company," "Reading," "we," "us," or "our") of proxies for use at our 2016 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Thursday, June 2, 2016, at 11:00 a.m., local time, at Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about May 19, 2016.

At our Annual Meeting, you will be asked to (1) elect nine Directors to our Board of Directors (the "Board") to serve until the 2017 Annual Meeting of Stockholders, and (2) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

As of April 22, 2016, the record date for the Annual Meeting (the "Record Date"), there were 1,680,590 shares of our Class B Voting Common Stock ("Class B Stock") outstanding.

When proxies are properly executed and received, the shares represented thereby will be voted at the Annual Meeting in accordance with the directions noted thereon. If no direction is indicated, the shares will be voted: FOR each of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1.

## ABOUT THE ANNUAL MEETING AND VOTING

**Why am I receiving these proxy materials?**

This Proxy Statement is being sent to all of our stockholders of record as of the close of business on April 22, 2016, by Reading's Board to solicit the proxy of holders of our Class B Stock to be voted at Reading's 2016 Annual Meeting, which will be held on Thursday, June 2, 2016, at 11:00 a.m. local time, at Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230.

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

There is one item of business scheduled to be voted on at the 2016 Annual Meeting:

· PROPOSAL 1: Election of nine Directors to the Board.

We will also consider any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof, including approving any such adjournment, if necessary. Please note that at this time we are not aware of any such business.

**How does the Board of Directors recommend that I vote?**

Our Board recommends that you vote:

· On PROPOSAL 1: "FOR" the election of its nominees to the Board.

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

Other than the item of business described in this Proxy Statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxies will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting.

**Am I eligible to vote?**

You may vote your shares of Class B Stock at the Annual Meeting if you were a holder of record of Class B Stock at the close of business on April 22, 2016. Your shares of Class B Stock are entitled to one vote per share. At that time, there were 1,680,590 shares of Class B Stock outstanding, and approximately 350 holders of record. Each share of Class B Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

**What if I own Class A Nonvoting Common Stock?**

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

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

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

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

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

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

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

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

**How do I vote?**

Proxies are solicited to give all holders of our Class B Stock who are entitled to vote on the matters that come before the Annual Meeting the opportunity to vote their shares, whether or not they attend the Annual Meeting in person. If you are a holder of record of shares of our Class B Stock, you have the right to vote in person at the Annual Meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting. You can vote by one of the following manners:

- By Internet — Holders of record of our Class B Stock may submit proxies over the Internet by following the instructions on the proxy card. Holders of our Class B Stock who are beneficial owners may vote by Internet by following the instructions on the voting instruction card sent to them by their bank, broker, trustee or nominee. Proxies submitted by the Internet must be received by 11:59 p.m., local time, on June 1, 2016 (the day before the Annual Meeting).

- By Telephone — Holders of record of our Class B Stock who live in the United States or Canada may submit proxies by telephone by calling the toll-free number on the proxy card and following the instructions. Holders of record of our Class B Stock will need to have the control number that appears on their proxy card available when voting. In addition, holders of our Class B Stock who are beneficial owners of shares living in the United States or Canada and who have received a voting instruction card by mail from their bank, broker, trustee or nominee may vote by phone by calling the number specified on the voting instruction card. Those stockholders should check the voting instruction card for telephone voting availability. Proxies submitted by telephone must be received by 11:59 p.m., local time, on June 1, 2016 (the day before the Annual Meeting).

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

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

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

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

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

*Shares held of record by a trust*. The trustee of a trust is entitled to vote the shares held by the trust, either by proxy or by attending and voting in person at the Annual Meeting. If you are voting as a trustee, and are not identified as a record owner of the shares, then you must provide suitable evidence of your status as a trustee of the record trust owner. If the record owner is a trust and there are multiple trustees, then if only one trustee votes, that trustee's vote applies to all of the shares held of record by the trust. If more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular Proposal, each trustee may vote proportionally the shares held of record by the trust.

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

**What is a broker non-vote?**

Applicable rules permit brokers to vote shares held in street name on routine matters. Shares that are not voted on non-routine matters, such as the election of Directors or any proposed amendment of our Articles or Bylaws, are called broker non-votes. Broker non-votes will have no effect on the vote for the election of Directors, but could affect the outcome of any matter requiring the approval of the holders of an absolute majority of the Class B Stock. We are not currently aware of any matter to be presented to the Annual Meeting that would require the approval of the holders of an absolute majority of the Class B Stock.

**What routine matters will be voted on at the annual meeting?**

None.

**What non-routine matters will be voted on at the annual meeting?**

The election of nine Directors to the Board is the only non-routine matter included among the Board's proposals on which brokers may not vote, unless they have received specific voting instructions from beneficial owners of our Class B Stock.

**How are abstentions and broker non-votes counted?**

Abstentions and broker non-votes are included in determining whether a quorum is present. In tabulating the voting results for the items to be voted on at the 2016 Annual Meeting, shares that constitute abstentions and broker non-votes are not considered entitled to vote and will not affect the outcome of any matter being voted on at the meeting, unless the matter requires the approval of the holders of a majority of the outstanding shares of Class B Stock.

**How can I change my vote after I submit a proxy?**

If you are a stockholder of record, there are three ways you can change your vote or revoke your proxy after you have submitted your proxy:

- First, you may send a written notice to Reading International, Inc., postage or other delivery charges pre-paid, 6100 Center Drive, Suite 900, Los Angeles, CA, 90045, c/o Annual Meeting Secretary, stating that you revoke your proxy. To be effective, the Inspector of Elections must receive your written notice prior to the closing of the polls at the Annual Meeting.

- Second, you may complete and submit a new proxy in one of the manners described above under the caption, "How do I vote?" Any earlier proxies will be revoked automatically.

- Third, you may attend the Annual Meeting and vote in person. Any earlier proxy will be revoked. However, attending the Annual Meeting without voting in person will not revoke your proxy.

**How will you solicit proxies and who will pay the costs?**

We will pay the costs of the solicitation of proxies. We may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding the voting materials to their customers who are beneficial owners and obtaining their voting instructions. In addition to soliciting proxies by mail, our board members, officers and employees may solicit proxies on our behalf, without additional compensation, personally or by telephone.

**Is there a list of stockholders entitled to vote at the Annual Meeting?**

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting, at our corporate offices, 6100 Center Drive, Suite 900, Los Angeles, CA, 90045 between the hours of 9:00 a.m. and 5:00 p.m., local time, for any purpose relevant to the Annual Meeting. To arrange to view this list during the times specified above, please contact the Secretary of the Company.

**What constitutes a quorum?**

The presence in person or by proxy of the holders of record of a majority of our outstanding shares of Class B Stock entitled to vote will constitute a quorum at the Annual Meeting. Each share of our Class B Stock entitles the holder of record to one vote on all matters to come before the Annual Meeting.

**How are votes counted and who will certify the results?**

First Coast Results, Inc. will act as the independent Inspector of Elections and will count the votes, determine whether a quorum is present, evaluate the validity of proxies and ballots, and certify the results. A representative of First Coast Results, Inc. will be present at the Annual Meeting. The final voting results will be reported by us on a Current Report on Form 8-K to be filed with the SEC within four business days following the Annual Meeting.

**What is the vote required for a Proposal to pass?**

The nine nominees for election as Directors at the Annual Meeting who receive the highest number of "FOR" votes will be elected as Directors. This is called plurality voting. Unless you indicate otherwise, the persons named as your proxies will vote your shares FOR all the nominees for Directors named in Proposal 1. If your shares are held by a broker or other nominee and you would like to vote your shares for the election of Directors in Proposal 1, you must instruct the broker or nominee to vote "FOR" for each of the candidates for whom you would like to vote. If you give no instructions to your broker or nominee, then your shares will not be voted. If you instruct your broker or nominee to "WITHHOLD," then your vote will not be counted in determining the election.

Only votes "FOR" Proposal 1 at the Annual Meeting will be counted as votes cast and abstentions; votes withheld and broker non-votes will not be counted for voting purposes.

**Is my vote kept confidential?**

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed to third parties, except as may be necessary to meet legal requirements.

**How will the Annual Meeting be conducted?**

In accordance with our Bylaws, Ellen M. Cotter, as the Chair of the Board, will be the Presiding Officer of the Annual Meeting. Craig Tompkins has been designated by the Board to serve as Secretary for the Annual Meeting.

Ms. Cotter and other members of management will address attendees following the Annual Meeting. Stockholders desiring to pose questions to our management are encouraged to send their questions to us, care of the Annual Meeting Secretary, in advance of the Annual Meeting, so as to assist our management in preparing appropriate responses and to facilitate compliance with applicable securities laws.

The Presiding Officer has broad authority to conduct the Annual Meeting in an orderly and timely manner. This authority includes establishing rules for stockholders who wish to address the meeting or bring matters before the

Annual Meeting. The Presiding Officer may also exercise broad discretion in recognizing stockholders who wish to speak and in determining the extent of discussion on each item of business. In light of the need to conclude the Annual Meeting within a reasonable period of time, there can be no assurance that every stockholder who wishes to speak will be able to do so. The Presiding Officer has authority, in her discretion, to at any time recess or adjourn the Annual Meeting. Only stockholders are entitled to attend and address the Annual Meeting. Any questions or disputes as to who may or may not attend and address the Annual Meeting will be determined by the Presiding Officer.

Only such business as shall have been properly brought before the Annual Meeting shall be conducted. Pursuant to our governing documents and applicable Nevada law, in order to be properly brought before the Annual Meeting, such business must be brought by or at the direction of (1) the Chair, (2) our Board, or (3) holders of record of our Class B Stock. At the appropriate time, any stockholder who wishes to address the Annual Meeting should do so only upon being recognized by the Presiding Officer.

## CORPORATE GOVERNANCE

### Director Leadership Structure

Ellen M. Cotter is our current Chair, President and Chief Executive Officer. Ellen M. Cotter has been with our Company for more than 18 years, focusing principally on the cinema operations aspects of our business. During this time period, we have grown our Domestic Cinema Operations from 42 to 248 screens and our cinema revenues have grown from US $15.5 million to US $132.9 million. Historically, we have combined the roles of the Chair and the Chief Executive Officer, except for the period from August 2014 until June 12, 2015, when the roles of Chair and Chief Executive Officer were held by two executives of the Company following the resignation for health reasons of our founder, James J. Cotter, Sr. At the present time, we believe that the combined roles (i) allow for consistent leadership, (ii) continue the tradition of having a Chair and Chief Executive Officer, who is also a controlling stockholder of the Company, and also (iii) reflect our status as a "controlled company" under relevant NASDAQ Listing Rules

Margaret Cotter is our current Vice-Chair and she also serves as our Executive Vice President – Real Estate Management and Development - NYC. Margaret Cotter has been responsible for the operation of our live theaters for more than 17 years and has for more than the past five years been actively involved in the re-development of our New York properties. On March 10, 2016, our Board appointed Margaret Cotter as Executive Vice President-Real Estate Management and Development-NYC.

Ellen M. Cotter has a substantial stake in our business, owning directly 799,765 shares of Class A Stock and 50,000 shares of Class B Stock. Margaret Cotter likewise has a substantial stake in our business, owning directly 804,173 shares of Class A Stock and 35,100 shares of Class B Stock. Ellen M. Cotter and Margaret Cotter are the Co-Executors of their father's (James J. Cotter, Sr.) estate (the "Cotter Estate") and Co-Trustees of a trust (the "Cotter Trust") established for the benefit of his heirs. Together, they have shared voting control over an aggregate of 1,208,988 shares or 71.9% of our Class B Stock. Ellen M. Cotter and Margaret Cotter have informed the Board that they intend to vote the shares beneficially held by them for each of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1.

James Cotter, Jr. alleges that he has the right to vote the shares held by the Cotter Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Cotter Trust, have informed the Board that they intend to vote the shares held by the Cotter Trust for each of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Cotter Trust, which, when added to the other shares they report as being beneficially owned by them, will constitute 71.9% of the shares of Class B Stock entitled to vote for Directors at the Annual Meeting.

The Company has elected to take the "controlled company" exemption under applicable listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Listing Rules"). Accordingly, the Company is exempted from the requirement to have an independent nominating committee and to have a board composed of at least a majority of

independent directors, as that term is defined in the NASDAQ Listing Rules ("Independent Directors"). We are nevertheless nominating a majority of Independent Directors for election to our Board. We currently have an Audit and Conflicts Committee (the "Audit Committee") and a Compensation and Stock Options Committee ("Compensation Committee") composed entirely of Independent Directors. We currently have a four member Executive Committee composed of our Chair and Vice-Chair and Messrs. Guy W. Adams and Edward L. Kane. Due to this structure, the concurrence of at least one non-management member of the Executive Committee is required in order for the Executive Committee to take action.

We believe that our Directors bring a broad range of leadership experience to our Company and regularly contribute to the thoughtful discussion involved in effectively overseeing the business and affairs of the Company. We believe that all Board members are well engaged in their responsibilities and that all Board members express their views and consider the opinions expressed by other Directors. A majority of our Board is independent under the NASDAQ Listing Rules and SEC rules, and William D. Gould serves as the Lead Independent Director among our Independent Directors ("Lead Independent Director"). In that capacity, Mr. Gould chairs meetings of the Independent Directors and acts as liaison between our Chair, President and Chief Executive Officer and our Independent Directors. Our Independent Directors are involved in the leadership structure of our Board by serving on our Audit Committee and the Compensation Committee, each of which has a separate independent Chair. Nominations to our Board for the Annual Meeting were made by our entire Board, consisting of a majority of Independent Directors.

Since our last Annual Meeting of Stockholders, we have (i) adopted a best practices Charter for our Compensation Committee, (ii) adopted a new best practices Charter for our Audit Committee, and (iii) completed, with the assistance of compensation consultants Willis Towers Watson and outside counsel Greenberg Traurig, LLP, a complete review of our compensation practices, in order to bring them into alignment with current best practices. Immediately prior to our last Annual Meeting we adopted a new supplemental policy restricting trading in our stock by our Directors and executive officers.

**Management Succession**

On August 7, 2014, James J. Cotter, Sr., our then controlling stockholder, Chair and Chief Executive Officer, resigned from all positions at our Company, and passed away on September 13, 2014. Upon his resignation, Ellen M. Cotter was appointed Chair, Margaret Cotter, her sister, was appointed Vice Chair and James Cotter, Jr., her brother, was appointed Chief Executive Officer, while continuing his position as President.

On June 12, 2015, the Board terminated the employment of James Cotter, Jr. as our President and Chief Executive Officer, and appointed Ellen M. Cotter to serve as the Company's interim President and Chief Executive Officer. The Board established an Executive Search Committee (the "Search Committee") initially composed of Ellen M. Cotter, Margaret Cotter, and Independent Directors William Gould and Douglas McEachern, and retained Korn Ferry to evaluate candidates for the Chief Executive Officer position. Ellen M. Cotter resigned from the Search Committee when she concluded that she was a serious candidate for the position. Korn Ferry screened over 200 candidates and ultimately presented six external candidates to the Search Committee. The Search Committee evaluated those external candidates and Ellen M. Cotter in meetings in December 2015 and January 2016, considering numerous factors, including, among others, the benefits of having a President and Chief Executive Officer who has the confidence of the existing senior management team, Ms. Cotter's prior performance as an executive of the Company and her performance as the interim President and Chief Executive Officer of the Company, the qualifications, experience and compensation demands of the external candidates, and the benefits and detriments of having a Chair, President and Chief Executive Officer who is also a controlling stockholder of the Company. The Search Committee recommended the appointment of Ellen M. Cotter as permanent President and Chief Executive Officer and the Board appointed her on January 8, 2016, with seven Directors voting yes, one Director (James Cotter, Jr.) voting no, and Ellen M. Cotter abstaining.

**Board's Role in Risk Oversight**

Our management is responsible for the day-to-day management of risks we face as a Company, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The Board plays an important role in risk oversight at Reading through direct decision-making authority with respect to significant matters, as well as through the oversight of management by the Board and its committees. In particular, the Board administers its risk oversight function through (1) the review and discussion of regular periodic reports by the Board and its committees on topics relating to the risks that the Company faces, (2) the required approval by the Board (or a committee of the Board) of significant transactions and other decisions, (3) the direct oversight of specific areas of the Company's business by the Audit Committee and the Compensation Committee, and (4) regular periodic reports from the auditors and other outside consultants regarding various areas of potential risk, including, among others, those relating to our internal control over financial reporting. The Board also relies on management to bring significant matters impacting the Company to the attention of the Board.

**"Controlled Company" Status**

Under section 5615(c)(1) of the NASDAQ Listing Rules, a "controlled company" is a company in which 50% of the voting power for the election of Directors is held by an individual, a group or another company. Together, Ellen M. Cotter and Margaret Cotter beneficially own 1,208,988 shares or 71.9% of our Class B Stock. Our Class A Stock does not have voting rights. Based on advice of counsel, our Board has determined that the Company is therefore a "controlled company" within the NASDAQ Listing Rules.

After reviewing the benefits and detriments of taking advantage of the exemptions to certain corporate governance rules available to a "controlled company" as set forth in the NASDAQ Listing Rules, our Board has determined to take advantage of those exemptions. In reliance on a "controlled company" exemption, the Company does not maintain a separate standing Nominating Committee. The Company nevertheless at this time maintains a full Board composed of a majority of Independent Directors and a fully independent Audit Committee, and has no present intention to vary from that structure. Our Board, consisting of a majority of Independent Directors, approved the nominees for our 2016 Annual Meeting. See "*Consideration and Selection of the Board's Director Nominees*," below. Each of the nominees, in each case the nominee abstaining from the vote, was approved by at least a majority of our Directors.

**Board Committees**

Our Board has a standing Executive Committee, Audit Committee, and Compensation Committee. The Tax Oversight Committee has been inactive since November 2, 2015 in anticipation that its functions would be moved to the Audit Committee under its new charter. That new charter was approved on May 5, 2016. These committees, other than the Tax Oversight Committee, are discussed in greater detail below.

Executive Committee. The Executive Committee operates pursuant to a Charter adopted by our Board. Our Executive Committee is currently composed of Ms. Ellen M. Cotter, Ms. Margaret Cotter and Messrs. Adams and Kane. Pursuant to its Charter, the Executive Committee is authorized, to the fullest extent permitted by Nevada law and our Bylaws, to take any and all actions that could have been taken by the full Board between meetings of the full Board. The Executive Committee held six meetings during 2015.

Audit Committee. The Audit Committee operates pursuant to a Charter adopted by our Board that is available on our website at http://www.readingrdi.com/Committee-Charters. The Audit Committee reviews, considers, negotiates and approves or disapproves related party transactions (see the discussion in the section entitled "*Certain Relationships and Related Party Transactions*" below). In addition, the Audit Committee is responsible for, among other things, (i) reviewing and discussing with management the Company's financial statements, earnings press releases and all internal controls reports, (ii) appointing, compensating and overseeing the work performed by the Company's independent auditors, and (iii) reviewing with the independent auditors the findings of their audits.

Our Board has determined that the Audit Committee is composed entirely of Independent Directors (as defined in section 5605(a)(2) of the NASDAQ Listing Rules), and that Mr. McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. Our Audit Committee is currently composed of Mr. McEachern, who serves as Chair, Mr. Kane and Mr. Wrotniak. Mr. Timothy Storey, who served on our Board through October 11, 2015, served on our Audit Committee through the same date. The Audit Committee held four meetings during 2015.

Compensation Committee. Our Board has established a standing Compensation Committee consisting of three of our non-employee Directors, and is currently composed of Mr. Kane, who serves as Chair, Dr. Codding and Mr. McEachern. Mr. Storey served on our Compensation Committee through October 11, 2015 and Mr. Adams served

through May 14, 2016. As a Controlled Company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation solely by Independent Directors. Notwithstanding such exemption, we adopted a Compensation Committee charter on March 10, 2016 requiring our Compensation Committee members to meet the independence rules and regulations of the SEC and the NASDAQ Stock Market. As a part of the transition to this new compensation committee structure, the compensation for 2016 of the President, Chief Executive Officer, all Executive Vice Presidents, and all Managing Directors was reviewed and approved by the Board at that March 10, 2016 meeting.

The Compensation Committee charter is available on our website at http://www.readingrdi.com/charter-of-our-compensation-stock-options-committee/. The Compensation Committee evaluates and makes recommendations to the full Board regarding the compensation of our Chief Executive Officer. Under its new Charter, the Compensation Committee has delegated authority to establish the compensation for all executive officers other than the President and Chief Executive Officer; provided that compensation decisions related to members of the Cotter Family remain vested in the full Board. In addition, the Compensation Committee establishes the Company's general compensation philosophy and objectives (in consultation with management), approves and adopts on behalf of the Board incentive compensation and equity-based compensation plans, subject to stockholder approval as required, and performs other compensation related functions as delegated by our Board. The Compensation Committee held three meetings during 2015.

**Consideration and Selection of the Board's Director Nominees**

The Company has elected to take the "Controlled Company" exemption under applicable NASDAQ Listing Rules. Accordingly, the Company does not maintain a standing Nominating Committee. Our Board, consisting of a majority of Independent Directors, approved the Board nominees for our 2016 Annual Meeting.

Our Board does not have a formal policy with respect to the consideration of Director candidates recommended by our stockholders. No non-Director stockholder has, in more than the past ten years, made any formal proposal or recommendation to the Board as to potential nominees. Neither our governing documents nor applicable Nevada law place any restriction on the nomination of candidates for election to our Board directly by our stockholders. In light of the facts that (i) we are a Controlled Company under the NASDAQ Listing Rules and exempted from the requirements for an independent nominating process, and (ii) our governing documents and Nevada law place no limitation upon the direct nomination of Director candidates by our stockholders, our Board believes there is no need for a formal policy with respect to Director nominations.

Our Board will consider nominations from our stockholders, provided written notice is delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the date that this Proxy Statement is sent to stockholders, or such earlier date as may be reasonable in the event that our annual stockholders meeting is moved more than 30 days from the anniversary of the 2016 Annual Meeting. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our common stock that are beneficially owned by such nominee, and such other information required by the proxy rules of the SEC with respect to a nominee of our Board.

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

Our Board oversees risk by remaining well-informed through regular meetings with management and our Chair's personal involvement in our day-to-day business including any matters requiring specific risk management oversight. Our Chair, President and Chief Executive Officer chairs regular senior management meetings, which are typically held weekly, one addressing domestic issues and the other addressing overseas issues. The risk oversight function of our Board is enhanced by the fact that our Audit Committee is comprised entirely of Independent Directors.

We encourage, but do not require, our Board members to attend our Annual Meeting. All of our nine then-incumbent Directors attended last year's annual meeting.

Following a review of the experience and overall qualifications of the Director candidates, our Board resolved to nominate, each of the incumbent Directors named in Proposal 1 for election as Directors of the Company at our 2016 Annual Meeting.

The Board, in reaching the decision to nominate Mr. James Cotter, Jr. for re-election to the Board, took a number of factors into consideration. Without attempting to place any particular priority on any particular consideration, the Board considered Mr. Cotter Jr.'s pending litigation against certain of the other Directors; his pending arbitration proceedings with the Company related to his prior termination as the President and Chief Executive Officer of our Company; his litigation against the Company seeking reimbursement and future advancement of his legal fees and expenses incurred in such arbitration proceedings; the Board's June 2015 determination to terminate Mr. Cotter, Jr. as our Company's President and Chief Executive Officer; the potential that this personal action and legal proceedings have and will likely continue to cause dissension among Board members and impact the otherwise collegial nature of Board meetings; Mr. Cotter, Jr.'s longevity on the Board and his broad knowledge of our Company; Mr. Cotter, Jr.'s beneficial holdings of the Company's securities; the fact that, depending on the ultimate resolution of certain litigation as to the terms of the Cotter Trust, Mr. Cotter, Jr. could periodically or ultimately hold voting control over our Company, and the fact that Ellen M. Cotter and Margaret Cotter had notified the Board that, as the beneficial owners of over 70% of the voting power of our Company, they supported Mr. Cotter Jr.'s ongoing participation on the Board. After considering these factors, the Board nominated Mr. Cotter, Jr. to serve another term as a Director of the Company.

Each of the nominees received at least seven (7) Yes votes, with each such nominee abstaining as to his or her nomination. Director Cotter, Jr. abstained with respect to the nomination of each of the nominees other than Ellen M. Cotter and Margaret Cotter, and voted Yes for Ellen M. Cotter and Margaret Cotter. Director Adams voted No with respect to the nomination of James Cotter, Jr.

**Code of Ethics**

We have adopted a Code of Ethics designed to help our Directors and employees resolve ethical issues. Our Code of Ethics applies to all Directors and employees, including the Chief Executive Officer, the Chief Financial Officer, principal accounting officer, controller and persons performing similar functions. Our Code of Ethics is posted on our website at http://www.readingrdi.com/Governance-Documents.

The Board has established a means for employees to report a violation or suspected violation of the Code of Ethics anonymously. In addition, we have adopted a "Whistleblower Policy," which is posted on our website, at http://www.readingrdi.com/Governance-Documents, that establishes a process by which employees may anonymously disclose to the Audit Committee alleged fraud or violations of accounting, internal accounting controls or auditing matters.

**Review, Approval or Ratification of Transactions with Related Persons**

The Audit Committee adopted a written charter for approval of transactions between the Company and its Directors, Director nominees, executive officers, greater than five percent beneficial owners and their respective immediate family members, where the amount involved in the transaction exceeds or is expected to exceed $120,000 in a single calendar year and the party to the transaction has or will have a direct or indirect interest. A copy of this charter is available at www.readingrdi.com under the "Investor Relations" caption. For additional information, see the section entitled "*Certain Relationships and Related Party Transactions*."

**Material Legal Proceedings**

On June 12, 2015, the Board terminated James Cotter, Jr. as the President and Chief Executive Officer of our Company. That same day, Mr. Cotter, Jr. filed a lawsuit, styled as both an individual and a derivative action, and titled "James Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et al." Case No,: A-15-719860-V, Dept. XI (the "Cotter Jr. Derivative Action" and the "Cotter, Jr. Complaint," respectively) against the Company and each of our other then sitting Directors (Ellen M. Cotter, Margaret Cotter, Guy Adams, William Gould, Edward Kane, Douglas McEachem, and Tim Storey, the "Original Defendant Directors") in the Eighth Judicial District Court of the State of Nevada for Clark County (the "Nevada District Court"). On October 22, 2015, Mr. Cotter, Jr., amended his complaint to drop his individual claims (the "Amended Cotter Jr. Derivative Complaint"). Accordingly, the Amended Cotter, Jr. Complaint presently purports to assert only purportedly derivative claims and to seek remedies

only on behalf of the Company. The lawsuit currently alleges, among other things, that the Original Defendant Directors breached their fiduciary duties to the Company by terminating Mr. Cotter, Jr. as President and Chief Executive Officer, continuing to make use of the Executive Committee that has been in place for more than the past ten years, making allegedly potentially misleading statements in its press releases and filings with the Securities and Exchange Commission ("SEC"), paying certain compensation to Ms. Ellen M. Cotter, and allowing the Cotter Estate to make use of Class A Common Stock to pay for the exercise of certain long outstanding stock options held of record by the Cotter Estate. He seeks reinstatement as President and Chief Executive Officer and alleges as damages fluctuations in the price for our Company's shares after the announcement of his termination as President and Chief Executive Officer and certain unspecified damages to our Company's reputation.

In a derivative action, the stockholder plaintiff seeks damages or other relief for the benefit of the Company, and not for the stockholder plaintiff's individual benefit. Accordingly, the Company is, at least in theory, only a nominal defendant in such a derivative action. However, as a practical matter, because Mr. Cotter, Jr. is also seeking, among other things, an order that our Board's determination to terminate Mr. Cotter Jr. was ineffective and that he should be reinstated as the President and Chief Executive Officer of the Company and also that our Board's Executive Committee be disbanded (an injunctive remedy that, if granted, would be binding on the Company), and as he asserts potentially misleading statements in certain press releases and filings with the SEC, the Company is incurring significant cost and expense defending the decision to terminate Mr. Cotter, Jr. as President and Chief Executive Officer, its Board committee structure, and the adequacy of those press releases and filings. Also, the Company continues to incur costs promulgating and responding to discovery demands and satisfying indemnity obligations to the Original Defendant Directors.

Our Directors and Officers Insurance liability insurer is providing insurance coverage, subject to a $500,000 deductible (which has now been exhausted) and its standard reservation of rights, with respect to the defense of the Original Director Defendants. Our new Directors, Dr. Judy Codding and Mr. Michael Wrotniak, are not named in the Cotter Jr. Derivative Action as they were not Directors at the time of the breaches of fiduciary duty alleged by Mr. Cotter, Jr.

Pursuant to the terms of Mr. Cotter Jr.'s employment agreement with the Company, disputes relating to his employment are to be arbitrated. Accordingly, on July 14, 2015, the Company filed an arbitration demand with the American Arbitration Association against Mr. Cotter, Jr. The demand seeks declaratory relief, among other things, that Mr. Cotter, Jr.'s employment and employment agreement with the Company have been validly terminated and that the Board validly removed him from his positions as President and Chief Executive Officer of the Company and positions with the Company's subsidiaries.

Mr. Cotter, Jr. has filed a counter-complaint in the arbitration, asserting claims for breach of his employment contract, declaratory relief, and contractual indemnification. Mr. Cotter, Jr.'s counsel has advised that Mr. Cotter is seeking a variety of damages, including consequential damages, and that such claimed damages total no less than $1,000,000. On April 19, 2016, Mr. Cotter, Jr. filed an action in the District Court, Clark County, Nevada seeking to recover his costs of defending the Arbitration, plus compensatory damages and interest at the maximum legal rate. The Company intends to vigorously defend these claims.

On August 6, 2015, the Company received notice that a Motion to Intervene in the Cotter Jr. Derivative Action and that a proposed derivative complaint had been filed in the Nevada District Court captioned T2 Partners Management, LP, a Delaware limited partnership, doing business as Kase Capital Management; T2 Accredited Fund, LP, a Delaware limited partnership, doing business as Kase Fund; T2 Qualified Fund, LP, a Delaware limited partnership, doing business as Kase Qualified Fund; Tilson Offshore Fund, Ltd, a Cayman Islands exempted company; T2 Partners Management I, LLC, a Delaware limited liability company, doing business as Kase Management; T2 Partners Management Group, LLC, a Delaware limited liability company, doing business as Kase Group; JMG Capital Management, LLC, a Delaware limited liability company; and Pacific Capital Management, LLC, a Delaware limited liability company, derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, Ellen M. Cotter, Guy Adams, Edward Kane, Douglas McEachern, Timothy Storey, William Gould and Does 1 through 100, inclusive, as defendants, and, Reading International, Inc., a Nevada corporation, as Nominal Defendant (the "T2 Derivative Action" ). On August 11, 2015, the Court granted the motion of T2 Partners Management, LP et. al. (the "T2 Plaintiffs"), allowing these plaintiffs to file their complaint (the "T2 Derivative Complaint").

On September 9, 2015, certain of the Original Defendant Directors filed a Motion to Dismiss the T2 Derivative Complaint. The Company joined this Motion to Dismiss on September 14, 2015. The hearing on this Motion to Dismiss was vacated as the T2 Plaintiffs voluntarily withdrew the T2 Derivative Complaint, with the parties agreeing that T2 Plaintiffs would have leave to amend the Complaint. On February 12, 2016, the T2 Plaintiffs filed an amended T2 Derivative Complaint (the "Amended T2 Derivative Complaint").

The T2 Plaintiffs allege in their Amended T2 Derivative Complaint various violations of fiduciary duty, abuse of control, gross mismanagement and corporate waste by the Amended T2 Complaint Director Defendants (as such term is defined below). More specifically the Amended T2 Derivative Complaint seeks certain monetary damages, as well as equitable injunctive relief, attorney fees and costs of suit. Once again, the Company has been named as a nominal defendant. However, because the Amended T2 Derivative Complaint also seeks the reinstatement of Mr. Cotter, Jr., as our President and CEO, it is being defended by the Company. In addition, the Company continues to incur costs promulgating and responding to discovery demands and satisfying indemnity obligations to the Amended T2 Complaint Director Defendants. The defendants in the Amended T2 Complaint are the same as named in the Cotter Jr. Derivative Action as well as our two new Directors, Dr. Judy Codding and Michael Wrotniak, and Company legal counsel, Craig Tompkins. Mr. Storey was not named as a defendant in the Amended T2 Complaint. The cost of the defense of Directors Codding and Wrotniak is likewise being covered by our Directors and Officers Liability Insurance carrier with the same reservations of right as in the Cotter Jr. Derivative Action, but without any separate deductible. The coverage under our Directors and Officers Liability Insurance of the cost of the defense of Mr. Tompkins is being reviewed by the insurer and is currently being covered by the Company under its indemnity agreement with him. The Directors named in the T2 Derivative Complaint are referred to herein as the "Amended T2 Complaint Director Defendants" and the Directors named in the Amended Cotter, Jr. Derivative Complaint are referred to herein as the Amended Cotter Jr. Complaint Director Defendants.

The Amended T2 Derivative Complaint has deleted its request for an order disbanding our Executive Committee and an order "collapsing the Class A and B stock structure into a single class of voting stock." The Amended T2 Complaint has added a request for an order setting aside the election results from the 2015 Annual Meeting of Stockholders, based on an allegation that Ellen M. Cotter and Margaret Cotter were not entitled to vote the shares of Class B Common Stock held by the Cotter Estate and the Cotter Trust. The Company and the other defendants contest the allegations of the T2 Plaintiffs. The Company followed applicable Nevada law in recognizing that Ellen M. Cotter and Margaret Cotter had the legal right and power to vote the shares of Class B Common Stock held of record by the Cotter Estate and the Cotter Trust, and the independent Inspector of Elections has certified the results of that election. Furthermore, even if the election results were to be overturned or voided, this would have no impact on the current composition of our Board, as all of the nominees were standing for re-election and accordingly retain their directorships until their replacements are elected. The Company will vigorously contest any assertions by the T2 Plaintiffs challenging the voting at the 2015 Annual Meeting of Stockholders and believes that the court will rule for the Company should this issue ever reach the court. The case is currently set for trial in November, 2016.

On May 2, 2016, the T2 Plaintiffs filed a petition on order shortening time seeking a preliminary injunction (1) enjoining the Inspector of Elections from counting any proxies purporting to vote either the 327,808 Class B shares represented by stock certificate B0005 (held of record by the Cotter Estate) or the 696,080 Class B shares represented by stock certificate RDIB 0028 (held of record by the Cotter Trust) at the upcoming June 2, 2016 Annual Meeting, and (2) enjoining Ellen M. Cotter, Margaret Cotter and James Cotter, Jr. from voting the above referenced shares at the 2016 Annual Meeting. The Company believes that the above referenced shares are currently held of record by the Cotter Estate and the Cotter Trust, and that such shares can be voted by the Co-Executors of the Cotter Estate and the Trustees of the Cotter Trust, as applicable.

The Company believes that the claims set forth in the Amended Cotter Jr. Derivative Complaint and the Amended T2 Derivative Complaint are entirely without merit and seek equitable remedies for which no relief can be given. The Company intends to defend vigorously against our Directors and Officers and against any attempt to reinstate Mr. Cotter, Jr. as President and Chief Executive Officer or to effect any changes in the rights of our Company's stockholders. Mr. Storey has been dismissed by stipulation as a defendant in the James Cotter Jr. Derivative Action.

On May 13, 2016, Directors Adams, Codding, Ellen M. Cotter, Margaret Cotter, Kane, McEachern and Wrotniak filed a motion in the T2 Derivative Action to disqualify the T2 Plaintiffs on the grounds that at least one of the T2 Plaintiffs had engaged in trading in our Company's Class A Common Stock after production by the Company and the

Amended T2 Complaint Director Defendants of confidential information in the discovery process.

## PROPOSAL 1: Election of Directors

### Nominees for Election

Nine Directors are to be elected at our Annual Meeting to serve until the annual meeting of stockholders to be held in 2017 or until their successors are duly elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as Directors. The nine nominees for election to the Board who receive the greatest number of votes cast for the election of Directors by the shares present and entitled to vote will be elected Directors. If any nominee becomes unavailable for any reason, it is intended that the proxies will be voted for a substitute nominee designated by the Board. The nominees named have consented to serve if elected.

The names of the nominees for Director, together with certain information regarding them, are as follows:

| Name | Age | Position |
|---|---|---|
| Ellen M. Cotter..... | 50 | Chair of the Board and Chief Executive Officer and President [1] |
| Guy W. Adams..... | 65 | Director [1] |
| Judy Codding..... | 71 | Director [2] |
| James Cotter, Jr. ..... | 46 | Director [3] |
| Margaret Cotter..... | 48 | Vice Chair of the Board and Executive Vice President-Real Estate Management and Development-NYC (1) |
| William D. Gould..... | 77 | Director [4] |
| Edward L. Kane..... | 78 | Director [1][2][3][5] |
| Douglas J. McEachern..... | 64 | Director [2][5] |
| Michael Wrotniak..... | 49 | Director [5] |

(1) Member of the Executive Committee.
(2) Member of the Compensation and Stock Options Committee.
(3) Member of the Tax Oversight Committee. This committee has been inactive since November 2, 2015, in anticipation that its functions would move to the Audit Committee under its new charter. That new charter was approved on May 5, 2016.
(4) Lead Independent Director.
(5) Member of the Audit and Conflicts Committee.

Ellen M. Cotter. Ellen M. Cotter has been a member of our Board since March 13, 2013, and currently serves as a member of our Executive Committee. Ms. Cotter was appointed Chair of our Board on August 7, 2014 and served as our interim President and Chief Executive Officer from June 12, 2015 until January 8, 2016, when she was appointed our permanent President and Chief Executive Officer. She joined the Company in March 1998. Ms. Cotter is a graduate of Smith College and holds a Juris Doctor from Georgetown Law School. Prior to joining the Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in New York City. Ms. Cotter is the sister of Margaret Cotter and James Cotter, Jr. For more than the past ten years, Ms. Cotter served as the Chief Operating Officer ("COO") of our domestic cinema operations, in which capacity she had, among other things, responsibility for the acquisition and development, marketing and operation of our cinemas in the United States. Prior to her appointment as COO of Domestic Cinemas, she spent a year in Australia and New Zealand, working to develop our cinema and real estate assets in those countries. Ms. Cotter is the Co-Executor of the Cotter Estate, which is the record owner of 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Cotter is also a Co-Trustee of the Cotter Trust, which is the record owner of 696,080 shares of Class B Stock (representing an additional 41.4% of such Class B Stock).

Ms. Cotter brings to our Board her 18 years of experience working in our Company's cinema operations in the United States, Australia and New Zealand. She has also served as the Chief Executive Officer of Reading's subsidiary,

Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. In addition, with her direct ownership of 799,765 shares of Class A Stock and 50,000 shares of Class B Stock, and her positions as Co-Executor of the Cotter Estate and Co-Trustee of the Cotter Trust, Ms. Cotter is a significant stakeholder in our Company. In recognition of her contributions to the independent film industry, Ms. Cotter was awarded the first Gotham Appreciation Award at the 2015 Gotham Independent Film Awards. She was also inducted that same year into the ShowEast Hall of Fame.

Guy W. Adams. Guy W. Adams has been a Director of the Company since January 14, 2014, currently serves as the chair of our Executive Committee, and until May 14, 2016, served as a member of our Compensation Committee. For more than the past ten years, he has been a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC, a fund investing in various publicly traded securities. Over the past fifteen years, Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor. At these companies, he has held a variety of board positions, including lead director, audit committee chair, and compensation committee chair. He has spoken on corporate governance topics before such groups as the Council of Institutional Investors, the USC Corporate Governance Summit and the University of Delaware Distinguished Speakers Program. Mr. Adams provides investment advice to private clients and currently invests his own capital in public and private equity transactions. He has served as an advisor to James J. Cotter, Sr. and continues to provide professional advisory services to various enterprises now owned by either the Cotter Estate or the Cotter Trust. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

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

Dr. Judy Codding. Dr. Judy Codding has been a Director of our Company since October 5, 2015, and currently serves as a member of our Compensation Committee. Dr. Codding is a globally respected education leader. From October 2010 until October 2015 she served as the Managing Director of "The System of Courses," a division of Pearson, PLC (NYSE: PSO), the largest education company in the world that provides education products and services to institutions, governments, and direct to individual learners. Prior to that time, Dr. Codding served as the Chief Executive Officer and President of America's Choice, Inc., which she founded in 1998, and which was acquired by Pearson in 2010. America's Choice, Inc. was a leading education company offering comprehensive, proven solutions to the complex problems educators face in the era of accountability. Dr. Codding has a Doctorate in Education from University of Massachusetts at Amherst, and completed postdoctoral work and served as a teaching associate in Education at Harvard University where she taught graduate level courses focused on moral leadership. Dr. Codding has served on various boards, including the Board of Trustees of Curtis School, Los Angeles, CA (2011 to present) and the Board of Trustees of Educational Development Center, Inc. (EDC) since 2012. Through family entities, Dr. Codding has been and continues to be involved in the real estate business, through the ownership of hotels, shopping centers and buildings in Florida and the exploration of mineral, oil and gas rights in Maryland and Kentucky.

Dr. Codding brings to our Board her experience as an entrepreneur, as an author, advisor and researcher in the areas of leadership training and decision-making as well as her experience in the real estate business.

James Cotter, Jr. James Cotter, Jr. has been a Director of our Company since March 21, 2002, and served as a member of our Tax Oversight Committee. The Tax Oversight Committee has been inactive since November 2, 2015, in anticipation that its functions would be moved to the Audit Committee under its new charter. That new charter was adopted on May 5, 2016. Mr. Cotter, Jr. served as our Vice Chair from June 2007 until August 7, 2014. Mr. Cotter, Jr. served as our President from June 1, 2013 through June 12, 2015, and as our Chief Executive Officer from August 7, 2014 through June 12, 2015. He is currently the lead director of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer and marketer) and served as the Chief Executive Officer of that company from July 2004 until 2013. Mr. Cotter, Jr. served as a Director of Cecelia Packing Corporation from February 1996 to September 1997, and as a Director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn (and its predecessor), specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the brother of Margaret Cotter and Ellen M. Cotter. Mr. Cotter, Jr. has advised the Company that he is a Co-Trustee of the Cotter Trust, which is the record owner of 696,080 shares of Class B Stock (representing 41.4% of such Class B Stock). The Company understands that Mr. Cotter's status as a trustee of the Cotter Trust is disputed by his sisters, Ellen M. Cotter and Margaret Cotter.

James Cotter, Jr. brings to our Board his experience as a business professional and corporate attorney, as well as his many years of experience in, and knowledge of, the Company's business and affairs. In addition, with his direct ownership of 770,186 shares of our Company's Class A Common Stock and his position as Co-Trustee of the Cotter Trust, Mr. Cotter, Jr. is a significant stakeholder in our Company. Further, depending on the outcome of ongoing Trust Litigation, in the future Mr. Cotter, Jr. may be a controlling stockholder in the Company.

Margaret Cotter. Margaret Cotter has been a Director of our Company since September 27, 2002, and on August 7, 2014 was appointed Vice Chair of our Board and currently serves as a member of our Executive Committee. On March 10, 2016, our Board appointed Ms. Cotter as Executive Vice President-Real Estate Management and Development-NYC. In this position, Ms. Cotter is responsible for the management of our live theater properties and operations, including oversight of the re-development of our Union Square and Cinemas 1, 2, 3 properties. Ms. Cotter is the owner and President of OBI, LLC ("OBI"), which, from 2002 until her appointment as Executive Vice President-Real Estate Management and Development-NYC, managed our live-theater operations under a management agreement. Pursuant to the OBI management agreement, Ms. Cotter also served as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. The OBI management agreement was terminated with Ms. Cotter's appointment as Executive Vice President-Real Estate Management and Development-NYC. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and is a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of Ellen M. Cotter and James Cotter, Jr. Ms. Margaret Cotter is a Co-Executor of the Cotter Estate, which is the record owner of 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Margaret Cotter is also a Co-Trustee of the Cotter Trust, which is the record owner of 696,080 shares of Class B Voting Common Stock (representing an additional 41.4% of such Class B Stock).

Ms. Cotter brings to the Board her experience as a live theater producer, theater operator and an active member of the New York theater community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing these properties for over 17 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, with her direct ownership of 804,173 shares of Class A Stock and 35,100 shares of Class B Stock and her positions as Co-Executor of the Cotter Estate and Co-Trustee of the Cotter Trust, Ms. Cotter is a significant stakeholder in our Company.

William D. Gould. William D. Gould has been a Director of our Company since October 15, 2004, and currently serves as our Lead Independent Director. Mr. Gould has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. Total fees payable to Mr. Gould's law firm for calendar year 2015 were $61,000.84.

Mr. Gould is an author and lecturer on the subjects of corporate governance and mergers and acquisitions. Mr. Gould brings to our Board more than fifty years of experience as a corporate lawyer and advisor focusing on corporate governance, mergers and acquisitions.

Edward L. Kane. Edward L. Kane has been a Director of our Company since October 15, 2004. Mr. Kane was also a Director of our Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the chair of our Compensation Committee, and served as chair of our Tax Oversight Committee. That committee has been inactive since November 2, 2015, in anticipation that its functions would be moved to the Audit Committee under its new charter. The new charter for the Audit Committee was approved on May 5, 2016. He also serves as a member of our Executive Committee and our Audit Committee. Mr. Kane practiced as a tax attorney for many years in San Diego, California. Since 1996, Mr. Kane has acted as a consultant and advisor to the health care industry, serving as the President and sole shareholder of High Avenue Consulting, a healthcare consulting firm, and as the head of its successor proprietorship. During the 1990s, Mr. Kane also served as the Chair and Chief Executive Officer of ASMG Outpatient Surgical Centers in southern California, and he served as a director of BDI Investment Corp., which was a regulated investment company based in San Diego. For over a decade, he was the Chair of Kane Miller Books, an award-winning publisher of children's books. At various times during the past three decades, Mr. Kane has been Adjunct Professor of Law at two of San Diego's law schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

In addition to his varied business experience, Mr. Kane brings to our Board his many years as a tax attorney and law professor. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company,

two of our corporate predecessors, as well as his experience as a former member of the boards of directors of several publicly held corporations.

Douglas J. McEachern. Douglas J. McEachern has been a Director of our Company since May 17, 2012 and chair of our Audit Committee since August 1, 2012 and serves as a member of our Compensation Committee since May 14, 2016. He has served as a member of the board and of the audit and compensation committee for Willdan Group, a NASDAQ listed engineering company, since 2009. From June 2011 until October 2015, Mr. McEachern was a director of Community Bank in Pasadena, California and a member of its audit committee. Mr. McEachern served as the chair of the board of Community Bank from October 2013 until October 2015. He also is a member of the finance committee of the Methodist Hospital of Arcadia. From September 2009 to December 2015, Mr. McEachern served as an instructor of auditing and accountancy at Claremont McKenna College. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm of Deloitte and Touche, LLP, with client concentrations in financial institutions and real estate. Mr. McEachern was also a Professional Accounting Fellow with the Federal Home Loan Bank board in Washington DC, from June 1983 to July 1985. From June 1976 to June 1983, Mr. McEachern was a staff member and subsequently a manager with the audit firm of Touche Ross & Co. (predecessor to Deloitte & Touche, LLP). Mr. McEachern received a B.S. in Business Administration in 1974 from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California.

Mr. McEachern brings to our Board his more than 38 years' experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our Company. Mr. McEachern also brings his experience reporting as an independent auditor to the boards of directors of a variety of public reporting companies and as a board member himself for various companies and not-for-profit organizations.

Michael Wrotniak. Michael Wrotniak has been a Director of our Company since October 12, 2015, and has served as a member of our Audit Committee since October 25, 2015. Since 2009, Mr. Wrotniak has been the Chief Executive Officer of Aminco Resources, LLC ("Aminco"), a privately held international commodities trading firm. Mr. Wrotniak joined Aminco in 1991 and is credited with expanding Aminco's activities in Europe and Asia. By establishing a joint venture with a Swiss engineering company, as well as creating partnerships with Asia-based businesses, Mr. Wrotniak successfully diversified Aminco's product portfolio. Mr. Wrotniak became a partner of Aminco in 2002. Mr. Wrotniak has been for more than the past six years, a trustee of St. Joseph's Church in Bronxville, New York, and is a member of the Board of Advisors of the Little Sisters of the Poor at their nursing home in the Bronx, New York since approximately 2004. Mr. Wrotniak graduated from Georgetown University in 1989 with a B.S. in Business Administration (cum laude).

Mr. Wrotniak is a specialist in foreign trade, and brings to our Board his considerable experience in international business, including foreign exchange risk mitigation.

Please see footnote 12 of the Beneficial Ownership of Securities table for information regarding the election of Ellen M. Cotter, Margaret Cotter and James Cotter, Jr. to the Board.

**Attendance at Board and Committee Meetings**

During the year ended December 31, 2015, our Board met 13 times. The Audit Committee held four meetings, the Compensation Committee held three meetings, and the Tax Oversight Committee held one meeting. Each Director attended at least 75% of these Board meetings and at least 75% of the meetings of all committees on which he or she served.

**Indemnity Agreements**

We currently have indemnity agreements in place with each of our current Directors and senior officers, as well as certain of the Directors and senior officers of our subsidiaries. Under these agreements, we have agreed, subject to certain exceptions, to indemnify each of these individuals against all expenses, liabilities and losses incurred in connection with any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative or investigative, to which such individual is a party or is threatened to be made a party, in any manner, based upon, arising from, relating to or by reason of the fact that such individual is, was, shall be or has been a Director, officer, employee, agent or fiduciary of the Company.

**Compensation of Directors**

During 2015, we paid our non-employee Directors $50,000 per year. We paid the Chair of our Audit Committee an additional $7,000 per year, the Chair of our Compensation Committee an additional $5,000 per year, the Chair of our Tax Oversight Committee an additional $18,000 per year and the Lead Independent Director an additional $5,000 per year.

In 2015, we also paid an additional one-time fee of $25,000 to each of Messrs. Adams, Gould, McEachem and Kane, and an additional one-time fee of $75,000 to Mr. Storey. These fees were awarded in each case in recognition of their service on our Board and Committees.

In March 2016, the Board approved additional special compensation to be paid for extraordinary services to the Company and devotion of time in providing such services, as follows:

| | |
|---|---|
| Guy W. Adams: | $50,000 |
| Edward L. Kane: | $10,000 |
| Douglas J. McEachem: | $10,000 |

Some portion of such additional special compensation was for services rendered during 2015.

Upon joining our Board, new Directors historically received immediately vested five-year stock options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. However, this process was discontinued in 2015, and Directors Codding and Wrotniak did not receive such grants. In January, 2015 and January, 2016, each of our then non-employee Directors received an annual grant of stock options to purchase 2,000 shares of our Class A Stock. The options awarded have a term of five years, an exercise price equal to the market price of Class A Stock on the grant date and were fully vested immediately upon grant. As discussed below, our outside director compensation was changed for the remainder of 2016 and the years thereafter. See "*2016 and Future Director Compensation*," below.

**Director Compensation Table**

The following table sets forth information concerning the compensation to persons who served as our non-employee Directors during 2015 for their services as Directors.

| Name | Fees Earned or Paid in Cash ($) | Option Awards ($)(1) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|
| Judy Codding | 11,957 | 0 | 0 | 11,957 |
| Margaret Cotter [2] | 35,000 | 7,656 | 0 | 42,656 |
| Guy W. Adams | 75,000 | 7,656 | 0 | 82,656 |
| William D. Gould | 80,000 | 7,656 | 0 | 87,656 |
| Edward L. Kane | 98,000 | 7,656 | 0 | 105,656 |
| Douglas J. McEachern | 82,000 | 7,656 | 0 | 89,656 |
| Tim Storey [3] | 112,500 | 7,656 | 21,136[4] | 140,292 |
| Michael Wrotniak | 11,005 | 0 | 0 | 11,005 |

(1) Fair value of the award computed in accordance with FASB ASC Topic 718.

(2) Until March 10, 2016, in addition to her Director's fees, Ms. Margaret Cotter received a combination of fixed and incentive management fees under the OBI management agreement described under the caption "Certain Transactions and Related Party Transactions - OBI Management Agreement," below.

(3) Mr. Storey served on our Board and Compensation Committee through October 11, 2015.

(4) Represents fees paid to Mr. Storey as the sole independent Director of our Company's wholly owned New Zealand subsidiary.

**2016 and Future Director Compensation**

As discussed below in "Compensation Discussion and Analysis," the Executive Committee of our Board, upon the recommendation of our Chief Executive Officer, requested the Compensation Committee to evaluate the Company's compensation policy for outside directors and to establish a plan that encompasses sound corporate practices consistent with the best interests of the Company. Our Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for executive and management officers and outside directors of the Company. In January 2016, the Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on our legal counsel, Greenberg Traurig, LLP.

The process followed by our Compensation Committee was similar to that in scope and approach used by the Compensation Committee in considering executive compensation. Willis Towers Watson reviewed and presented to the Compensation Committee the competitiveness of the Company's outside director compensation. The Company's outside director compensation was compared to the compensation paid by the 15 peer companies (identified "Compensation Discussion and Analysis"). Willis Towers Watson's key findings were:

- Our annual Board retainer was slightly above the 50th percentile while the total cash compensation paid to outside Directors was close to the 25th percentile.
- Due to our minimal annual Director equity grants, total direct compensation to our outside Directors was the lowest among the peer group.
- We should consider increasing our committee cash compensation and annual Director equity grants to be in line with peer practices.

The foregoing observations and recommendations were studied, questioned and thoroughly discussed by our Compensation Committee, Willis Towers Watson and legal counsel over the course of our Compensation Committee meetings. Among other things, our Compensation Committee discussed and considered the recommendations made by Willis Towers Watson regarding Director retainer fees and equity awards for Directors. Following discussion, our Compensation Committee recommended and our Board authorized that:

- The Board retainer currently paid to outside Directors will not be changed.
- The committee chair retainers will be increased to $20,000 for our Audit Committee and our Executive Committee and $15,000 for our Compensation Committee.
- The committee member fees will be $7,500 for our Audit and Executive Committees and $5,000 for our Compensation Committee.
- The Lead Independent Director fee will be increased to $10,000.
- The annual equity award value to Directors will be $60,000 as a fixed dollar value based on the closing price on the date of the grant and, that the equity award be restricted stock units and that such restricted stock units have a twelve month vesting period.
- Our Board also approved additional special compensation to be paid to certain directors for extraordinary services provided to us and devotion of time in providing such services as follows:
  - Guy W. Adams, $50,000
  - Edward L. Kane, $10,000
  - Douglas J. McEachem, $10,000

Our Board compensation was made effective for the year 2016 and equity grants were made on March 10, 2016 based upon the closing of the Company's Class A Common Stock on such date.

**Vote Required**

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board.

The Board has nominated each of the nominees discussed above to hold office until the 2017 Annual Meeting of Stockholders and thereafter until his or her respective successor has been duly elected and qualified. In the event that

any nominee shall be unable or unwilling to serve as a Director, the Board shall reserve discretionary authority to vote for a substitute or substitutes. The Board has no reason to believe that any nominee will be unable or to serve and all nominees named have consented to serve if elected.

**Recommendation of the Board**

**THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE DIRECTOR NOMINEES.**

Ellen M. Cotter and Margaret Cotter, who together have shared voting control over an aggregate of 1,208,988 shares, or 71.9%, of our Class B Stock, have informed the Board that they intend to vote the shares beneficially held by them in favor of the nine nominees named in this Proxy Statement for election to the Board under Proposal 1. Of the shares of Class B Stock beneficially held by them, 696,080 shares are held of record by the Cotter Trust. James Cotter, Jr. alleges he has the right to vote the shares held by the Cotter Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Cotter Trust, have informed the Board that they intend to vote the shares held by the Cotter Trust for the nine nominees named in this Proxy Statement for election to the Board under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Cotter Trust.

## REPORT OF THE AUDIT COMMITTEE

The following is the report of the Audit Committee of our Board with respect to our audited financial statements for the fiscal year ended December 31, 2015.

The information contained in this report shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

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

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

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

Based on their review of the consolidated financial statements and discussions with and representations from management and Grant Thornton LLP referred to above, the Audit Committee recommended to our Board that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2015 for filing with the SEC.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States. That is the responsibility of management and the Company's independent registered public accounting firm. In giving its recommendation to the Board, the Audit Committee relied on (1) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (2) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Respectfully submitted by the Audit Committee.

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

## BENEFICIAL OWNERSHIP OF SECURITIES

Except as described below, the following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on April 22, 2016 by:

- each of our incumbent Directors and Director nominees;
- each of our incumbent executive officers and named executive officers set forth in the Summary Compensation Table of this Proxy Statement;
- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and
- all of our incumbent Directors and incumbent executive officers as a group.

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

| | Amount and Nature of Beneficial Ownership (1) | | | |
|---|---|---|---|---|
| | Class A Stock | | Class B Stock | |
| Name and Address of Beneficial Owner | Number of Shares | Percentage of Stock | Number of Shares | Percentage of Stock |
| ***Directors and Named Executive Officers*** | | | | |
| Ellen M. Cotter (2)(12) | 3,146,965 | 14.5 | 1,173,888 | 69.8 |
| James Cotter, Jr. (12)(13) | 3,084,976 | 14.2 | 696,080 | 41.4 |
| Margaret Cotter (3)(12) | 3,335,012 | 15.4 | 1,158,988 | 66.9 |
| Guy W. Adams (8) | 2,000 | * | – | -- |
| Judy Codding (9) | 2,000 | * | – | -- |
| William D. Gould (4) | 56,340 | * | – | -- |
| Edward L. Kane (5) | 21,500 | * | 100 | * |
| Andrzej J. Matyczynski (16) | 50,880 | * | – | -- |
| Douglas J. McEachern (6) | 39,300 | * | – | -- |
| Michael Wrotniak (10) | 2,000 | – | – | -- |
| Robert F. Smerling (7) | 43,750 | * | – | -- |
| Wayne Smith (11) | 3,000 | * | – | -- |
| William Ellis (17) | 20,000 | * | – | -- |
| Dev Ghose (18) | 25,000 | * | – | -- |
| 5% or Greater Stockholders | | | | |
| James J. Cotter Living Trust (12) | 1,897,649 | 8.8 | 696,080 | 41.4 |
| Estate of James J. Cotter, Sr. (Deceased) (12) | 326,800 | 1.5 | 427,808 | 25.5 |

| | | | | |
|---|---|---|---|---|
| Mark Cuban (14)<br>5424 Deloache Avenue<br>Dallas, Texas 75220 | 72,164 | * | 207,913 | 12.4 |
| PICO Holdings, Inc. and PICO Deferred Holdings, LLC (15)<br>875 Prospect Street, Suite 301<br>La Jolla, California 92037 | – | – | 117,500 | 7.0 |
| James J. Cotter Foundation | 102,751 | * | | |
| Cotter 2005 Grandchildren's Trust | 289,390 | 1.3 | | |
| All Directors and executive officers as a group (14 persons) | 5,032,094 | 23.2 | 1,209,088 | 71.9 |

(1) Percentage ownership is determined based on 21,654,302 shares of Class A Stock and 1,680,590 shares of Class B Stock outstanding on April 22, 2016. Beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are currently exercisable, or exercisable within 60 days following the date as of which this information is provided, and not subject to repurchase as of that date, which are indicated by footnote, are deemed to be beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.

(2) The Class A Stock shown includes 20,000 shares subject to stock options as well as 799,765 shares held directly. The Class A Stock shown also includes 102,751 shares held by the James J. Cotter Foundation (the "Cotter Foundation"). Ellen M. Cotter is Co-Trustee of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown also includes 297,070 shares that are part of the Estate of James J. Cotter, Deceased (the "Cotter Estate") that is being administered in the State of Nevada and 29,730 shares from the Cotter Profit Sharing Plan. On December 22, 2014, the District Court of Clark County, Nevada, appointed Ellen M. Cotter and Margaret Cotter as co-executors of the Cotter Estate. As such, Ellen M. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the James J. Cotter Living Trust (the "Cotter Trust"). See footnote (12) to this table for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (12). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

(3) The Class A Stock shown includes 17,000 shares subject to stock options as well as 804,173 shares held directly. The Class A Stock shown also includes 289,390 shares held by the Cotter 2005 Grandchildren's Trust and 29,730 shares from the Cotter Profit Sharing Plan. Margaret Cotter is Co-Trustee of the Cotter 2005 Grandchildren's Trust and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 297,070 shares of Class A Stock that are part of the Cotter Estate. As Co-Executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the Cotter Trust. See footnotes (12) for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (12). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

(4) The Class A Stock shown includes 19,000 shares subject to stock options.

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

(6) The Class A Stock shown includes 29,000 shares subject to stock options.

(7) The Class A Stock shown consists of 43,750 shares subject to stock options.

(8) The Class A Stock shown consists of 2,000 shares subject to stock options.

(9) The Class A Stock shown consists of 2,000 shares subject to stock options.

(10) The Class A Stock shown consists of 2,000 shares subject to stock options.

(11) The Class A Stock shown consists of 3,000 restricted stock grants.

(12) On June 5, 2013, the Declaration of Trust establishing the Cotter Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away on September 13, 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James Cotter, Jr. as the first alternate trustee in the event that Ms. Cotter is unable or unwilling to act as trustee. The trustees of the Cotter Trust, as of the 2013 Restatement, were Ellen M. Cotter and Margaret Cotter. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James Cotter, Jr. as the co-trustees of the Reading Voting Trust and provides that, in the event they are unable to agree upon an important trust decision, they shall rotate the trusteeship between them annually on each January 1st. It further directs the trustees of the Reading Voting Trust to, among other things, vote the Class B Stock held by the Reading Voting Trust in favor of the appointment of Ellen M. Cotter, Margaret Cotter and James Cotter, Jr. to our Board and to take all actions to rotate the chairmanship of our Board among the three of them. The 2014 Amendment states that James Cotter, Jr., Ellen M. Cotter and Margaret Cotter are Co-Trustees of the Cotter Trust. On February 5, 2015, Ellen M. Cotter and Margaret Cotter filed a Petition in the Superior Court of the State of Califomia, County of Los Angeles, captioned In re James J. Cotter Living Trust dated August 1, 2000 (Case No. BP159755). The Petition, among other things, seeks relief that could determine the validity of the 2014 Amendment and who between Margaret Cotter and James Cotter Jr. will have authority as trustee or co-trustees of the Reading Voting Trust to vote the shares of Class B Stock shown (in whole or in part) and the scope and extent of such authority. Mr. Cotter, Jr. has filed an opposition to the Petition. The 696,080 shares of Class B Stock shown in the table as being beneficially owned by the Cotter Trust are reflected on the Company's stock register as being held by the Cotter Trust and not by the Reading Voting Trust. The information in the table reflects direct ownership of the 696,080 shares of Class B Stock by the Cotter Trust in accordance with the Company's stock register and beneficial ownership of such shares as being held by each of the three potential Co-Trustees, Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter, who, unless a court determines otherwise, are deemed to share voting and investment power of the shares held by the Cotter Trust.

(13) The Class A Stock shown includes 25,000 shares subject to stock options as well as 770,186 shares held directly. The Class A Stock shown also includes 289,390 shares held by the Cotter 2005 Grandchildren's Trust and 102,751 held by the Cotter Foundation. Mr. Cotter, Jr. is Co-Trustee of the Cotter 2005 Grandchildren's Trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Mr. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the Cotter Trust, which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnote (12) above for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (12). The Class A Stock shown includes 770,186 shares pledged as security for a margin loan.

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

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

(16) The Class A Stock shown includes 25,000 shares subject to stock options.

(17) The Class A Stock shown includes 8,815 shares subject to stock options.

(18) The Class A Stock shown includes 25,000 shares subject to stock options.

**Section 16(a) Beneficial Ownership Reporting Compliance**

Section 16(a) of the Exchange Act requires our executive officers and Directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the SEC and to provide us with copies of those filings. Based solely on our review of the copies received by us and on the written representations of certain reporting persons, we believe that the following Forms 3 and 4 for transactions that occurred in

2015 were not filed or filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

| Filer | Form | Transaction Date | Date of Filing |
|---|---|---|---|
| Andrzej J. Matyczynski | 4 | December 31, 2015 | Not filed (1) |
| Andrzej J. Matyczynski | 4 | December 31, 2014 | Not filed (2) |
| Andrzej J. Matyczynski | 4 | December 31, 2013 | Not filed (3) |
| Mark Cuban | 4 | November 11, 2015 | Not filed (4) |
| Estate of James J. Cotter | 4 | December 31, 2014 | October 9, 2015 |
| James J. Cotter Living Trust | 3 | September 13, 2014 | October 9, 2015 |
| Ellen M. Cotter | 4 | April 16, 2015 | October 9, 2015 |
| Margaret Cotter | 4 | April 8, 2015 | October 9, 2015 |
| William Gould | 4 | April 6, 2015 | October 8, 2015 |
| James Cotter Jr.(5) | 4 | March 10, 2016 | March 15, 2016 |
| James Cotter Jr. | 4 | November 25, 2015 | December 1, 2015 |
| James Cotter Jr. | 4 | August 17, 2015 | August 24, 2015 |
| James Cotter Jr. | 4 | July 16, 2015 | July 31, 2015 |
| James Cotter Jr. | 4 | June 30, 2015(6) | July 16, 2015 |
| James Cotter, Jr. | 4 | June 4, 2016(7) | July 16, 2015 |
| Wayne Smith | 4 | July 16, 2015 | July 31, 2015 |

(1) This transaction was reported on Form 5 on April 22, 2016, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
(2) This transaction was reported on Form 5 on March 17, 2015, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
(3) This transaction was reported on Form 5 on March 12, 2014, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
(4) This transaction was reported on Form 5 on February 19, 2016, which is later than required under Section 16(a) of the Securities Exchange Act of 1934.
(5) An additional Form 4 for Mr. Cotter Jr. was reported with a typographical error in the transaction date. The transaction date was reported as December 1, 2012, but should have been reported as December 1, 2015. This Form 4 was timely filed on December 3, 2015.
(6) Pursuant to Form 4/A filed August 24, 2015, the earliest transaction date was changed from July 1, 2015 to June 30, 2015.
(7) Pursuant to Form 4/A filed November 17, 2015, the earliest transaction date was changed from July 1, 2015 to June 4, 2015.

In addition to the above, the following Forms 5 for transactions that occurred in 2013, 2014 and 2015 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934.

| Filer | Form | Transaction Date | Date of Filing |
|---|---|---|---|
| Andrzej J. Matyczynski | 5 | December 31, 2015 | April 22, 2016 |
| Andrzej J. Matyczynski | 5 | December 31, 2014 | March 17, 2015 |
| Andrzej J. Matyczynski | 5 | December 31, 2013 | March 12, 2014 |
| Mark Cuban | 5 | November 11, 2015 | February 19, 2016 |

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

EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers, other than Ellen M. Cotter and Margaret Cotter, whose information is set forth above under "Proposal 1: Election of Directors – Nominees for Election."

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

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

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

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

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

## EXECUTIVE COMPENSATION

### Compensation Discussion and Analysis

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

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

and regulations of the SEC and the NASDAQ Stock Market.

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

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

## 2015 EXECUTIVE COMPENSATION

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

***Chief Executive Officer Compensation***

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

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

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

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

Following his appointment on August 7, 2014 as our Chief Executive Officer and until his termination from that position on June 12, 2015, James Cotter, Jr. continued to receive the same base salary of $335,000 that he had previously

been receiving in his capacity as our President. Mr. Cotter, Jr. was not awarded a discretionary cash bonus for 2014 or 2015.

On June 12, 2015, our Board appointed Ellen M. Cotter as our interim President and Chief Executive Officer. No new compensatory arrangements were entered into with Ms. Cotter in connection with her appointment as interim President and Chief Executive Officer, and she continued to receive the same base salary of $402,000 that she received at the time of her appointment.

In early 2016, the Compensation Committee, with the assistance of Willis Towers Watson and Ms. Cotter, adopted new procedures regarding officer compensation. As a part thereof, unlike prior years, the Compensation Committee evaluated the performance of our Chief Executive Officer and our named executive officers and determined their 2015 cash bonus awards. Having had the benefit of further analysis of the Company's executive compensation and revisions of the Company's compensation philosophy, the Compensation Committee approved a $250,000 bonus for Ellen M. Cotter for her 2015 performance as interim President and Chief Executive Officer.

*Total Direct Compensation*

In 2015, we and our Compensation Committee had no policy regarding the amount of salary and cash bonus paid to our Chief Executive Officer or other named executive officers in proportion to their total direct compensation.

***Compensation of Other Named Executive Officers***

Until the reassessment of compensation practices in early 2016, the compensation of the Cotter family members as executive officers of our Company was determined by the Compensation Committee based on the same compensation philosophy used to determined Mr. Cotter, Sr.'s compensation prior to his retirement. The Cotter family members' respective compensation packages each consisted of a base cash salary, discretionary cash bonus and, on occasion, discretionary grants of stock options.

Historically, our Chief Executive Officer determined the base salaries of our executive officers other than himself and members of his family. Our Chief Executive Officer considered the following guidelines in setting the type and amount of executive compensation:

1. Executive compensation should primarily be used to:

   · attract and retain talented executives;
   ·reward executives appropriately for their individual efforts and job performance; and
   ·afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our Board.

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

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

Personal and Company performances were just two factors historically considered in establishing base salaries. We had no pre-established policy or target for allocating total executive compensation between base and discretionary or incentive compensation, or between cash and stock-based incentive compensation. Historically, including in 2015, a majority of total compensation to our named executive officers has been in the form of annual base salaries and discretionary cash bonuses, although stock bonuses have been granted from time to time under special circumstances.

These elements of our executive compensation are discussed further below.

Salary: Annual base salary was intended to compensate named executive officers for services rendered during the fiscal year in the ordinary course of performing their job responsibilities. Factors considered in setting the base salaries prior to 2015 included (i) the negotiated terms of each executive's employment agreement or the original terms of employment, (ii) the individual's position and level of responsibility with our Company, (iii) periodic review of the

executive's compensation, both individually and relative to our other named executive officers, and (iv) a subjective evaluation of individual job performance of the executive.

Cash Bonus: Historically, we had awarded annual cash bonuses to supplement the base salaries of our named executive officers, and our Board delegated to our former Chief Executive Officer, Mr. Cotter, Sr., the authority to determine in his discretion the annual cash bonuses, if any, to be paid to our executive officers other than the Cotter family executives.

In early 2016, following the reassessment of the Company's compensation structure discussed below, the Compensation Committee, meeting in executive session, approved a 2015 performance bonus for the Chief Executive Officer as well as our other named executive officers.

Stock Bonus: Equity incentive bonuses were available for award to align our executives' long-term compensation to appreciation in stockholder value over time. Historically, awards have not been granted on any fixed schedule, but instead were granted from time to time to new hires and for the recognition and retention of executives.

If awarded, it has generally been our policy to value stock options and restricted stock at the closing price of our common stock as reported on the NASDAQ Stock Market on the date the award was approved or on the date of hire, if the stock is granted as a recruitment incentive. When stock was granted as bonus compensation for a particular transaction, the award may have been based on the market price on a date calculated from the closing date of the relevant transaction. Stock options granted to our employees generally have a five year term and vest over four years in equal installments upon the annual anniversaries of the date of the grant, subject to continued employment upon each vesting date. Awards may also have been subject to vesting and limitations on voting or other rights.

As discussed below, our Board substantially changed these practices for 2016 and future years.

Other than James Cotter, Jr.'s role as Chief Executive Officer and thereafter, Ms. Ellen M. Cotter's role as Chief Executive Officer, none of our executive officers played a role in determining the compensation of our named executive officers during 2015.

***2015 Base Salaries and Bonuses***

We have historically established base salaries and target discretionary cash bonuses for our named executive officers through negotiations with the individual named executive officer, generally at the time the named executive officer commenced employment with us, subject to additional increases from time to time based on performance and tenure, with the intent of providing annual cash compensation at a level sufficient to attract and retain talented and experienced individuals.

Our Compensation Committee recommended and our Board approved the following base salaries for Mr. Cotter, Jr. and Ellen M. Cotter for 2015:

| Name | 2014 Base Salary ($) | 2015 Base Salary ($) |
|---|---|---|
| Ellen M. Cotter [1] | 335,000 | 402,000 |
| James Cotter, Jr [2] | 335,000 | 335,000[2] |

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

(2) James Cotter, Jr. served as President from June 1, 2013 through June 12, 2015, and Chief Executive Officer from August 7, 2014 through June 12, 2015. Mr. Cotter, Jr. had an annual base salary of $335,000 for 2015. When his employment ended, Mr. Cotter, Jr. earned a prorated base salary of $195,417 for 2015, which includes his severance payment paid through the end of July 2015.

With the exception of Mr. Ghose, who was appointed Chief Financial Officer on May 11, 2015, Mr. Matyczynski, whose base salary was $324,000 in 2015, and Mr. Smith, whose base salary was $274,897, the base salaries of our other named executive officers generally remained at the levels established for 2014, as shown in the following table:

| Name | 2014 Base Salary ($) | 2015 Base Salary ($) |
|---|---|---|
| Dev Ghose [1] | -- | 400,000[1] |
| Andrzej J. Matyczynski [2] | 309,000 | 324,000 |
| William Ellis[3] | 350,000[3] | 350,000 |
| Robert F. Smerling | 350,000 | 350,000 |
| Wayne Smith | 324,295[4] | 274,897[4] |

(1)Dev Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015. For 2015, Mr. Ghose earned a prorated base salary of $257,692.

(2)Andrzej J. Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written agreement with our Company that provides certain severance and deferred compensation benefits. Mr. Matyczynski resigned as Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer effective May 11, 2015, however he continued as an employee to assist in the transition of our new Chief Financial Officer, and was appointed Executive Vice President– Global Operations on March 10, 2016. Under Mr. Matyczynski's employment contract, upon his retirement and provided there has been no termination for cause, he will become entitled under his agreement to a lump-sum severance payment of $50,000, subject to certain offsets, and to the payment of his vested benefit under his deferred compensation plan discussed below in this section.

(3)William Ellis submitted his resignation on February 18, 2016, effective March 11, 2016. For 2014, Mr. Ellis earned a prorated base salary of $71,795.

(4)Mr. Smith's salary was paid in Australian Dollars in the amounts of AUD$359,250 in 2014 (shown in the table in U.S. Dollars using exchange rate 0.9027), and AUD$365,360 in 2015 (shown in the table in U.S. Dollars using exchange rate 0.7524).

Prior to 2016, all named executive officers were eligible to receive a discretionary annual cash bonus. Cash bonuses are typically prorated to reflect a partial year of service.

In connection with consideration of 2015 performance bonuses for members of management, the Chief Executive Officer prepared and submitted recommendations for each of the executive and management team members, other than herself. In considering these recommendations, the Compensation Committee had the benefit of its extensive deliberations as well as the data provided by Willis Towers Watson. In executive session, the Compensation Committee considered and approved a 2015 performance bonus for the Chief Executive Officer. The proposed bonus amounts were reviewed and approved by the Board in February 2016. The Board approval covered the named executive officers set forth below, as well as select other officers and executives.

The following are the 2015 Performance Bonuses approved pursuant to the above process:

| Name | 2015 Performance Bonus ($) |
|---|---|
| Ellen M. Cotter | 250,000 |
| Dev Ghose | 75,000 |
| Andrzej J. Matyczynski | 0 |
| William Ellis | 0[1] |
| James Cotter, Jr. | 0 |
| Robert F. Smerling | 75,000 |
| Wayne Smith | 71,478[2] |

(1)Pursuant to his employment agreement, in 2015 Mr. Ellis received a guaranteed bonus of $60,000, and as such, it was not subject to the process above. Mr. Ellis submitted his resignation on February 18, 2016.

(2)Mr. Smith's bonus was paid in Australian Dollars in the amount of AUD$95,000 (shown in the table in U.S. Dollars using exchange rate 0.7524).

In the past, we have offered stock options and stock awards to our employees, including named executive

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

Employment Agreements

James Cotter, Jr. On June 12, 2015, the Board terminated the employment of James Cotter, Jr. as our President and Chief Executive Officer. Under Mr. Cotter, Jr.'s employment agreement with the Company, he is entitled to the compensation and benefits he was receiving at the time of a termination without cause for a period of twelve months from notice of termination. At the time of termination, Mr. Cotter Jr.'s annual salary was $335,000, and the Company paid Mr. Cotter Jr. severance payments in the amount of $43,750. A dispute has arisen between the Company and Mr. Cotter as to whether the Company is required to continue to make these payments, which dispute is currently subject to arbitration. Mr. Cotter's employment agreement also provided for the grant of options to purchase 100,000 shares of Class A Stock at an exercise price of $6.31 per share. Mr. Cotter, Jr. has previously exercised options to purchase 50,000 of such shares. Mr. Cotter, Jr. has asserted that the options to exercise the remainder of the 50,000 options survived the termination of his employment. The Company's position is that all unvested options expired upon the termination of Mr. Cotter, Jr.'s employment. This matter is currently under review by the Compensation Committee.

Dev Ghose. On April 20, 2015, we entered into an employment agreement with Mr. Dev Ghose, pursuant to which he agreed to serve as our Chief Financial Officer for a one-year term commencing on May 11, 2015. The employment agreement provides that Mr. Ghose is to receive an annual base salary of $400,000, with an annual target bonus of $200,000, and employee benefits in line with those received by our other senior executives. Mr. Ghose was also granted stock options to purchase 100,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a four-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renewal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

William D. Ellis. On October 20, 2014, we entered into an employment agreement with Mr. William D. Ellis, which was amended in September 2015, pursuant to which he agreed to serve as our General Counsel for a term of three years. The employment agreement provided that Mr. Ellis was to receive an annual base salary of $350,000, with an annual guaranteed bonus of at least $60,000. In addition, Mr. Ellis was granted stock options to purchase 60,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a three-year period, subject to his remaining in our continuous employ through each annual vesting date.

On February 18, 2016, Mr. Ellis submitted his resignation as our General Counsel and Corporate Secretary. On March 11, 2016, we entered into an agreement with Mr. Ellis, pursuant to which, in consideration of the payment to Mr. Ellis of $205,010 (to be paid in 19 equal semi-monthly installments of $10,790) and the vesting of options to acquire 20,000 shares of our Class A Common Stock on October 15, 2016, Mr. Ellis has agreed to be available to advise us on matters on which he previously worked until December 31, 2016. Mr. Ellis' last day of employment was March 11, 2016.

Andrzej J. Matyczynski. Mr. Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written agreement with our Company that provides for a lump-sum severance payment of $50,000, provided there has been no termination for cause and subject to certain offsets, and to the payment of his vested benefit under his deferred compensation plan discussed below in the section entitled "Other Elements of Compensation." Mr. Matyczynski resigned as our Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and

Treasurer effective May 11, 2015, but continued as an employee in order to assist in the transition of our new Chief Financial Officer. He was appointed EVP-Global Operations in March 2016.

## 2016 AND FUTURE COMPENSATION STRUCTURE

***Background***

In early 2016, our Compensation Committee conducted a thorough evaluation of our compensation policy for executive officers and outside directors to establish a plan that encompasses best corporate practices consistent with our best interests. Our Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for our executive and management officers and outside directors. In January 2016, our Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on the advice of our legal counsel, Greenberg Traurig, LLP.

***Compensation Committee Charter***

On February 29, 2016, our Board adopted the Charter of the Compensation Committee, or the Compensation Committee Charter. In keeping with our intent to implement best practices, the Compensation Committee Charter delegated the following responsibilities to our Compensation Committee:

- in consultation with our senior management, to establish our compensation philosophy and objectives;
- to review and approve all compensation, including salary, bonus, incentive and equity compensation, for our Chief Executive Officer and our executive officers, provided that our Chief Executive Officer may not be present during voting or deliberations on his or her compensation;
- to approve all employment agreements, severance arrangements, change in control provisions and agreements and any special or supplemental benefits applicable to our Chief Executive Officer and other executive officers;
- to approve and adopt, on behalf of our Board, incentive compensation and equity-based compensation plans, or, in the case of plans requiring stockholder approval, to review and recommend such plan to the stockholders;
- to review and discuss with our management and our counsel and auditors, the disclosures made in Compensation Discussion and Analysis and advise our Board whether, in the view of the Committee, the Compensation Discussion and Analysis is, in form and substance, satisfactory for inclusion in our annual report on Form 10-K and proxy statement for the annual meeting of stockholders;
- to prepare an annual compensation committee report for inclusion in our proxy statement for the annual meeting of stockholders in accordance with the applicable rules of the SEC;
- to periodically review and reassess the adequacy of this charter and recommend any proposed changes to the Board for approval;
- to administer our equity-based compensation plans, including the grant of stock options and other equity awards under such plans, the exercise of any discretion accorded to the administrator of all such plans and the interpretation of the provisions of such plans and the terms of any awards made under the plans; and
- to consider the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Securities Exchange Act of 1934 when determining compensation policies and making decisions on executive compensation.

Under the Compensation Committee Charter, "executive officer" is defined to mean the chief executive officer, president, chief financial officer, chief operating officer, general counsel, principal accounting officer, any executive vice president of the Company and any Managing Director of Reading Entertainment Australia Pty Ltd and/or Reading New Zealand, Ltd.; provided that any compensation determinations pertaining to Ellen M. Cotter and Margaret Cotter will be subject to review and approval by our Board.

As noted above, the Compensation Committee Charter was adopted as part of our Board's implementation of additional corporate best practices measures. The Compensation Committee Charter will apply for the remainder of 2016 and the future, subject to further amendments and modifications by our Board. The Compensation Committee's charter is available on our website at http://www.readingrdi.com/Committee-Charters.

The Compensation Committee reviews compensation policies and practices effecting employees in addition to

those applicable to executive officers. The Compensation Committee has determined that it is not reasonably likely that our compensation policies and practices for its employees would have a material adverse effect on our Company.

***Executive Compensation***

In early 2016, our Compensation Committee met with Willis Towers Watson, our Chief Executive Officer, and our legal counsel, to review the Company's compensation levels, programs and practices. As part of its engagement, Willis Towers Watson reviewed our compensation paid to executive and management officers by position, in light of each person's duties and responsibilities. Willis Towers Watson then compared our top executive and management positions to (i) executive compensation paid by a peer group, and (ii) two surveys, the 2015 Willis Towers Watson Data Services Top Management Survey Report and the 2015 Mercer MBD Executive Compensation Survey, in each case, identified by office position and duties performed by the officer. The peer group utilized by Willis Towers Watson included the following 15 companies:

Arcadia Realty Trust
Associated Estates Realty Corp.
Carmike Cinemas Inc.
Cedar Realty Trust Inc.
Charter Hall Group
EPR Properties
Vicinity Centres
IMAX Corporation
Inland Real Estate Corp.
Kite Realty Group Trust
Marcus Corporation
Pennsylvania Real Estate Investment Trust
Ramco-Gershenson Properties Trust
Urstadt Biddle Properties Inc.
Village Roadshow Ltd.

Willis Towers Watson selected the above peer group noting that the companies selected (i) included 12 United States based companies and three Australian based companies to reflect our geographic operations, and (ii) were comparable to us based on the key financial criteria of being between 1/3rd and three times our revenue.

The executive pay assessment prepared by Willis Towers Watson measured our executive and management compensation against compensation paid by peer group companies and the companies listed in the two surveys based on the 25th, 50th and 75th percentile of such peer group and surveyed companies. The 50th percentile was the median compensation paid by such peer group and surveyed companies to executives performing similar responsibilities and duties.

The Willis Towers Watson assessment compared the base salary, the short term incentive (cash bonus) and long term incentive (equity awards) of the peer and surveyed companies to the base salary, short term incentive and long term incentive provided to our executives. The assessment concluded that, except in a few positions, we were generally competitive in base salary, however, we were not competitive when short-term incentives and long term incentives were included in the total compensation paid to our executives and management.

As a result of the foregoing factors, Willis Towers Watson recommended that we:

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

Our Compensation Committee recommended, and our Board subsequently adopted, a compensation philosophy for our management team members to:

- Attract and retain talented and dedicated management team members;
- Provide overall compensation that is competitive in its industry;
- Correlate annual cash incentives to the achievement of its business and financial objectives; and
- Provide management team members with appropriate long-term incentives aligned with stockholder value.

As part of the compensation philosophy, our compensation focus will be to (1) drive our strategic plan on growth, (2) align officer and management performance with the interests of our stockholders, and (3) encourage retention of our officers and management team members.

In furtherance of the compensation policy and as a result of the extensive deliberations, including consideration of the Willis Towers Watson recommendations, our Compensation Committee adopted an executive and management officer compensation structure for 2016 consisting of:

- A base salary comparable with job description and industry standard;
- A short-term incentive plan based on a combination of factors including overall corporate and division performance as well as individual performance with a target bonus opportunity to be denominated as a percent of base salary with specific goals weightings and pay-out ranges; and
- A long-term incentive or equity awards in line with job description, performance, and industry standards.

Our Compensation Committee's intention is that the compensation structure approved for 2016 will remain in place indefinitely. However, it will review performance and results after the first year and thereafter and evaluate from time to time whether enhancements, changes or other compensation structures are in our and our stockholders best interests.

Reflecting the new approach, our Compensation Committee established (i) 2016 annual base salaries at levels that it believed (based heavily on the data provided by Willis Towers Watson) are generally competitive with executives in our peer group and in other comparable publicly-held companies as described in the executive pay assessment prepared by Willis Towers Watson, (ii) short term incentives in the form of discretionary annual cash bonuses based on the achievement of identified goals and benchmarks, and (iii) long-term incentives in the form of employee stock options and restricted stock units will be used as a retention tool and as a means to further align an executive's long-term interests with those of our stockholders, with the ultimate objective of affording our executives an appropriate incentive to help drive increases in stockholder value.

Our Compensation Committee will evaluate both executive performance and compensation to maintain our ability to attract and retain highly-qualified executives in key positions and to assure that compensation provided to executives remains competitive when compared to the compensation paid to similarly situated executives of companies with whom we compete for executive talent or that we consider comparable to our Company.

***Role of Chief Executive Officer in Compensation Decisions***

In connection with the implementation of the new compensation structure, our Compensation Committee conducted the thorough review of executive compensation discussed above. Our Compensation Committee engaged in extensive discussions with, and considered with great weight the recommendations of, the Chief Executive Officer as to compensation for executive and management team members other than for the Chief Executive Officer.

Our Compensation Committee expects to perform an annual review of executive compensation, generally in the first quarter of the year following the year in review, with a presentation by the Chief Executive Officer regarding each element of the executive compensation arrangements. At our Compensation Committee's direction, our Chief Executive Officer prepared an executive compensation review for each executive officer (other than the Chief Executive Officer), as well as the full executive team, which included recommendations for:

- 2016 Base Salary
- A proposed year-end short -term incentive in the form of a target cash bonus based on the achievement of certain objectives; and
- A long-term incentive in the form of stock options and restricted stock units for the year under review.

As part of the compensation review, our Chief Executive Officer may also recommend other changes to an executive's compensation arrangements such as a change in the executive's responsibilities. Our Compensation Committee will evaluate the Chief Executive Officer's recommendations and, in its discretion, may accept or reject the recommendations, subject to the terms of any written employment agreements.

Our Compensation Committee met in executive session without our Chief Executive Officer to consider the Chief Executive Officer's compensation, including base salary, cash bonus and equity award, if any. Prior to such executive sessions, our Compensation Committee interviewed our Chief Executive Officer to obtain a better understanding of factors contributing to the Chief Executive Officer's compensation. With the exception of these

executive sessions of our Compensation Committee, as a rule, our Chief Executive Officer participated in all deliberations of the Compensation Committee relating to executive compensation. However, our Compensation Committee also asked our Chief Executive Officer to be excused for certain deliberations with respect to the compensation recommended for Margaret Cotter, the sister of our Chief Executive Officer.

In conjunction with the year-end annual compensation review, or as soon as practicable after the year-end, our Chief Executive Officer will recommend to our Compensation Committee our objectives and other criteria to be utilized for purposes of determining cash bonuses for certain senior executive officers. Our Compensation Committee, in its discretion, may revise the Chief Executive Officer's recommendations. At the end of the year, our Compensation Committee, in consultation with our Chief Executive Officer, will review each performance goal and determine the extent to which the officer achieved such goals. In establishing performance goals, our Compensation Committee expects to consider whether the goals could possibly result in an incentive for any executives to take unwarranted risks in our Company's business and intend to seek to avoid creating any such incentives.

***Base Salaries***

Our Compensation Committee reviewed the executive pay assessment prepared by Willis Towers Watson and other factors and engaged in extensive deliberation and then recommended the following 2016 base salaries (the 2015 base salaries are shown for comparison purposes) for the following officers. Our Board approved the recommendations of our Compensation Committee on March 10, 2016 for the President and Chief Executive Officer, Chief Financial Officer and our named executive officers, other than William D. Ellis and our prior Chief Executive Officers James J. Cotter, Sr. and James Cotter, Jr.

| Name | Title | 2015 Base Salary | 2016 Base Salary |
|---|---|---|---|
| Ellen Cotter [1] | President and Chief Executive Officer | $402,000 | $450,000 |
| Dev Ghose [2] | EVP, Chief Financial Officer, Treasurer and Corporate Secretary | 400,000 | 400,000 |
| Andrzej J. Matyczynski [3] | EVP-Global Operations | 324,000 | 336,000 |
| Robert F. Smerling | President, US Cinemas | 350,000 | 375,000 |
| Wayne Smith[4] | Managing Director, Australia and New Zealand | 274,897[4] | 282,491[4] |

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

(2)Dev Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015. For 2015, Mr. Ghose earned a prorated base salary of $257,692.

(3)Andrzej J. Matyczynski was the Company's Chief Financial Officer and Treasurer until May 11, 2015 and thereafter he acted as Strategic Corporate Advisor to the Company. He was appointed EVP-Global Operations on March 10, 2016.

(4)Mr. Smith was paid in Australian dollars in the amount of AUD$365,360 (shown in U.S. Dollars in the table above, using the conversion rate of 0.7524). In 2016, Mr. Smith will be paid in Australian dollars in the amount of AUD$370,000 (shown abovein U.S. Dollars using the exchange rate of 0.76349).

***Short Term Incentives***

The Short Term Incentives authorized by our Compensation Committee and our Board provides our executive officers and other management team members, who are selected to participate, with an opportunity to earn an annual cash bonus based upon the achievement of certain company financial goals, division goals and individual goals, established by our Chief Executive Officer and approved by our Compensation Committee and our Board (in future

years, under the Compensation Committee Charter approved by our Board on March 10, 2016, our Compensation Committee will have full authority to approve these matters). Specifically, a participant in the short-term incentive plan will be advised of his or her annual potential target bonus expressed as a percentage of the participant's base salary and by dollar amount. The participant will be eligible for a short-term incentive bonus once the participant achieves goals identified at the beginning of the year for a threshold target, the potential target or potential maximum target bonus opportunity. The bonus will vary depending upon the achievements made by the individual participants, the division and the corporation. Corporate goals for 2016 will include levels of earnings before interest, depreciation, taxes and amortization ("non-GAAP Operating Income") and property development milestones. Division goals for 2016 will include levels of division cash flow and division milestones and individual goals will include specific unique performance goals specific to the individual's position with us. Each of the corporate, division and individual goals carries a different percentage weight in determining the officer's or other team member's bonus for the year.

Ms. Ellen M. Cotter, our President and Chief Executive Officer, has a potential target bonus opportunity of 95% of Base Salary, or $427,500 at target based on Ms. Cotter's achievement of her performance goals and over achievement of corporate goals discussed above. Of that potential target bonus opportunity, a threshold bonus of $213,750 may be achieved based upon Ms. Cotter's achievement of certain performance goals and our achievement of certain corporate goals, and a potential maximum target of $641,250 is based on achieving additional performance goals. Ms. Cotter's aggregate annual bonus opportunity can range from $0 to $641,250. Mr. Dev Ghose, our EVP, Chief Financial Officer, Treasurer and Corporate Secretary, has a potential target bonus opportunity of 50% of Base Salary, or $200,000 at target, which is based on achievement of his performance goals and our achievement of corporate goals, as discussed above. Mr. Ghose's aggregate annual bonus opportunity can range from $0 to $300,000 (the maximum potential target if additional performance goals are met by Mr. Ghose). Mr. Andrzej J. Matyczynski, our EVP - Global Operations, has a target bonus opportunity of 50% of Base Salary, or $168,000 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Matyczynski's aggregate annual bonus opportunity can range from $0 to $252,000 (the maximum potential target if additional performance goals are met by Mr. Matyczynski). Mr. Robert Smerling, President, US Cinemas, has a target bonus opportunity of 30% of base pay, or $112,500 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Smerling's aggregate annual bonus opportunity can range from $0 to $168,750 (the maximum potential target if additional performance goals are met by Mr. Smerling). Mr. Wayne Smith, Managing Director, Australia and New Zealand, has a target bonus opportunity of 40% of Base Salary, or A$148,000 at target, which is based on achievement of his performance goals, our achievement of corporate goals and certain divisional goals. Mr. Smith's aggregate annual bonus opportunity can range from A$0 to A$222,000 (the maximum potential target if additional performance goals are met by Mr. Smith). The positions of other management team members have target bonus opportunities ranging from 20% to 30% of Base Salary based on achievement certain goals. The highest level of achievement, participants may be eligible to receive up to a maximum of 150% of his or her target bonus amount.

***Long-Term Incentives***

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

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

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

| | | | | |
|---|---|---|---|---|
| Robert F. Smerling | President, US Cinemas | | 50,000 | 50,000 |
| Wayne Smith | Managing Director, Australia and New Zealand | 27,000 [3] | 27,000 [3] | |

(1) The number of shares of stock to be issued will be calculated using the Black Scholes pricing model as of the date of grant of the award.

(2) Mr. Dev Ghose was awarded 100,000 non-statutory stock options vesting over a 4-year period on commencing on Mr. Ghose's first day of employment or May 11, 2015.

(3) Although Mr. Smith was paid 50% of $75,000 in Australian Dollars, the amount shown above is quoted in U.S. Dollars.

All long-term incentive awards will be subject to other terms and conditions set forth in the 2010 Plan and award grant.

***Other Elements of Compensation***

*Retirement Plans*

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

*Other Retirement Plans*

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

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

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

In March 2016, the Compensation Committee approved a one-time retirement benefit for Robert Smerling, President, Cinema Operations, due to his significant long term service to the Company. The retirement benefit an amount equal to the average of the two highest total cash compensation (base salary plus cash bonus) years paid to Mr. Smerling in the then most recently completed five year period.

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

*Key Person Insurance*

We maintain life insurance on certain individuals who we believe to be key to our management. In 2015, these individuals included James Cotter, Jr. (through September 13, 2015), Ellen M. Cotter, Margaret Cotter, William Ellis, Dev Ghose, Andrzej Matyczynski, Robert Smerling, Craig Tompkins and Wayne Smith. If such individual ceases to be our employee, Director or independent contractor, as the case may be, she or he is permitted, by assuming responsibility for all future premium payments, to replace our Company as the beneficiary under such policy. These policies allow each such individual to purchase up to an equal amount of insurance for such individual's own benefit. In the case of our employees, the premium for both the insurance as to which we are the beneficiary and the insurance as to which our employee is the beneficiary, is paid by us. In the case of named executive officers, the premium paid by us for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

*Employee Benefits and Perquisites*

Our named executive officers are eligible to participate in our health and welfare plans to the same extent as all full-time employees generally. We do not generally provide our named executive officers with perquisites or other personal benefits. Historically, many of our other named executive officers also received an automobile allowance. The table below shows car allowances granted to certain officers under their employment agreements or arrangements. From time to time, we may provide other perquisites to one or more of our other named executive officers.

| Officer | Annual Allowance ($) |
|---|---|
| Dev Ghose | 12,000 |
| William Ellis [1] | 15,000 |
| Andrzej J. Matyczynski | 12,000 |
| Ellen M. Cotter | 13,800 |
| James Cotter, Jr. [1] | 15,000 |
| Robert F. Smerling | 18,000 |

(1) Mr. Ellis and Mr. Cotter, Jr. are no longer employees of the Company.

***Tax and Accounting Considerations***

*Deductibility of Executive Compensation*

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

*Nonqualified Deferred Compensation*

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

*Say on Pay*

At our Annual Meeting of Stockholders held on May 15, 2014, we held an advisory vote on executive compensation. Our stockholders voted in favor of our Company's executive compensation. The Compensation

Committee reviewed the results of the advisory vote on executive compensation in 2014 and did not make any changes to our compensation based on the results of the vote. We expect that our next advisory vote of our stockholders on executive compensation will be at our 2017 Annual Meeting of Stockholders.

**Compensation Committee Interlocks and Insider Participation**

Our Compensation Committee is currently composed of Mr. Kane, who serves as Chair, Dr. Codding, and Mr. McEachern. Mr. Storey, who served on our Board until October 11, 2015, served on our Compensation Committee until that date. Mr. Adams served until May 14, 2016, and was succeeded by Mr. McEachern. None of the members of the Compensation Committee was an officer or employee of the Company at any time during 2015. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has or had one or more executive officers serving as a member of our Boardor Compensation Committee.

## REPORT OF THE COMPENSATION COMMITTEE

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

Respectfully submitted,

Edward L. Kane, Chair
Guy W. Adams
Judy Codding

**Executive Compensation**

This section discusses the material components of the compensation program for our executive officers named in the 2015 Summary Compensation Table below. In 2015, our named executive officers and their positions were as follows:

- Ellen M. Cotter, Chair of the Board, President and Chief Executive Officer, interim President and Chief Executive Officer, Chief Operating Officer – Domestic Cinemas and Chief Executive Officer of Consolidated Entertainment, LLC.
- Dev Ghose, Chief Financial Officer and Treasurer.
- William D. Ellis, General Counsel and Corporate Secretary
- Robert F. Smerling, President – Domestic Cinema Operations.
- Wayne Smith, Managing Director – Australia and New Zealand.
- James Cotter, Jr., former Vice Chair, President and Chief Executive Officer.
- Andrzej J. Matyczynski, former Chief Financial Officer, Treasurer and Corporate Secretary.

**Summary Compensation Table**

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2015 to (i) Mr. James Cotter, Jr., who served as our principal executive officer until June 12, 2015, (ii) Ellen M. Cotter, who served as our interim principal executive officer from June 12, 2015 through December 31, 2015, (iii) Mr. Andrzej J. Matyczynski, who served as our Chief Financial Officer and Treasurer until May 11, 2015, and (iv) Mr. Dev Ghose, who served as our Chief Financial Officer starting May 11, 2015, and (v) the other three most highly compensated persons who served as executive officers in 2015. The following executives are herein referred to as our "named executive officers."

| | Year | Salary ($) | Bonus ($) | Stock Awards ($)(1) | Option Awards ($)(1) | Change in Pension Value and Nonqualified Deferred Compensation Earning ($) | All Other Compensation ($) | Total ($) |
|---|---|---|---|---|---|---|---|---|
| Ellen M. Cotter [2] Interim President and Chief Executive Officer, Chief Operating Officer - Domestic Cinemas | 2015 | 402,000 | 250,000 | -- | -- | -- | 25,465 [3] | 677,465 |
| | 2014 | 335,000 | -- | -- | -- | -- | 75,190 [3][4] | 410,190 |
| | 2013 | 335,000 | -- | -- | -- | -- | 24,915 [3] | 359,915 |
| James Cotter, Jr. [5][9] Former President and Chief Executive Officer | 2015 | 195,417 | -- | -- | 50,027-- | -- | 16,161 [3] | 261,605 |
| | 2014 | 335,000 | -- | -- | 50,027-- | -- | 26,051 [3] | 411,078 |
| | 2013 | 195,417 | -- | -- | 29,182-- | -- | 9,346 [3] | 233,945 |
| Dev Ghose [6] Chief Financial Officer and Treasurer | 2015 | 257,692 | 75,000 | | 382,334 | -- | 15,730 [3] | 407,005 |
| | 2014 | -- | -- | -- | -- | -- | -- | -- |
| | 2013 | -- | -- | -- | -- | -- | -- | -- |
| Andrzej J. Matyczynski [7] Former Chief Financial Officer and Treasurer | 2015 | 324,000 | | | 33,010 | 150,000 (8) | 27,140 [3] | 534,150 |
| | 2014 | 308,640 | | | 33,010 | 150,000 (8) | 26,380 [3] | 518,030 |
| | 2013 | 308,640 | 35,000 | -- | 33,010 | 50,000 (8) | 25,755 [3] | 452,405 |
| William Ellis General Counsel [10] | 2015 | 350,000 | 60,000 | | 57,194 | | 28,330 [3] | 495,524 |
| | 2014 | 71,795 | 10,000 | | 9,532 | | 2,500 [3] | 93,827 |
| | 2013 | -- | -- | -- | -- | -- | -- | -- |
| Robert F. Smerling President – Domestic Cinema Operations | 2015 | 350,000 | 75,000 | -- | -- | -- | 22,899 [3] | 447,899 |
| | 2014 | 350,000 | 65,000 | -- | -- | -- | 22,421 [3] | 437,421 |
| | 2013 | 350,000 | 25,000 | -- | -- | -- | 21,981 [3] | 396,981 |
| Wayne Smith [11] Managing Director -Australia and New Zealand | 2015 | 274,897 | 71,478 | -- | -- | -- | 2,600 [3] | 348,975 |
| | 2014 | 324,295 | 72,216 | -- | -- | -- | 2,340 [3] | 398,851 |
| | 2013 | 340,393 | 48,420 | -- | -- | -- | 2,075 [3] | 390,888 |

(1) Amounts represent the aggregate grant date fair value of awards computed in accordance with ASC Topic 718, excluding the effects of any estimated forfeitures. The assumptions used in the valuation of these awards are discussed in the Notes to our consolidated financial statements. Amounts do not include the value of restricted stock units that will not vest within 60 days following the date of which this information is provided.

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

(3) Includes our matching employer contributions under our 401(k) plan, the imputed tax of key person insurance, and any automobile allowances. Aside from the car allowances only the employer contributions for the 401(k) plan exceeded $10,000, see table below. See the table in the section entitled "*Employee Benefits and Perquisites*" for the

amount of each individual's car allowance.

Employer Contribution for 401(k) Plan

| Name | 2015 | 2014 | 2013 |
|---|---|---|---|
| Ellen M. Cotter | $10,600 | $10,400 | $10,200 |
| James Cotter, Jr. | 6,700 | 10,400 | 0 |
| Dev Ghose | 4,000 | 0 | 0 |
| Andrzej J. Matyczynski | 10,600 | 10,400 | 10,200 |
| William Ellis | 10,500 | 0 | 0 |
| Robert F. Smerling | 0 | 0 | 0 |
| Wayne Smith | 0 | 0 | 0 |

(4) Includes a $50,000 tax gross-up for taxes incurred as a result of the exercise of nonqualified stock options that were intended to be issued as incentive stock options.

(5) Mr. Cotter, Jr., served as our Chief Executive Officer until June 12, 2015. In the case of Mr. Cotter Jr., the "All Other Compensation" column includes $43,750 in severance payments paid pursuant to Mr. Cotter Jr.'s employment agreement. Of this amount, the Company has a claim against Mr. Cotter Jr. for approximately $18,000, which, if the Company is successful in this claim, may be recovered from Mr. Cotter Jr.

(6) Mr. Ghose became Chief Financial Officer and Treasurer on May 11, 2015, as such, he was paid a prorated amount of his $400,000 salary for 2015.

(7) Mr. Matyczynski resigned as our Chief Financial Officer and Treasurer on May 11, 2015, and acted as our Strategic Corporate Advisor until March 10, 2016.

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

(9) Mr. Cotter, Jr. had an annual base salary of $335,000 for 2015. As his employment ended in June 2015, Mr. Cotter, Jr. earned a prorated base salary of $195,417 for 2015, which includes his severance payment paid through the end of July 2015.

(10) Mr. Ellis became General Counsel and Corporate Secretary on October 20, 2014 as such he was paid a prorated amount of his $350,000 salary in 2014. Mr. Ellis submitted his resignation on February 18, 2016.

(11) Mr. Smith is paid in Australian Dollars. Amounts in the table above are shown in U.S. Dollars, using the conversion rates of 0.9684 for 2013, 0.9027 for 2014 and 0.7524 for 2015.

**Grants of Plan-Based Awards**

The following table contains information concerning the stock grants made to our named executive officers for the year ended December 31, 2015:

| | | Estimated Future Payouts Under Non-Equity Incentive Plan Awards | | | Estimated Futures Payouts Under Equity Incentive Plan Awards | | | All Other Stock Awards: Number of Shares of Stock or Units (#) (1) | All Other Option Awards: Number of Securities Underlying Options (#)(2) | Exercise or Base Price of Option Award ($/share) (3) | Grant Date Fair Value of Stock and Option Awards ($) (4) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Name | Grant Date | Threshold ($) | Target ($) | Maximum ($) | Threshold (#) | Target (#) | Maximum (#) | | | | |
| Ellen M. Cotter | - | - | - | -- | - | - | - | - | - | - | |
| James Cotter, Jr. | - | - | | -- | - | - | - | - | - | - | |

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

(1) Mr. Wayne Smith was issued an award of restricted Class A Common Stock, which vests in equal installments on May 13, 2015 and May 13, 2016. The closing price per share for the Class A Common Stock on the date of grant was $14.00. The awards issued to Mr. Wayne Smith are related to his prior-year performance.

(2) Mr. Dev Ghose was issued an option to purchase 100,000 shares of Class A Common Stock at the commencement of his employment, which award vests in four equal installments.

(3) Options are granted with an exercise price equal to the closing price per share on the date of grant.

(4) Represents the total option value estimated as per ASC 718.

**Nonqualified Deferred Compensation**

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

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

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

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

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

**Outstanding Equity Awards**

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

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

| | Option Awards | | | | | Stock Awards | |
|---|---|---|---|---|---|---|---|
| | Class | Number of Shares Underlying Unexercised Options Exercisable | Number of Shares Underlying Unexercised Options Unexercisable | Option Exercise Price ($) | Option Expiration Date | Number of Shares or Units of Stock that Have Not Vested | Market Value of Shares or Units that Have Not Vested ($) |
| James Cotter, Jr. [1] | A | 25,000 | 20,000 | 6.31 | 06/02/2018 | 0 | 0 |
| Ellen M. Cotter | A | 20,000 | -- | 5.55 | 03/06/2018 | 0 | 0 |
| William Ellis[2] | A | 8,815 | 40,000 | 8.94 | 12/31/2016 | 0 | 0 |
| Dev Ghose | A | 25,000[3] | 75,000 | 13.42 | 05/10/2020 | 0 | 0 |
| Andrzej J. Matyczynski | A | 25,000 | -- | 6.02 | 08/22/2022 | 0 | 0 |
| Robert F. Smerling | A | 43,750 | -- | 10.24 | 05/08/2017 | 0 | 0 |
| Wayne Smith | A | -- | -- | -- | -- | 3,000[4] | 42,000 |

(1) Mr. Cotter, Jr. has stated that he has unvested options to acquire 50,000 shares of Class A Stock at an exercise price of $6.31 per share, expiring February 6, 2018, of an original stock option grant of 100,000 Class A Stock. Mr. Cotter, Jr. exercised 50,000 stock options in June 2015. The Company's position is that all unvested options expired upon the termination of Mr. Cotter, Jr.'s employment. The matter is under review by the Compensation Committee.

(2) Mr. Ellis submitted his resignation on February 18, 2016, effective March 11, 2016. As part of his separation agreement, 20,000 of the 40,000 remaining unvested shares will vest on October 20, 2016. Thereafter, no additional options will vest.

(3) 25,000 of Mr. Ghose's options vested on May 11, 2016.

(4) Mr. Smith was granted 6,000 restricted shares of Class A stock on July 16, 2015, which vest over two years in annual installments.

**Option Exercises and Stock Vested**

The following table contains information for our named executive officers concerning the option awards that were exercised and stock awards that vested during the year ended December 31, 2015:

| | | Option Awards | | Stock Awards | |
|---|---|---|---|---|---|
| Name | Class | Number of Shares Acquired on Exercise | Value Realized on Exercise ($) | Number of Shares Acquired on Vesting | Value Realized on Vesting ($) |
| James J. Cotter, Sr. | B | 100,000 | 1,024,000 | -- | -- |
| James Cotter, Jr. [1] | A | 50,000 | 315,500 | -- | -- |
| James Cotter, Jr. | A | 12,500 | 48,375 | -- | -- |
| James Cotter, Jr. | A | 10,000 | 83,500 | -- | -- |
| Ellen M. Cotter | B | 50,000 | 512,000 | -- | -- |

| | | | | | |
|---|---|---|---|---|---|
| Andrzej J. Matyczynski | A | 35,100 | 180,063 | – | -- |

(1)Mr. Cotter, Jr. has stated that he has unvested options to acquire 50,000 shares of Class A Stock at an exercise price of $6.31 per share, expiring February 6, 2018, of an original stock option grant of 100,000 Class A Stock. Mr. Cotter, Jr. exercised 50,000 stock options in June 2015. The Company's position is that all unvested options expired upon the termination of Mr. Cotter, Jr.'s employment. The matter is under review by the Compensation Committee.

**Equity Compensation Plan Information**

The following table sets forth, as of December 31, 2015, a summary of certain information related to our equity incentive plans under which our equity securities are authorized for issuance:

| Plan Category | Number of securities to be issued upon exercise of outstanding options, warrants and rights (a) | | Weighted average exercise price of outstanding options, warrants and rights (b) | Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c) |
|---|---|---|---|---|
| Equity compensation plans approved by security holders [1] | 486,565 | (2) | $ 8.68 | 551,800 |
| Equity compensation plans not approved by security holders | | | | |
| Total | 486,565 | | | |

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

(2) Represents outstanding options only.

**Pension Benefits**

The following table contains information concerning pension plans for each of the named executive officers for the year ended December 31, 2015:

| Name | Plan Name | Number of Years of Credited Service | Present Value of Accumulated Benefit as of 12/31/2015 ($) | Payments During Last Fiscal Year ($) |
|---|---|---|---|---|
| Andrzej J. Matyczynski | DCP | 6 | 600,000 | $ – |

**Potential Payments upon Termination of Employment or Change in Control**

The following paragraphs provide information regarding potential payments to each of our named executive officers in connection with certain termination events, including a termination related to a change of control of the Company, as of December 31, 2015:

Mr. Dev Ghose – Termination without Cause. Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renewal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

Mr. William Ellis – Termination without Cause. Mr. Ellis resigned his employment effective March 11, 2016. We have entered into a separation agreement with Mr. Ellis which provides, among other things, that, in consideration of the payment to Mr. Ellis of $205,010 (to be paid in 19 equal semi-monthly installments of $10,790) and the vesting of options to acquire 20,000 shares of our Class A Common Stock on October 15, 2016, Mr. Ellis has agreed to be available to advise us on matters on which he previously worked until December 31, 2016. Mr. Ellis' employment agreement contained a noncompetition clause that did not extend beyond his termination.

Mr. Wayne Smith — Termination of Employment for Failing to Meet Performance Standards. If Mr. Smith's employment is terminated by the Board for failing to meet the standards of his anticipated performance, Mr. Smith will be entitled to a severance payment of six months' base salary.

Mr. Andrzej J. Matyczynski – Deferred Compensation Benefits. During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was partially vested and was to vest further so long as he remained in our continuous employ. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our Board. Please see the "*Nonqualified Deferred Compensation*" table for additional information.

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

Under Mr. Matyczynski's agreement, on his retirement date and provided there has not been a termination for cause, Mr. Matyczynski will be entitled to a lump sum severance payment in an amount equal to $50,000, less certain offsets.

Robert F. Smerling – Retirement Benefit. In March 2016, the Compensation Committee approved a one-time retirement benefit for Robert Smerling, President, Cinema Operations, due to his significant long-term service to the Company. The retirement benefit is the average of the two highest total cash compensation (base salary plus cash bonus) years paid to Mr. Smerling in the then most recently completed five year period.

No other named executive officers currently have employment agreements or other arrangements providing benefits upon termination or a change of control. The table below shows the maximum benefits that would be payable to each person listed above in the event of such person's termination without cause or termination in connection with a change in control, if such events had occurred on December 31, 2015, at price equal to the closing price of the Class A stock on that date, which was of $13.11.

Mr. Ellis' agreement terminated when his employment ended as of March 11, 2016. As such, his information is excluded from the table below.

| | Payable on upon Termination without Cause ($) | | | Payable upon Termination in Connection with a Change in Control ($) | | | Payable upon Retirement ($) |
|---|---|---|---|---|---|---|---|
| | *Severance Payments* | *Value of Vested Stock Options* | *Value of Health Benefits* | *Severance Payments* | *Value of Vested Stock Options* | *Value of Unvested Stock Options Accelerated* | *Benefits Payable under Retirement Plans or the DCP* |
| Ellen Cotter | 0 | 151,200 | 0 | 0 | 151,200 | 0 | 0 |
| Dev Ghose | 400,000 | 0 | 23,040 | 800,000 | 0 | 0 | 0 |
| Wayne Smith | 175,000 | 39,330[1] | 0 | 0 | 39,330[1] | 39,330[1] | 0 |
| Andrzej J. Matyczynski | 50,000[2] | 177,250 | 0 | 0 | 177,250 | 0 | 600,000 |
| Robert F. Smerling | 0 | 125,562 | 0 | 0 | 125,562 | 0 | 415,000 [3] |

(1) Represents value of restricted stock award rather than stock option.

(2) Mr. Matyczynski's severance payment is payable upon his retirement, and is subject to certain offsets as set forth in his agreement, and is subject to certain offsets.

(3) Mr. Smerling's one-time retirement benefit is based on the average of the two highest total cash compensation years paid to Mr. Smerling in the most recently completed five-year period. The figure quoted in the table represents the average of total compensation paid for years 2015 and 2014.

## CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The members of our Audit Committee are Douglas McEachern, who serves as Chair, Edward Kane, and Michael Wrotniak. Management presents all potential related party transactions to the Audit Committee for review. Our Audit Committee reviews whether a given related party transaction is beneficial to our Company, and approves or bars the transaction after a thorough analysis. Only Committee members disinterested in the transaction in question participate in the determination of whether the transaction may proceed. See the discussion entitled "*Review, Approval or Ratification of Transactions with Related Persons*" for additional information regarding the review process.

**Sutton Hill Capital**

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

As previously reported, over the years, two of the cinemas subject to the master leasing agreement have been redeveloped and one (the Cinemas 1, 2, 3 discussed below) has been acquired. The Village East is the only cinema that remains subject to this master lease. We paid an annual rent of $590,000 for this cinema to SHC in each of 2015, 2014, and 2013. During this same period, we received management fees from the 86th Street Cinema of $151,000, $123,000 and $183,000.

In 2005, we acquired (i) from a third party the fee interest underlying the Cinemas 1, 2, 3, and (ii) from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2, 3. The ground lease estate and the improvements acquired from SHC were originally a part of the master lease transaction, discussed above.

In connection with that transaction, we granted to SHC an option to acquire at cost a 25% interest in the special purpose entity (Sutton Hill Properties, LLC ("SHP") formed to acquire these fee, leasehold and improvements interests. On June 28, 2007, SHC exercised this option, paying $3.0 million and assuming a proportionate share of SHP's liabilities. At the time of the option exercise and the closing of the acquisition of the 25% interest, SHP had debt of $26.9 million, including a $2.9 million, non-interest bearing intercompany loan from the Company. As of December 31, 2015, SHP had debt of $19.4 million (again, including the intercompany loan). Since the acquisition by SHC of its 25% interest, SHP has covered its operating costs and debt service through cash flow from the Cinemas 1, 2, 3, (ii) borrowings from third parties, and (iii) pro-rata contributions from the members. We receive an annual management fee equal to 5% of SHP's gross income for managing the cinema and the property, amounting to $153,000, $123,000 and $183,000 in 2015, 2014, and 2013, respectively. This management fee was modified in 2015, as discussed below, retroactive to December 1, 2014.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema by 10 years, with a new termination date of June 30, 2020. This amendment was reviewed and approved by our Audit Committee. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require Reading to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. We recorded the Village East Cinema building as a property asset of $4.7 million on our balance sheet based on the cost carry-over basis from an entity under common control with a corresponding capital lease liability of $5.9 million.

In February 2015, SHP and we entered into an amendment to the management agreement dated as of June 27, 2007 between SHP and us. The amendment, which was retroactive to December 1, 2014, memorialized our undertaking to SHP with respect to $750,000 (the "Renovation Funding Amount") of renovations to Cinemas 1, 2, 3 funded or to be funded by us. In consideration of our funding of the renovations, our annual management fee under the management agreement was increased commencing January 1, 2015 by an amount equivalent to 100% of any incremental positive cash flow of Cinemas 1, 2, 3 over the average annual positive cash flow of the Cinemas 1, 2, 3 over the three-year period ended December 31, 2014 (not to exceed a cumulative aggregate amount equal to the Renovation Funding Amount), plus a 15% annual cash-on-cash return on the balance outstanding from time to time of the Renovation Funding Amount, payable at the time of the payment of the annual management fee. Under the amended management agreement, we are entitled to retain ownership of (and any right to depreciate) any furniture, fixtures and equipment purchased by us in connection with such renovation and have the right (but not the obligation) to remove all such furniture, fixtures and equipment (at our own cost and expense) from the Cinemas upon the termination of the management agreement. The amendment also provides that, during the term of the management agreement, SHP will be responsible for the cost of repair and maintenance of the renovations. In 2015, we received a management fee of $153,000. This amendment was approved by SHC and by the Audit Committee of our Board.

**OBI Management Agreement**

Pursuant to a Theater Management Agreement (the "Management Agreement"), our live theater operations were, until recently, managed by Off-Broadway Investments, LLC ("OBI Management"), which is wholly owned by Ms. Margaret Cotter, the daughter of the late Mr. James J. Cotter, Sr., the sister of Ellen M. Cotter and James Cotter, Jr., and a member of our Board. The Management Agreement was terminated effective March 10, 2016 in connection with the retention by our Company of Margaret Cotter as a full time employee. The Theater Management Agreement generally provided for the payment of a combination of fixed and incentive fees for the management of our four live theaters. Historically, these fees have equated to approximately 21% of the net cash flow generated by these properties. OBI was paid $589,000 with respect to 2015. This includes $389,000 for theater management services performed in 2015 and $200,000 for property development services with respect to our Company's Union Square and Cinemas 1,2,3 properties, some of which property development services were provided in periods prior to 2015 and during the period ended March 10, 2016. We paid $397,000 and $401,000 in fees for theater management services with respect to 2014, and 2013, respectively. No fees were paid in these periods for property development services. We also reimbursed OBI for certain travel expenses, shared the cost of an administrative assistant, and provided office space at our New York offices. The fees payable to OBI for the period January 1, 2016 through and including March 9, 2016, will be prorated.

OBI Management historically conducted its operations from our office facilities on a rent-free basis, and we shared the cost of one administrative employee of OBI Management. We reimbursed travel related expenses for OBI Management personnel with respect to travel between New York City and Chicago in connection with the management of the Royal George complex. Other than these expenses, OBI Management was responsible for all of its costs and expenses related to the performance of its management functions. The Management Agreement renewed automatically each year unless either party gave at least six months' prior notice of its determination to allow the Management Agreement to expire. In addition, we could terminate the Management Agreement at any time for cause.

Effective March 10, 2016, Margaret Cotter became a full time employee of the Company and the Management Agreement was terminated. As Executive Vice-President Real Estate Management and Development - NYC, Ms. Cotter will continue to be responsible for the management of our live theater assets, will continue her role heading up the pre-redevelopment of our New York properties and will be our senior executive responsible for the actual redevelopment of our New York properties. Pursuant to the termination agreement, Ms. Cotter has given up any right she might otherwise have, through OBI, to income from STOMP.

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

**Live Theater Play Investment**

From time to time, our officers and Directors may invest in plays that lease our live theaters. The play STOMP has been playing in our Orpheum Theatre since prior to the time we acquired the theater in 2001. The Cotter Estate and/or the Cotter Trust and Mr. Michael Forman own an approximately 5% interest in that play, an interest that they have held since prior to our acquisition of the theater.

**Shadow View Land and Farming, LLC**

Director Guy Adams has performed consulting services for James J. Cotter, Sr., with respect to certain holdings that are now controlled by the Cotter Estate and/or the Cotter Trust (collectively the "Cotter Interests"). These holdings include a 50% non-controlling membership interest in Shadow View Land and Farming, LLC (the "Shadow View Investment" and "Shadow View" respectively), certain agricultural interests in Northern California (the "Cotter Farms"), and certain land interests in Texas (the "Texas Properties"). In addition, Mr. Adams is the CFO of certain captive insurance entities, owned by a certain trust for the benefit of Ellen M. Cotter, James Cotter, Jr., and Margaret Cotter (the "captive insurance entities").

Shadow View is a consolidated subsidiary of the Company. The Company has from time to time made capital contributions to Shadow View. The Company has also, from time to time, as the managing member, funded on an interim basis certain costs incurred by Shadow View, ultimately billing such costs through to the two members. The Company has never paid any remuneration to Shadow View. Mr. Adams' consulting fees with respect to the Shadow View Interest were to have been measured by the profit, if any, derived by the Cotter Interests from the Shadow View Investment. He has no beneficial interest in Shadow View or the Shadow View Investment. His consulting fees with respect to Shadow View were equal to 5% of the profit, if any, derived by the Cotter Interests from the Shadow View Investment after recoupment of its investment plus a return of 100%. To date, no profits have been generated by Shadow View and Mr. Adams has never received any compensation with respect to these consulting services. His consulting fee would have been calculated only after the Cotter Interests had received back their costs and expenses and two times their investment in Shadow View. Mr. Adams' consulting fees would have been 2.5% of the then-profit, if any, recognized by Shadow View, considered as a whole.

The Company and its subsidiaries (i) do not have any interest in, (ii) have never conducted any business with, and (iii) have not made any payments to, the Cotter Family Farms, the Texas Properties and/or the captive insurance entities.

**Document Storage Agreement**

In consideration of the payment of $100 per month, our Company has agreed to allow Ellen M. Cotter and Margaret Cotter to keep certain files related to the Cotter Estate and/or the Cotter Trust at our Los Angeles Corporate Headquarters. This arrangement, however, has not been implemented.

**Review, Approval or Ratification of Transactions with Related Persons**

The Audit Committee has adopted a written charter, which includes responsibility for approval of "Related Party Transactions." Under its charter, the Audit Committee performs the functions of the "Conflicts Committee" of the Board and is delegated responsibility and authority by the Board to review, consider and negotiate, and to approve or disapprove on behalf of the Company the terms and conditions of any and all Related Party Transactions (defined below) with the same effect as though such actions had been taken by the full Board. Any such matter requires no further action by the Board in order to be binding upon the Company, except in the case of matters that, under applicable Nevada Law, cannot be delegated to a committee of the Board and must be determined by the full Board. In those cases where the authority of the Board cannot be delegated, the Audit Committee nevertheless provides its recommendation to the full Board.

As used in the Audit Committee's Charter, the term "Related Party Transaction" means any transaction or arrangement between the Company on one hand, and on the other hand (i) any one or more directors, executive officers or stockholders holding more than 10% of the voting power of the Company (or any spouse, parent, sibling or heir of any such individual), or (ii) any one or more entities under common control with any one of such persons, or (iii) any entity in which one or more such persons holds more than a 10% interest. Related Party Transactions do not include matters related to employment or employee compensation related issues.

The charter provides that the Audit Committee reviews transactions subject to the policy and determines whether or not to approve or ratify those transactions. In doing so, the Audit Committee takes into account, among other factors it deems appropriate:

- the approximate dollar value of the amount involved in the transaction and whether the transaction is material to us;
- whether the terms are fair to us, have resulted from arm's length negotiations and are on terms at least as favorable as would apply if the transaction did not involve a Related Person;
- the purpose of, and the potential benefits to us of, the transaction;
- whether the transaction was undertaken in our ordinary course of business;
- the Related Person's interest in the transaction, including the approximate dollar value of the amount of the Related Person's interest in the transaction without regard to the amount of any profit or loss;
- required public disclosure, if any; and
- any other information regarding the transaction or the Related Person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

## INDEPENDENT PUBLIC ACCOUNTANTS

**Summary of Principal Accounting Fees for Professional Services Rendered**

Our independent public accountants, Grant Thornton LLP, have audited our financial statements for the fiscal year ended December 31, 2015, and are expected to have a representative present at the Annual Meeting, who will have the opportunity to make a statement if he or she desires to do so and is expected to be available to respond to appropriate questions.

**Audit Fees**

The aggregate fees for professional services for the audit of our financial statements, audit of internal controls related to the Sarbanes-Oxley Act, and the reviews of the financial statements included in our Forms 10-K and 10-Q provided by Grant Thornton LLP for 2015 and 2014 were approximately $931,500 and $661,700, respectively.

**Audit-Related Fees**

Grant Thornton LLP did not provide us any audit related services for 2015 or 2014.

**Tax Fees**

Grant Thornton LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for 2015 or 2014.

**All Other Fees**

Grant Thornton LLP did not provide us any services for 2015 or 2014, other than as set forth above.

**Pre-Approval Policies and Procedures**

Our Audit Committee must pre-approve, to the extent required by applicable law, all audit services and permissible non-audit services provided by our independent registered public accounting firm, except for any *de minimis* non-audit services. Non-audit services are considered *de minimis* if (i) the aggregate amount of all such non-audit services constitutes less than 5% of the total amount of revenues we paid to our independent registered public accounting firm during the fiscal year in which they are provided; (ii) we did not recognize such services at the time of the engagement to be non-audit services; and (iii) such services are promptly submitted to our Audit Committee for approval prior to the completion of the audit by our Audit Committee or any of its members who has authority to give such approval. Our Audit Committee pre-approved all services provided to us by Grant Thornton LLP for 2015 and 2014.

## STOCKHOLDER COMMUNICATIONS

**Annual Report**

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 is being provided with this Proxy Statement.

**Stockholder Communications with Directors**

It is the policy of our Board that any communications sent to the attention of any one or more of our Directors in care of our executive offices will be promptly forwarded to such Directors. Such communications will not be opened or reviewed by any of our officers or employees, or by any other Director, unless they are requested to do so by the addressee of any such communication. Likewise, the content of any telephone messages left for any one or more of our Directors (including call-back number, if any) will be promptly forwarded to that Director.

**Stockholder Proposals and Director Nominations**

Any stockholder who, in accordance with and subject to the provisions of the proxy rules of the SEC, wishes to submit a proposal for inclusion in our Proxy Statement for our 2017 Annual Meeting of Stockholders, must deliver such proposal in writing to the Annual Meeting Secretary at the address of our Company's principal executive offices at 6100 Center Drive, Suite 900, Los Angeles, California 90045. Unless we change the date of our 2017 annual meeting by more than 30 days from the anniversary of the prior year's meeting, such written proposal must be delivered to us no later than December 23, 2016 to be considered timely. If our 2017 Annual Meeting is not held within 30 days of the anniversary of our 2016 Annual Meeting, to be considered timely, stockholder proposals must be received no later than ten days after the earlier of (a) the date on which notice of the 2017 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2017 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive notice of a stockholder proposal on or before March 8, 2017, the proxies that we hold may confer discretionary authority to vote against such stockholder proposal, even though such proposal is not discussed in our Proxy Statement for that meeting.

Our Boards will consider written nominations for Directors from stockholders. Nominations for the election of Directors made by our stockholders must be made by written notice delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the date that this Proxy Statement is first sent to stockholders. Such written notice must set forth the name, age, address, and principal occupation or employment of such

nominee, the number of shares of our Company's common stock that is beneficially owned by such nominee and such other information required by the proxy rules of the SEC with respect to a nominee of the Board.

Under our governing documents and applicable Nevada law, our stockholders may also directly nominate candidates from the floor at any meeting of our stockholders held at which Directors are to be elected.

## OTHER MATTERS

We do not know of any other matters to be presented for consideration other than the proposals described above, but if any matters are properly presented, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their judgment.

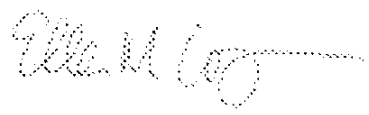
## DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

As permitted by the Securities Exchange Act of 1934, only one copy of the proxy materials are being delivered to our stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies of the proxy materials.

We will promptly deliver without charge, upon oral or written request, a separate copy of the proxy materials to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to our Corporate Secretary by telephone at (213) 235-2240 or by mail to Corporate Secretary, Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045.

Stockholders residing at the same address and currently receiving only one copy of the proxy materials may contact the Corporate Secretary as described above to request multiple copies of the proxy materials in the future.

By Order of the Board of Directors,



Ellen M. Cotter
*Chair of the Board*

May 19, 2016

## PROXY VOTING INSTRUCTIONS

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.
We encourage you to take advantage of Internet or telephone voting.
Both are available 24 hours a day, 7 days a week.
Internet and telephone voting is available through 11:59 p.m., PT, on June 1, 2016.

| VOTE BY INTERNET | WWW.FORVOTE.COM/RDI |
|---|---|
| Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m., PT, on June 1, 2016. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form. | |
| OR | |
| VOTE BY TELEPHONE | 1-800-353-7883 |
| Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m., PT, on June 1, 2016. Have your proxy card in hand when you call and then follow the instructions. | |
| OR | |
| VOTE BY MAIL | |
| Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided to: First Coast Results, Inc., P.O. Box 3672, Ponte Vedra Beach, FL 32004-9981. | |

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

CONTROL NUMBER

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

READING INTERNATIONAL ANNUAL MEETING PROXY CARD

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

Proposal 1

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

FOR ALL ☐ WITHHOLD ALL ☐ FOR ALL EXCEPT ☐

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

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Proposal 2 Other Business. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting and at and with respect to any and all adjournments or postponements thereof. The Board of Directors at present knows of no other business to be presented by or on behalf of the Company or the Board of Directors at the meeting.

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

Signature

Signature (Joint Owners)

Date

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

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

IF YOU HAVE NOT VOTED BY INTERNET OR TELEPHONE, PLEASE DATE, MARK, SIGN AND RETURN THIS PROXY PROMPTLY. YOUR VOTE, WHETHER BY INTERNET, TELEPHONE OR MAIL, MUST BE RECEIVED NO LATER THAN 11:59 P.M. PACIFIC TIME, JUNE 1, 2016,
TO BE INCLUDED IN THE VOTING RESULTS. ALL VALID PROXIES RECEIVED PRIOR TO 11:59 P.M. PACIFIC TIME, JUNE 1, 2016 WILL BE VOTED.

SEE REVERSE SIDE

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

READING INTERNATIONAL

## ANNUAL MEETING OF STOCKHOLDERS

June 2, 2016, 11:00 a.m.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Ellen M. Cotter and Andrzej Matyczynski, and each of them, the attorneys, agents, and proxies of the undersigned, with full powers of substitution to each, to attend and act as proxy or proxies of the undersigned at the Annual Meeting of Stockholders of Reading International, Inc. to be held at the Courtyard by Marriott Los Angeles Westside, located at 5333 Bristol Parkway, Culver City, California 90230 on Thursday, June 2, 2016 at 11:00 a.m., local time, and at and with respect to any and all adjournments or postponements thereof, and to vote as specified herein the number of shares which the undersigned, if personally present, would be entitled to vote.

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

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

SEE REVERSE SIDE



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# EXHIBIT 30

# EXPERT REPORT OF ALFRED E. OSBORNE, JR., PH.D.

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# EXPERT REPORT OF ALFRED E. OSBORNE, JR.

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

## I. QUALIFICATIONS

1. I am a Senior Associate Dean at UCLA Anderson School of Management. In this role, I oversee a variety of key areas and initiatives, including resource development, alumni relations, corporate initiatives, and executive education.

2. I am also Professor of Global Economics, Management and Entrepreneurship. I have taught courses in microeconomics, entrepreneurship, new venture initiation, social entrepreneurship, family business, governance, technology commercialization, and business plan development.

3. I am the founder and Faculty Director of the Anderson School's highly ranked Harold and Pauline Price Center for Entrepreneurship and Innovation. The Center serves to organize faculty research, curricula, and student activities related to the study of entrepreneurship and new business development at UCLA Anderson.

4. As a corporate governance expert, I established and teach in the Director Education and Certification Program at the Anderson School, which is designed to help officers and directors of public, private, and not-for-profit organizations prepare for the fiduciary duties and legal responsibilities of governance. This program also addresses best practices and topical issues confronting directors.

5. I also established and teach in the Steinbeck Family Business Seminar at the Anderson School, which is designed to help families with significant ownership or control positions in business enterprises understand and manage family and relationships in the governance of the business. This program also addresses best practices and topical issues confronting directors of family-controlled businesses.

6. I was educated at Stanford University where I earned four degrees: a Ph.D. in Business and Economics, an MBA in Finance, an M.A. in Economics, and a B.S. in Electrical Engineering.

7. I am a consultant and advisor to public and private corporations on matters of corporate governance, and I also serve as an expert witness in this area. My service as a member of the boards of directors of public, private, and not-for-profit organizations is broad and extensive and spans more than 30 years. I have been a director of more than a dozen public corporations and many private companies, including family-controlled enterprises and entrepreneurial ventures. Moreover, I have served on or chaired several committees, including the board of directors' audit, compensation, and governance and nominating committees and, on occasion, committees established to address special situations; and I have acted as the lead independent director in several instances.

8. I currently serve as the lead independent director at Kaiser Aluminum, Inc., where I also serve as chair of the governance and nominating committee and as a member of the audit committee. I am also a director

at Nuverra Environmental Solutions, Inc. where I chair the audit committee and serve as lead independent director. At Wedbush, Inc., I chair the compensation and audit committees. I serve as the chair of the governance and nominating committee and as a member of the audit committees for the FPA family of funds to include: FPA Capital Fund, Inc., FPA Crescent Fund, FPA International Value Fund, FPA New Income, Inc., FPA Paramount Fund, Inc., and FPA U.S. Value Fund, Inc.; and Source Capital, a publicly-traded closed-end mutual fund.

9. I have served many years on the corporate boards of various companies, including Times Mirror Company, US Filter Corporation, Greyhound Lines, Inc., First Interstate Bank of California, Nordstrom, Inc., and K2, Inc.

I have also served as an economic fellow at the Brookings Institution and as a Fellow at the Securities and Exchange Commission where I directed studies that contributed to changes in Rule 144, Regulation D, and other exemptive requirements to the securities laws designed to lower costs and improve liquidity and capital market access to venture capitalists and emerging growth firms alike.

10. I also serve on the boards of several not-for-profit organizations, including the Los Angeles Police Memorial Foundation, the Louis and Harold Price Foundation, and the Harvard-Westlake School. I am currently chair of the Fidelity Charitable Gift Fund, having served as chair of the audit and investment committees of that Board.

11. My current research interests include venture capital and private equity, and the role of the board of directors in private and public corporations. In addition, I consult with growing companies and nonprofit organizations on business, corporate governance, and economic matters.

12. My Curriculum Vitae, which includes a list of my publications and a sample of presentations, is attached as **Exhibit 1**. A list of my deposition and trial testimony over the past four years is included in **Exhibit 2**.

## II. ASSIGNMENT

13. I have been retained by counsel for William Gould to opine on matters relating to corporate governance and assess Williams Gould's role, responsibilities and conduct as an Independent Director in certain corporate governance processes at Reading International, Inc. ("RDI"), specifically (1) the search for a Chief Executive Officer (CEO), (2) the selection and appointment of Judy Codding and Michael Wrotniak to the Reading International, Inc. Board of Directors (the "RDI Board"), (3) the filing of particular Form 8-Ks and the issuance of certain press releases identified in the Second Amended Complaint (SAC), (4) the approval of a particular set of Board Minutes, (5) the unsolicited third-party cash offer to purchase all of the outstanding Class A and Class B stock of RDI; and (6) certain compensation of Ellen Cotter, Margaret Cotter, and Guy Adams approved in or around March 2016.

14. In formulating my opinions, I have relied on my knowledge, prior experience, and formal training in economics, finance, and business

management. As a member of several boards of directors for more than 30 years, I have developed considerable experience in the hiring of CEOs, the search for and selection of directors of public, private, and closely-held companies, and the use of executive search firms in those processes. My board service is broad and extensive, so I am knowledgeable about board matters, such as the approval and review of minutes, documents such 10-Ks, 10-Qs, 8-Ks, Schedule 14As, filings with the Securities and Exchange Commission (SEC), and executive compensation arrangements.

15. In performing my analysis, I have examined a variety of materials, including legal pleadings, RDI's Bylaws and Articles of Incorporation, RDI's Board or Committee Minutes, and the Agenda and supporting material established for the various meetings, RDI's filings with the SEC, such as proxy statements under Schedule 14A, reports on Form 10-K and 8-K in the relevant time period, and deposition testimony. A complete list of the documents I considered in forming my opinions is listed in **Exhibit 3**.

16. My work in this matter is ongoing, and I reserve the right to supplement my current analysis as additional information becomes available.

17. I am being compensated for my time and services on an hourly basis. I am charging my regular hourly rate of $1,500. My compensation is not contingent upon the conclusions I reach or on the outcome of this matter.

## III. SUMMARY OF OPINIONS

18. Based on my review of materials and my knowledge and experience in corporate governance, I have formed the following opinions.

a. In general, the actions taken by William D. Gould ("WDG") in his role as an Independent Director of RDI were reasonable and consistent with appropriate governance principles and practices for an independent director in a controlled company and were accomplished in a responsible manner.

b. For each of the specific issues reviewed, WDG behaved in a thoughtful and effective manner. WDG was fully engaged, careful, attentive, informed, deliberate, loyal, and obedient in the exercise of his responsibilities.

i. On the CEO search, the conduct of WDG and the CEO Search Committee was consistent with good governance practice in the search for a CEO, in that the directors on the Search Committee worked with a search firm to agree on a position specification, fairly and thoroughly interviewed several candidates, and then weighed all of the criteria against the requirements of the position in the culture of RDI. Taking these factors into account, WDG and the Committee recommended the internal candidate who had successfully been acting as interim CEO for six months, a reasonable decision. Moreover, terminating the work of Korn Ferry once

the Committee had landed on Ellen Cotter was reasonable and consistent with good governance, because the Committee was familiar with Ms. Cotter and did not need a further assessment.

ii. On the search and selection of Director candidates, WDG acted reasonably and in compliance with his fiduciary duties in voting to nominate Wrotniak and Codding to the RDI Board because, in a controlled company such as RDI, the wishes of the then-controlling shareholder can be taken into account with respect to directors. Moreover, the mere fact that Wrotniak was married to a friend of Margaret Cotter, and Codding was a friend of the Cotter director's mother does not affect their independence nor is it disqualifying. In addition, WDG was entitled to rely on the work of others, such as advisors and the Special Nominating Committee, to vet Codding and Wrotniak.

iii. On the filing of 8-Ks, it is ultimately the responsibility of management, not board members, to ensure the accuracy of 8-K filings and press releases. WDG's actions with respect to 8-K's—reviewing the 8-K and providing comments or corrections in cases where he had them—were reasonable, appropriate, and complied with his obligations as an independent director.

iv. On the approval of board minutes for the minutes of the meeting at which he was terminated, WDG testified that the minutes he approved substantially reflected what had occurred. It was reasonable and appropriate to approve such board minutes. Board Minutes are not intended to be an exhaustive, word-for-word transcription of what occurred. WDG's approval of the minutes in question complied with his obligations as an independent director.

v. On the approval of allegedly excessive compensation to Margaret Cotter, Ellen Cotter, and Guy Adams, WDG acted reasonably and consistent with his obligations as an independent director in approving these payments, which were recommended by the Compensation Committee (and in the case of Margaret Cotter, also the Audit and Conflicts Committee), as discussed further below. Moreover, the payments themselves were within a reasonable range.

vi. On the unsolicited third-party offer, it appears that Ellen Cotter may have received some indication of interest from somebody in making an offer to purchase the stock. She brought it to the RDI Board, and it is alleged that there was a discussion, following which the RDI Board decided to say no. Whether or not this is a bona fide offer is not clear from the allegations in the SAC, but in the absence of other

information, it is not uncommon for a board to just say no pending further overtures or developments. As a result, based on the limited allegations in the SAC on this matter, I conclude that WDG acted consistent with his obligations as an independent director when he voted 'no' on the alleged offer.

c. WDG's approach as an independent director demonstrated that he kept the interests of the company and all of its shareholders foremost in mind.

d. The processes followed by WDG with respect to the above issues are generally consistent with basic governance principles and practices, given the challenges and conflicts inherent in a family-controlled public company. As a result, WDG's conduct with respect to the above-noted issues was responsible and consistent with his obligations.

## IV. PRINCIPLES OF GOVERNANCE FOR BOARDS AND INDIVIDUAL DIRECTORS

### A. Overview of the Board of Directors and Director Responsibilities

19. Corporations are governed by a Board of Directors ("Board"). The Board is organized to oversee the operations of the enterprise, to establish goals and objectives, as well as policies and procedures, and to maintain fiscal responsibility, management accountability, and mission integrity. Effective boards rely on what Roger Raber, a former president of the National

Association of Corporate Directors, describes as the "3 I's": Information, Integrity, and Independence.

20. The authority and power of the Board to act on behalf of the shareholders is articulated in the articles of incorporation, the bylaws, and various shareholder agreements. Board approval is required for amendments to the by-laws, the issuance of ownership shares by the corporation, dividends, and any proposal or recommendation to shareholders to repurchase shares, to dissolve or merge, or to sell the assets of the enterprise to anyone.[1]

21. The Board's responsibility is one of oversight and, through established corporate policies and related procedures, the Board supervises and monitors management's ongoing performance. To fulfill its oversight function, the Board must continually monitor the corporation's business and affairs, including risk assessment and management, compliance with legal obligations and corporate policies, and the quality of financial reporting, as well as respond to issues that may require additional probing or investigation.[2]

22. To make this point and to highlight the distinction between oversight and operations, the National Association of Corporate Directors ("NACD") has

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[1] American Bar Association. Corporate Director's Guidebook. 4th ed. Chicago: ABA Publishing, 2004 at Section 2 and 3; National Association of Corporate Directors. a Practical Guide: Fundamentals for Corporate Directors. 2003 ed. Washington, D.C.: National Association of Corporate Directors at Section 2 and 3.

[2] *Id.*

adopted a policy known as NIFO.[3] "NIFO" means "Nose In–Fingers Out." "Noses In" refers to the steps taken by individual directors to be attentive and informed, to meet, to study, to seek advice, to gather information, to deliberate and carefully evaluate management proposals prior to making decisions—in short, to conduct whatever diligence the directors, in the exercise of their business judgment, deem necessary for their collective action as might be required by the circumstances or matters before them. "Fingers Out" reminds directors that the details of execution and operations is the purview of management who is charged with running the business on a daily basis and carrying out policies and procedures under the broad direction of the Board. It is the management that is "hands-on," and it is the management that has its "fingers in" the business.

23. The line between those functions that can be termed "oversight" and those termed "operations" is not easily drawn, particularly in a family-controlled, publicly owned enterprise where members of management are also members of the Board, but this role distinction can be somewhat understood in a temporal context. The Board has a more long-run perspective, while the management must be concerned with the short-run or the more immediate day-to-day matters confronting the enterprise. The Board's focus is external and outward, while management's focus is internal and inward.[4]

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[3] National Association of Corporate Directors. a Practical Guide: Fundamentals for Corporate Directors. 2003 ed. Washington, D.C.: National Association of Corporate Directors, at p. 15.

[4] American Bar Association. Corporate Director's Guidebook. 4th ed. Chicago: ABA Publishing, 2004, Section 2, and Section 3(I).

24. In this connection, the management of a corporation "proposes" and the Board "disposes" within its authority established in the bylaws after requisite information, consideration, and open and honest deliberation. This proposal and disposal distinction is vital to reasoned and timely deliberation by the Board.[5] The distinction is particularly important in efforts to recruit management and directors, and the consideration of liquidity and or capitalization proposals, and the timely filing of regulatory reports, which are all items that could alter the rights and expected economic returns to the company's shareholders.

25. The Board must therefore choose a corporate governance framework and a corporate structure to discharge its responsibilities. The composition of the Board, its schedule of meetings, the agenda, the use of committees, and how it receives reports, disclosures, and proposals are all essential ingredients, and each will impact the Board's ability to serve the interests of the corporation and its shareholders. The quality of the information flow to the Board and its timing relative to the actual matters under consideration is particularly important to effective governance.

26. Directors can also rely on the work of others in the discharge of their responsibilities. The reliance on reports, documents, and information or opinions provided by others is central to the proper functioning of a board. Of practical importance is the reliance on financial statements and legal evaluations or analyses prepared by others or the assurances given

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5 *Id.*, pp. 13-14.

directors by management on the quality of all systems for accurate reporting of the transactions of the corporation.

27. Directors are expected to act in good faith, with reasonable care, and in the best interests of the corporation and its shareholders. Directors are also expected to avoid conflicts of interest and must refrain from putting their individual economic interests ahead of the interests of all shareholders and the corporation.[6] This responsibility of directors to the corporation is widely accepted and has led to a set of core guidelines that are well-understood by practitioners.[7]

28. Although the entire Board is ultimately responsible for the governance of the corporation, the Board may delegate certain of its oversight tasks to committees of the Board, such as an Audit or Compensation Committee. Boards often establish an Executive Committee ("EXC") to act on behalf of the Board between meetings and/or to serve as a sounding board for strategies and related issues that will subsequently be presented to the full Board. At times, the Board may establish a special committee for an extraordinary purpose. Similarly, the Board may retain the services of outside advisors, depending on its needs and requirements.[8]

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[6] Although conflicts of interest are best avoided (and there is no allegation that WDG was operating under a conflict of interest), the presence of a conflict does not by itself compromise the independence of the Board. However, where a director has a personal financial interest in a transaction, the Board may still satisfy its responsibilities if: (a) the conflict of interest is disclosed to the other directors, and (b) the transaction is approved by a majority of the disinterested directors. It is not the existence of a conflict of interest that creates problems for directors, but the manner in which the interested director and the board deal with the situation that determines the propriety of a director's behavior and/or the board's conduct. Disclosure and transparency are critical to the appropriate handling of conflict-of-interest situations.

[7] See, generally, National Association of Corporate Directors. a Practical Guide: Fundamentals for Corporate Directors. 2003 ed. Washington, D.C.: National Association of Corporate Directors, 2.

[8] National Association of Corporate Directors. a Practical Guide: Fundamentals for Corporate Directors. 2003 ed. Washington, D.C.: National Association of Corporate Directors at p. 44.

29. Although corporations can vary in size, type, and ownership arrangements, the rules that govern boards of directors, as well as the best practices for corporate governance, are generally the same regardless of the size or age of the corporation, whether public or private, or, if public, exchange listing and its shareholder base.

30. All things considered, directors have a responsibility to be the very best stewards of the shareholder's assets. They do so by making decisions that focus on the long-term value creation strategies and making certain that the right individuals are retained and hired to lead the company.

**B. <u>Governance at Reading International, Inc. (RDI)</u>**

31. RDI is a publicly-owned corporation whose securities are traded on the NASDAQ stock exchange. The company, founded in 2001, is identified as a "Controlled Company" under the listing requirements of that exchange.[9]

32. For NASDAQ-listed public corporations, if significant beneficial ownership of voting common stock resides in one individual or a small group of individuals that may have some agreement to vote together, that corporation can be granted what is known as "Controlled Company" status.

33. A "Controlled Company" under Section 5615(c)(1) of the listing rules for NASDAQ can be granted certain exceptions to the corporate governance requirements, if the Board elects to do so. For example, a "Controlled Company" is not required to have an independent nominating committee

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[9] See , generally, http://nasdaq.cchwallstreet.com/nasdaq/main/nasdaq-equityrules/chp_1_1/chp_1_1_4/chp_1_1_4_3/chp_1_1_4_3_8/default.asp

or an independent nominating process, since it is deemed that the controlling shareholder or shareholders can elect or remove whomever they choose by providing notice for a meeting of shareholders at any time.

34. ***Simply because of their majority ownership position***, control shareholders should be consulted and effectively involved in key board decisions so that their input as insiders is taken into account in the assessment and counsel provided by independent directors.

35. During the relevant time period (August 2014, when Cotter Sr. resigns to the present), the RDI Board consisted of up to nine directors, three of whom were Cotter family members (James Cotter, Jr., Ellen Cotter, and Margaret Cotter) who can be considered insiders. The remaining six directors whose identity varied during this time period (termed "non-Cotter directors") could be considered outsiders and are largely independent as that term is defined in the NASDAQ Rule 5605(a)(2).[10]

36. Ellen Cotter serves as Chair of the Board, CEO, and President, and her sister, Margaret Cotter, serves a Vice-Chair and Executive Vice President.[11]

37. The RDI Board has three standing committees with charters delineating their respective responsibilities: an Executive Committee (EXC), an Audit Committee, and a Compensation Committee. There is a Tax Oversight

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[10] Deposition of William Gould at 14-17; RDI 2014 Proxy Statement, RDI 2015 Proxy Statement, RDI 2016 Proxy Statement.

[11] RDI 2016 Proxy Statement; RDI0054790-54807.

Committee, which has been inactive and whose functions will be undertaken by the Audit Committee.[12]

38. The EXC is comprised of four members: the Chair and Vice-Chair of the RDI Board and two non-Cotter Independent Directors. For the EXC to take action on any matter brought by management, concurrence by at least one of the non-management directors is required.

39. The RDI Board met at least 19 times during the relevant period.[13] The EXC met at least six times and considered matters that would subsequently be reported and further considered by the full RDI Board.[14] In particular as to the specific issues identified above, the minutes illustrate reasonable discussion among directors of matters presented to the RDI Board (either in person or telephonically) for consideration.[15] **Exhibit 4** is a chart noting many of the key meeting dates of the RDI Board and the EXC, although it is not intended to be an exhaustive list.[16]

40. Given the fundamental principles of corporate governance and taking into account the controlled status of the company, the RDI Board appears to have established reasonable processes and procedures to carry out the business of the corporation on behalf of all of the company's shareholders with respect to the challenged actions identified above. WDG, in particular, is an experienced board member with thoughtful perspectives regarding his responsibilities as a member of the RDI Board.

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12 RDI 2014, 2015 and 2016 Proxy Statements

13 See List of Board Minutes and Board Books listed in **Exhibit 3**.

14 Deposition of Ellen Cotter at pp. 145-148; RDI 2016 Proxy Statement.

15 *See* Board Minutes listed in **Exhibit 3**.

16 This chart was compiled from the list of Board Minutes and Board Books listed in **Exhibit 3**.

## V. WILLIAM D. GOULD AS A DIRECTOR

41. William D. Gould (WDG) is an experienced corporate attorney and partner of the respected law firm of Troy Gould PC.[17] WDG is familiar with fundamental corporate governance principles and the duties and responsibilities of directors of public and private companies.[18]

42. WDG has served on the RDI Board since 2004. He was off for a period of two to three years and then asked to rejoin the Board some six or seven years ago.[19]

43. WDG serves as the Lead Independent Director, and in this role serves to represent the views of the independent directors to management and acts as a sounding board for all directors and a liaison between the RDI Board Chair, who is also the CEO and President, and the Independent directors.[20] I note that the SAC does not allege that WDG was not independent, and the Plaintiff concedes that WDG is, in fact, independent. James Cotter, Jr. Dep. at pp. 79-80.

### A. WDG and the CEO Search Process

44. WDG served on the RDI Board-approved CEO Search Committee ("CEOSC") for a period of six months in the latter part of 2015 and early 2016 with Directors Doug McEachern, Ellen Cotter (until she became a candidate), and Margaret Cotter.[21] The CEOSC was assisted by Craig Tompkins, counsel for RDI, and Korn Ferry International ("KFI"), the

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17 Deposition of William Gould at p. 12; RDI 2014-2016 Proxy Statements.
18 Deposition of William Gould at pp. 12-17.
19 Deposition of William Gould at pp. 15, 17.
20 See generally Deposition of William Gould (discussing throughout his role and actions as lead director); RDI 2014-2016 Proxy Statements.
21 Deposition of William Gould at 18-19; Deposition Exhibit 313.

executive search firm retained by RDI to work with the CEOSC in the search process.[22]

45. A timeline of the CEOSC process is shown in **Exhibit 5**, which notes key activities and communications that occurred during that process. It is not intended to be an exhaustive list. These items are color coded with the following legend: Red=Emails, Green=Miscellaneous Events, Blue=Meetings. Where more than one event occurred on the same day, all colors relating to the events on that day are used in a gradient. Where an event box is filled in Dark Yellow, WDG participated in the event. Where it is filled in in Light Yellow, he attended or was copied on an email. Individuals are identified by their respective initials as notes in the table. For example, EC=Ellen Cotter. For purposes of this discussion, several of these items are highlighted and reviewed below.[23]

a. After the CEOSC was formed in August 2015, WDG was interviewed by KFI in the initial framing of parameters for the search. Input from WDG (and other RDI Board Members on the CEOSC) assisted KFI prepare a draft specification of the ideal profile of preferred candidates.

b. Position specification shared with RDI Board after feedback from CEOSC members in mid-September 2015.

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[22] Deposition of William Gould at pp. 287-288; see generally Deposition of Robert Mayes (rough transcript); Deposition Exhibits 307-314; 378-380.

[23] These events are culled from deposition testimony, including that of William Gould at pp. 349—370; 427-438; Robert Mayes, Ellen Cotter at pp. 52-3; 73-129; Margaret Cotter at pp 24-70, 81-95; 116-132; 387-400 and Douglas McEachern at pp. 428-485; and Deposition Exhibits 30, 31, 199, 307-14, 313, 328, 330, 347, 348, 378-389.

c. KFI provides the CEOSC with email update on September 30, 2015.

d. In an October 17, 2015 email, KFI and Ellen Cotter start the process of setting up candidate interviews.

e. Before candidate interviews begin, Ellen Cotter decides that she is interested in becoming a candidate and resigns from the CEOSC on November 13, 2015.

f. CEOSC begins interview of five candidates identified by KFI.

g. WDG, upon Ellen Cotter's decision to be a candidate, becomes the informal convenor pro of the CEOSC sometime prior to December 17, 2015, when he was selected the Chair of that special RDI Board Committee .

h. CEOSC discusses the pros and cons of the Ellen Cotter candidacy among itself and with KFI.

i. KFI recommends three finalists to undergo further diligence and a new candidate to interview.

j. CEOSC interviews candidates.

k. CEOSC meets on December 29, 2015, to review to three finalists.

l. CEOSC concludes that Ellen Cotter is the recommended candidate.

m. Search terminated and KFI is dismissed.

46. A memorandum from Craig Tompkins on behalf of the CEOSC is sent to full RDI Board at the completion of the search.[24] The full RDI Board subsequently votes to appoint Ellen Cotter as permanent CEO.

47. After reviewing the process established, the various emails and memoranda, and assessing the deliberations of the CEOSC, the summary report on the work of the committee (and KFI), as reported by Craig Tompkins, and based on my experience and knowledge of executive searches, including CEO searches, it is my opinion that that the overall conduct of the CEOSC was appropriate and consistent with good governance practices in the search for a CEO.

48. The selection of a CEO is an important responsibility for the Board and individual directors. The CEOSC, working under delegated authority with the RDI Board, interviewed several capable candidates.[25] Each director on the selection committee, agreed on the position specification as developed with KFI and weighed that criteria against the demands of the position in the then-existing culture at RDI. The CEOSC conducted fair and thorough interviews with all candidates. The CEOSC compared notes and impressions, and in the end decided to recommend the internal candidate.[26] Testimony from WDG highlights the positive qualities of several candidates and his decision to recommend the appointment of

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[24] Deposition of William Gould at pp 427-8; Deposition Exhibits 313.

[25] Deposition of William Gould at pp. 349—370; 427-438, Deposition of Robert Mayes [rough] at 12-14; Deposition of Margaret Cotter at pp. 24-70, 81-95; 116-132; 387-400; Deposition of Ellen Cotter at 52-3; 73-129; Deposition of McEachern at pp. 428-485. Deposition Exhibits 313, 386, 38.

[26] Deposition of William Gould at pp. 349—370; 427-438, Deposition of Robert Mayes at 70-75, Deposition Exhibits 313, 389; Deposition of Margaret Cotter at pp. 24-70, 81-95; 116-132; 387-400; Deposition of Ellen Cotter at 52-3; 73-129; Deposition of McEachern at pp. 428-485.

Ellen Cotter as CEO.[27] WDG's decision to recommend Ellen Cotter was carefully considered, and the reasons he gave for preferring Ellen Cotter are all reasonable and appropriate matters to consider in selecting a CEO. As WDG explained during his deposition:

> [A]fter listening to Ellen, thinking about it, and looking at the prior candidates, even though they were all good, that she probably made the most sense for where we were at this time. Because she had a great reputation, the people liked her at the company ... we all thought highly of her, every one of us. She is intelligent. She has the kind of 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 nobody knew who would actually control this company a year down the line. And for all those reason, you know, it just became apparent to me, -- I just said, 'This makes the most sense for the company.'

Gould Dep. at p. 368.[28]

49. There is some suggestion in the SAC that the search process was terminated early and the KFI efforts did not go to conclusion. In my experience, it is not unusual for CEO searches to, in fact, be terminated when the search committee believes it has converged on a final set of candidates and that there is a qualified candidate in the group being considered. Early termination squares with my experience as a director having been involved in numerous searches for top managers. This is especially true since the CEOSC preferred the internal candidate, Ellen

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[27] Testimony of William Gould at pp. 344-370.

[28] Shareholders, including a former plaintiff in this case, support Ellen Cotter's selection as CEO based on her knowledge of RDI's business and the culture of the company. See Deposition of Jonathan Glaser at pp. 258-259.

Cotter, and Korn Ferry's next step was a deeper dive on the "make-up" of the candidate, which was not necessary here since the CEOSC was already familiar with Ellen Cotter.[29] In this instance, KFI did their job, and per the terms of the contractual arrangement, received appropriate remuneration.

50. In addition, in my experience, the value of a candidate who has demonstrated ability and growth as a leader while in the interim CEO position is a very positive element in the assessment process. Even if an outside candidate has superior technical skills, the inside candidate knows the culture and the people, has the tenure, respect, and support for continuity and an alignment with the controlling shareholder and shareholder interests generally. This person is most likely able to mitigate the risk inherent in a company with significant control shareholders embroiled in litigation. These are legitimate factors to consider in the CEO selection process. Moreover, any gap in technical skills (here, as alleged, a background in real estate development) can be readily dealt with by hiring an employee or consultant with that skill set to advise the CEO. It is also my view that hiring an outsider into the uncertain situation at RDI represents a larger risk to shareholder value.

51. I conclude that the CEOSC and the RDI Board conducted a transparent and even-handed process. While different candidates may display differing capabilities relative to the position specification and the total

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[29] Deposition of William Gould at pp. 433-35; Deposition of Robert Mayes at 19 (Rough Transcript);Deposition of Margaret Cotter at pp. 24-70, 81-95; 116-132; 387-400; Deposition of Ellen Cotter at 52-3; 73-129; Deposition Exhibit 313.

demands for the job, including both hard and soft skills, a subjective element, which has to be taken into account, is the fit with the existing RDI culture and experience with the key elements of the business. Based on my experience and my review of the deposition testimony and deposition exhibits, I believe that the decision of the CEOSC is reasonable and prudent. It is my opinion that WDG as a member of the CEOSC acted with the care and diligence once would expect from an independent director. WDG behaved in a thoughtful and effective manner. WDG was fully engaged, careful, attentive, informed, deliberate, loyal, and obedient in the exercise of his responsibilities in the interview sessions with potential candidates, in the CEOSC deliberations, in his decision to terminate the Korn Ferry review process, in arriving at his recommendation to the Board, and in voting to elect Ellen Cotter as CEO. He fully complied with all of his obligations as an Independent Director.

## B. WDG and the Search for Independent Directors

52. **Exhibit 6** is a timeline of significant events and communications associated with the RDI process to identify Independent Directors. The exhibit identifies key activities, actions, and communications that occurred during that process. As in **Exhibit 5**, these items are color coded and individuals are identified by their initials as noted earlier. Several of those events are highlighted and reviewed below, beginning with the May 2015 email exchange between Ellen Cotter and Guy Adams regarding the

EXC's role in the nomination and selection of candidates for the vacant seat on the RDI Board.[30]

53. The EXC is currently composed of Ellen Cotter, Margaret Cotter, Edward Kane, and Guy Adams, with Ellen Cotter acting as Chair. The EXC did not meet in 2014 and was reconstituted in 2015.[31]

a. WDG is not a member of the EXC and was not copied on the May 9, 2015 email regarding the search process to be established for new directors.

b. The EXC meets on July 20, 2015, and resolves to propose Fermi Karahan as a candidate to fill the vacant seat on the RDI Board. WDG is not present at this meeting.

c. On August 3, 2015, James Cotter, Jr. emails the RDI Board and questions suitability and qualifications of Karahan.

d. At the RDI Board Meeting on August 4, 2015, Ellen Cotter informs the RDI Board that Karahan has withdrawn his candidacy.

e. On September 8, 2015, Dr. Judy Codding emails her biography to Ellen Cotter and notes her interest in being considered as a candidate for the vacant seat on the RDI Board.

f. On September 22, 2015, Ellen Cotter circulates the Codding Resume to Edward Kane and Guy Adams, who subsequently have

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[30] These events are culled from deposition testimony, including that of Margaret Cotter ( pp. 320-323), Guy Adams (pp. 260-271; 282-294), Ed Kane (pp 62-68, 297-301) and William Gould (pp. 171-181, 454-458; 487-489) and Deposition Exhibits, including Exhibits 45, 52, 398 and 415; and the following documents: DM2786, DM3252, DM3386. DM3585, DM3580, DM3787-9, DM4306, EK696, EK804, EK867, EK805-14, RDI24929, RDI54248, RDI40047.

[31] Testimony of Ellen Cotter at pp. 145-8; RDI 2016 Proxy Statement.

telephone conversations with Dr. Codding. WDG is not copied on these communications.

g. On October 2, 2015, Ellen Cotter sends a memorandum to the RDI Board signaling her intention to propose, at the October 5, 2015, Board Meeting, the Codding nomination from the EXC.

h. A Special Nominating Committee ("SNC") consisting of Douglas McEachern, Edward Kane, and Guy Adams is established. McEachern acts as Chair.

i. Ellen Cotter signal her intent to propose Michael Wrotniak to the RDI Board.

j. On October 2, 2015, Ellen Cotter meets with WDG to discuss the proposed nomination of Dr. Codding.

k. On October 5, 2015, James Cotter, Jr., emails the RDI Board protesting the director appointment process.

l. Dr. Codding is elected on October 5, 2015, to serve for an initial term expiring at the next annual meeting of shareholders.

m. Tim Storey resigns from RDI Board on October 11, 2015.

n. RDI Board elects Wrotniak for an initial term expiring at the next annual meeting of shareholders.

o. On October 14, 2015, Andrew Shapiro emails RDI Board informing them about an alleged incident involving Dr. Codding and the LAUSD.

p. Ellen Cotter notifies Codding, who provides email response to Shapiro, which is shared with the Independent Directors.

q. McEachern emails background report on Dr. Codding to the SNC. WDG is not copied on this email.

r. SNC meets to consider the Codding situation and WDG is present along with Ellen Cotter, by invitation. The Shapiro allegations are discussed and found to be without merit. A web search on Michael Wortniak is also conducted with nothing discovered.

s. At the November 10, 2015 Annual Meeting of Shareholders, Codding and Wrotniak are elected to the RDI Board to serve until the next meeting of shareholders or until their resignations, whichever comes first.

54. As noted above in paragraph 35, RDI is a "Controlled Company" and is not required to establish a nominating committee comprised of independent directors. Nonetheless, Ellen Cotter appointed a Special Nominating Committee (SNC) to manage the process of considering candidates for RDI Board positions.[32] WDG was not on this this committee, although he was informed about the workings and deliberations of the SNC in both formal and informal contexts.[33]

55. After reviewing the process established, the various emails and memoranda, and assessing the deliberations of the SNC, it is my opinion that the overall conduct of the SNC was appropriate within acceptable

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[32] Margaret Cotter ( pp. 320-323), Guy Adams (pp. 260-271; 282-294), Ed Kane (pp 62-68); Deposition Exhibits 52, 415.

[33] Deposition of Gould at pp. 171-181, 454-458; 487-489; Deposition Exhibits 52, 397, 415.

governance practices taking into account the prerogatives of a "Controlled Company" and the majority shareholders. The SNC interviewed the candidates and assessed their personality and experience and determined whether they would be a good fit on the RDI Board.[34] Integrity and honesty are important attributes for potential directors to possess, and I see no evidence that these nominees lacked these qualities, the Shapiro web search notwithstanding. Diversity of thought and experience relative to that already on the RDI Board are constructive elements for productive board discussions and ultimate decision-making. A well-functioning board is collegial; there is a trust and respect engendered, without sacrificing independence and individual thinking. There is no requirement that directors have prior experience in the company's field of operations, and it is not inappropriate to vote for directors who do not have such experience. Nor is there anything wrong with nominating a candidate who has a prior friendship with an officer, director or shareholder, especially where, as here, the prior relationships were marginal. The candidates indicated that they would be objective, and the relationships were disclosed.[35] In fact, a prior relationship and/or friendship can enhance honest conversation, because trust and respect are already established between such directors. In other words, the possibility of open communication enhances independence. In this instance, and with these nominees, there is an understanding by all RDI Board members of the candidates' disclosed

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[34] Deposition of McEachern at pp. 338-393; Ellen Cotter at pp. 239-249; 295-308; Adams at pp. 260-271; 282—294; Kane at 62-8.

[35] Deposition of Gould at pp. 454-455; Adams at pp. 268-9.

relationships with the Cotters. Plaintiffs suggests that having friends or associates on the board compromises independence, but that ignores the practical reality of the board nomination process and who gets elected. Moreover, there is value in having long-serving directors who develop friendships or close associations with other directors and officers over time. And, in the case of a Controlled Company, the prerogatives and veto power of the supermajority shareholder are obvious. I view Codding and Wrotniak as independent, as independence is defined by NASDAQ and on balance. Adding Codding and Wrotniak allowed for the practical realities of majority ownership while encouraging the RDI Board to be comprised of a majority of Independent Directors. The RDI Board Minutes that I have reviewed reveal that Codding and Wroniak participated, asked questions, and demonstrated an attentiveness that contributes to open and candid conversations in the boardroom.

56. In addition, the process followed by the SNC is also consistent with the RDI culture established by James Cotter, Sr., whereby he recommended candidates as directors and those recommendations were generally accepted,[36] and does not constitute a major change in the operations of the RDI Board.

57. In conclusion, WDG as a member of the RDI Board acted with the care and diligence one would expect from an independent director. WDG behaved in a thoughtful and effective manner. Although not on the SNC, as Lead Independent Director, WDG was fully engaged, careful, attentive,

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[36] Deposition Exhibit 94; Deposition of Kane at pp. 68-9.

informed, deliberate, loyal, and obedient in the exercise of his responsibilities. He voted to nominate Codding and Wrotniak, who appear to be positive contributors to the RDI Board conversations. Moreover, as indicated earlier, WDG, as a director, was entitled to rely on the work of others, such as advisors and committees of the RDI Board, to vet the nominees and to inform his decisions. In this case, WDG could rely on the work of the SNC, and based on all of the information available to him, his vote in favor of the nominations was reasonable and consistent with his obligations as an Independent Director. Although WDG initially felt rushed, the reality is that there was a proxy deadline, and, on balance, there is a great benefit to RDI (and its shareholders) in moving the process along so that a full slate of directors can be presented to the shareholders at the Annual Meeting.[37] It is my opinion that WDG recognized this greater benefit in voting in favor of the candidates.

**C. <u>WDG and Additional Issues Identified in Second Amended Complaint</u>**

a. **<u>Approval of Minutes for the RDI Board Meetings at which the subject was the termination of James Cotter, Jr.</u>:** In the SAC, the Plaintiff alleges that WDG approved the minutes from the RDI Board Meetings at which he was terminated, even though he knew that they contained inaccuracies. I have seen no evidence that WDG knew that any of the minutes that he approved were inaccurate. WDG testified that he was aware that Jim Cotter, Jr. had taken issue with the accuracy of the minutes, but that while he

[37] Deposition of Gould at pp. 174-175.

did not remember all of the discussions that had gone on in the meeting, he did not recall some of the things that Cotter, Jr. had referred to. While WDG did recall some of the specifics that Cotter, Jr. referred to, he felt that the minutes, as drafted, substantially reflected what had occurred. Gould Dep. at pp. 474-475. Based on my experience, Board Minutes are not a word-for-word recitation of what was stated at every instance at a Board Meeting. Minutes are instead intended to generally reflect the discussion and decisions which occurred at the meeting. As a result, WDG's approval of minutes that he believed substantially reflected what occurred at the RDI Board Meetings in question was consistent with the care and diligence one would expect from an Independent Director. He had no obligation to ensure that every comment made at a meeting was reflected in the Minutes, as long as the Minutes generally captured what occurred. WDG's stated reasons for approving the Minutes were sound. WDG's approval of the RDI Board Minutes circulated on July 29, 2015, did not breach his responsibilities.

b. **Misleading Form 8-Ks:** Plaintiff alleges that WDG failed to cause RDI to correct the June 18, 2015 Form 8-K, which Plaintiff alleges was misleading because it stated that he was required to tender his resignation as a director immediately upon the termination of his employment. See SAC, paragraphs 23, 101(b). The Plaintiff also

alleges that various other Form 8-Ks RDI filed were misleading, although he does not specify whether he is alleging any misconduct on the part of WDG with respect to these other 8-Ks. See SAC, paragraph 101. Form 8-Ks are the "current report" companies must file with the SEC to announce major events that shareholders should know about. Management,[38] and not the Board, has the ultimate responsibility for ensuring the accuracy of these filings. WDG testified that his process with respect to 8-Ks was that RDI's counsel would submit to the directors a version of the 8-K before it was filed, and that it was his practice to review the 8-K and provide comments or corrections. Gould Dep. at pp. 269-270. WDG's practice with respect to 8-Ks is consistent with his obligations as an Independent Director. Directors do not sign 8-Ks, and if he reviewed and commented on the 8-Ks in question, he did everything reasonably possible to cause RDI to issue a correct 8-K. For example, with respect to the June 18, 2015 Form 8-K, even if the 8-K was incorrect that Plaintiff was required to tender his resignation as a director immediately upon the termination of his employment, and even if WDG knew that to be incorrect, he acted reasonably and in satisfaction of his obligations if he informed the persons responsible for the 8-K that he believed that to be an erroneous statement. The same is true with respect to any press releases issued by RDI—he does not sign them and, as a director,

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38 https://www.sec.gov/answers/form8k.htm

he does not have ultimate responsibility for their accuracy. Moreover, with respect to the other 8-Ks and press releases, it is clear from WDG's testimony that he either had a different view of the relevant events from Plaintiff, or what was significant, or otherwise did not have a basis from which to believe that the Form 8-Ks or press releases were misleading.[39] Under these circumstances, WDG's actions with respect to the Form 8-Ks and press releases identified in paragraph 101 of the SAC was reasonable and consistent with his obligations as an Independent Director. As stated, the management of RDI is ultimately responsible for the accuracy of Form 8-K disclosures.

c. **The Unsolicited Cash Offer:** Plaintiff alleges that the RDI Board rejected an unsolicited third-party offer to buy all of the outstanding stock of RDI without sufficiently considering the offer. See SAC, paragraphs 154-162. At the time of this Expert Report, there has been no discovery on these recently-added allegations. For the purposes of making a preliminary opinion only, I have accepted the facts as alleged in SAC paragraphs 154-162 to be true. In reality, these "facts" may not be true. I will update and supplement my opinion once I have reviewed any documents and/or testimony relating to this issue. In sum, Plaintiff alleges that the proposed cash offer was for a price 33% in excess of market price. Plaintiff alleges that neither a business plan nor materials relating to the

[39] See generally Deposition of William Gould, including pp 438-445 and 455-459.

value of RDI were disclosed prior to a vote on the offer. Plaintiff alleges that instead, Ellen Cotter made an oral presentation concluding that RDI was worth a price dramatically in excess of the offer and recommended that RDI pursue its long-term business plan, and that all directors other than Plaintiff, agreed that the offer price was inadequate. Plaintiff alleges that he abstained. Even accepting these facts as true, WDG acted appropriately in rejecting the offer after what appears to be reasonable discussion and preliminary assessment. It is not uncommon for a Board to just say 'no,' pending further overtures or other developments. Based on the limited allegations in the SAC, WDG actions in voting 'no' on the offer was consistent with his obligations an Independent Director. I will supplement my opinion after any discovery on this matter takes place.

d. **The Excessive Compensation Matter:** Plaintiff alleges the RDI Board accepted the recommendations of sub-committees and approved compensation for Ellen Cotter, Margaret Cotter, and Guy Adams that Plaintiff deems excessive. In particular, Plaintiff alleges that Ellen Cotter's executive compensation package was excessive, because if all bonuses are paid to her, she will be paid over three times what Plaintiff was paid as President and CEO. The Compensation Committee was provided with detailed schedules and proposed individual goals and benchmarks for executive

compensation and unanimously approved the executive compensation recommendations.[40] At the full RDI Board Meeting, WDG asked if there were any further questions about Ellen Cotter's proposed compensation, and there were none, including by Plaintiff.[41] No one voted against Ellen Cotter's proposed compensation, including Plaintiff.[42] WDG acted reasonably and consistent with his obligations as an Independent Director in relying on the recommendation of the Compensation Committee, especially in light of the fact that there were no questions or specific objections about the compensation at the time.

Plaintiff also alleges that that Margaret Cotter's additional consulting fee compensation of $200,000 was inappropriate. The Compensation Committee and the Audit and Conflicts Committee each approved additional compensation of $200,000 to Margaret Cotter.[43] With two committees of Board coming to agreement on and approving this payment, it was reasonable and consistent with his obligations to approve this payment. The stated rationales for the payment - to take into account work outside of her existing consulting agreement and in consideration for certain releases and

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40 RDI0054790 54807.
41 RDI0054790 54807.
42 RDI0054790 54807.
43 RDI0054871 54875 ;RDI0054787 54789; RDI0054781 54786; RDI March 10, 2016 Form 8 K.

waivers granted by her company, are a rational basis for WDG to approve the payment.[44]

Plaintiff also alleges that additional special compensation of $50,000 to Guy Adams was a gift. At the RDI Board Meeting, Ellen Cotter summarized the extraordinary services and time devoted by Mr. Adams above and beyond what she considered the usual role of a director in the past year, which included assisting Ellen Cotter during her transition to interim CEO and 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.[45] Based on my experience with executive and director compensation, it was reasonable and consistent with WDG's obligations as an Independent Director to take into account time that Guy Adams had spent above and beyond what was ordinarily expected of directors, and approved a one-time additional payment to reflect that time commitment. Moreover, it is consistent with the general practice of the RDI Board, which previously approved one-time payments for

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44 RDI0054787 54789; RDI0054781 54786; RDI March 10, 2016 Form 8 K.

45 RDI0054790 54807.

significant time spent on RDI business above and beyond what was typically expected of RDI directors.[46]

In sum, one-time payments are not common, but they are also not unusual. They are appropriate, if on the recommendation of the CEO and the Compensation Committee, some member of management has produced exceptional value for the company in the judgment of the CEO, who can make a recommendation at his or her discretion. If some member of the Board has also gone beyond what might be ordinarily expected, it is not uncommon for the Chair to ask for additional compensation for that particular director. In these two instances, the compensation amounts are within a reasonable range. WDG agreed and approved and that approval was rational, appropriate, and consistent with his obligations as an Independent Director.

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[46] Deposition of Kane at pp. 487-498 RDI 2015 Proxy Statement.

## VI. CONCLUSION

Given my assignment, I have reviewed the responsibilities and role of WDG at RDI. I have examined his conduct with respect to the CEO search, the search and selection of director candidates, the filing of 8-Ks, the approval of Board Minutes, the approval of compensation to Margaret Cotter, Ellen Cotter, and Guy Adams, and the alleged unsolicited third-party offer. After review and assessment, on balance, I find no evidence that WDG did not conduct himself as would be expected of an Independent Director. To the contrary, with respect to all of the above events, his actions were reasonable and consistent with appropriate governance principles and practices for an Independent Director in a Controlled Company. WDG's actions during the relevant time period were accomplished in a responsible manner, in full satisfaction of his obligations as an Independent Director. I therefore conclude that, as far as WDG is concerned, the allegations of the Second Amended Complaint are without merit.

Executed on August 25, 2016

ALFRED E. OSBORNE, JR.

# Exhibit 1

**ALFRED ELDERFIELD OSBORNE, JR., Ph. D.**
UCLA Anderson School of Management
University of California
110 Westwood Plaza, Suite F405
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Office (310) 825-3309
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Email: al.osborne@anderson.ucla.edu
aeosborne@yahoo.com
Mobile (310) 854-9271

## PRESENT POSITIONS

July 2003 – Present
Senior Associate Dean. UCLA Anderson School of Management. Responsible for overseeing the external affairs of the School, including resource development, alumni relations, corporate initiatives, and executive education.

July 2003 – Present
Faculty Director. The Harold and Pauline Price Center for Entrepreneurship & Innovation.

July 2008 – Present
Professor of Global Economics, Management and Entrepreneurship. Instructor in microeconomics, entrepreneurship, new venture initiation, social entrepreneurship, family business, governance, technology commercialization, and business plan development.

January 1991 - Present
Director. The UCLA Head Start - Johnson and Johnson Management Fellows Program.

December 1979 - Present
Chairman, President and Chief Executive Officer, A.E. Osborne Associates, Inc.

Consultant and advisor to several private and public organizations on business strategy, organization economics and financial matters. Corporate Director and Expert Witness.

## PERSONAL

Born in the Republic of Panama; Fluent in Spanish; Married to Nancy Ann Rahnasto (former senior Disney consumer products executive); One child, Alexander, age 29.

**PREVIOUS POSITIONS**

July 1987 – June 2003
Director. The Harold Price Center for Entrepreneurial Studies. Responsible for developing curriculum, teaching, research, student activities, external funding and business and community support for the largest and most successful interdisciplinary program in the Anderson Graduate School of Management at UCLA.

July 1978 – June 2008
Associate Professor of Global Economics and Management. Taught courses in managerial economics, microeconomics, macroeconomics, public finance, economic development, management field studies and, most recently, entrepreneurship, new venture initiation, doing deals, and business plan development.

July 1988 - June 1990
Chairman of the Business Economics Faculty at UCLA Anderson.

January 1984 - June 1987
Associate Dean for Program Development in the Graduate School of Management at UCLA. Responsible for initiating, planning, developing and funding new programs designed to capitalize and extend faculty and student teaching and research interests. Established three research centers.

September 1979 - December 1983
Faculty Director of UCLA MBA Programs. Responsible for curriculum, policy and administration of the Full-time and Part-time MBA Programs serving in excess of 1000 students. Also Chairman of the MBA Policy Committee.

September 1979 - December 1983
Assistant Dean (then Associate Dean and Director of the MBA Program. Besides duties as MBA Program Director, responsible for student affairs including recruitment, admissions, orientation, academic counseling, tutorials, internships, field studies, and placement for all MBA students. Supervised a staff of ten professionals.

August 1977 - July 1979
Brookings Institution Economic Policy Fellow at the Securities Exchange Commission and Director of Phase I of the ETIP-SEC Project; "Towards a Monitoring System for Effective Regulation of Venture Capital Markets." Designated by the Commission as a hearing officer for the SEC's Small Business II Hearings (1977). Appointed by the Chairman to the Interagency Task Force of the President's Domestic Policy Review of Industrial Innovation (1978).

July 1972 - June 1978. Tenured at UCLA in July 1978.
Assistant Professor of Management at UCLA.

January 1968 - September 1968
Electrical Engineer, Western Development Laboratories, Palo Alto.

**HONORS AND AWARDS**

Distinguished Alumni, Stanford University, Distinguished Alumni Scholars Event, May 2010.

Recognized by Directorship as one of the top 100 influential corporate directors in America, November 2009.

Education Award Recipient, Mission Language and Vocational Schools 41st Anniversary and Award Dinner, October 2009

President's Award Recipient for contributions to the growth and development of the African American economic base, Greater Los Angeles African American Chamber of Commerce 16th Annual Economics Award Dinner, March 2009.

Inducted into the Minority Business Hall of Fame as a pioneer in minority business development and success and contributions to entrepreneurship and business development as a faculty member and leader at UCLA Anderson School of Management. May 2008.

Annual Leadership Award Recipient, for vision, leadership and distinguished contributions to small and minority-owned businesses, Southern California Minority Business Development Council, Inc., October 2007.

Recognized by *Minority Business News USA* in the 1st Annual Issue as one of 100 Men Impacting Supplier Diversity, October-November 2006.

J. Clayton La Force Distinguished Service and Leadership Award, selected by the UCLA Anderson faculty for exceptional leadership outside the classroom and for inspiring the UCLA Anderson community and elevating programs to the highest levels of excellence. June 2004.

3rd Annual BridgeGate 20 Award for Service to the High-Technology Community, 2001.

Ernst and Young Entrepreneur of the Year Award, 2000.

The Richard J. Riordan Spirit of Entrepreneurship Award, 2000.

National Head Start Association Award, April 1998.

Northern Trust of California Hispanic Excellence Award, 1992

Securities Exchange Commission (SEC) Fellow, 1978-79.

Brookings Institution Economic Policy Fellow, 1977-1979.

## EDUCATION AND DEGREES

Ph.D. - Stanford University - Business-Economics, 1974.
M.B.A. - Stanford University - Finance, 1971.
M.A. - Stanford University - Economics, 1971.
B.S. - Stanford University -Electrical Engineering, 1968.

## SPECIAL APPOINTMENTS

Chairman, Telecommunications Supplier Diversity Task Force, SBC Communications, January 2002 to June 2003.

Governor, Investor Company Institute, September 2001 to present (on sabbatical August 2004-September 2005) and Member, Independent Directors Council, May 2004 to December 2010.

Member, Joint Committee of the California Legislature to Develop a Master Plan for Education – Kindergarten through University: School Readiness Working Group, March 2001 to January 2002.

Member, Selection Panel, the Paul & Daisy Soros Fellowships For New Americans, 1998 to 2001.

Member, Committee to Select the Outstanding Corporate Directors *Director's Alert Magazine*, August 1999.

Public Director, the Los Angeles Community Development Bank, December 1995 to January 2000.

Member, Governor Pete Wilson's Council of Economic Advisors for California, February 1993 to December 1998.

Governor-at-Large, National Association of Securities Dealers, Inc., January 1994 to March 1996.

Member, Board of Directors, NASD Regulation, April 1996 to January 1997.

Member, National Nominating Committee, NASD, Inc., January 1997 to 2000;
Chair 2001, 2002, 2003.

Member, Secretary Shalala's Advisory Committee on Head Start Quality and Expansion, August 1993 - July 1994.

Commissioner, Redevelopment Agency for the City of Los Angeles, April 1995 to February 1996.

Member, Board of Directors, Los Angeles Local Development Corporation - June 1991 to June 1993.

Member, Municipal Finance Advisory Committee of the City of Los Angeles - January 1980 to December 2002, Chairman since January 1985. Also, Municipal Finance Fund Administrator for the City of Los Angeles during that time period.

Member, Board of Directors, Founders Savings and Loan Association, September 1986 to May 1989. Special appointment from the Federal Home Loan Bank Board to this troubled financial institution in the Management Consignment Program. Elected Chairman, April 1987 and served until FDIC receiver appointed, April 1989.

Member, Citizens Independent Review Committee for the United Way. Chairman of the Subcommittee to Review the Credit Union Matter. July to September 1986.

Member, Discretionary Fund Distribution Committee for United Way, 1986-1987, 1987-1988.

Member, Research and Education Advisory Panel to the Comptroller General of the United States. 1987-1999.

Chairman, Consumer Advisory Council VIII: The Minority Business Task Force. Pacific Bell. December 1984 - September 1985.

Member, Board of Economists, Black Enterprise Magazine, February 1982 - December 1985.

**CURRENT CORPORATE BOARD MEMBERSHIPS**

Member, Board of Directors, Nuverra Environmental Solutions, Inc. (previously Heckmann Corp.) – November 2007 to present. Chairman of the Audit Committee. Lead Independent Director.

Member, Board of Directors, Kaiser Aluminum, Inc. – July 2006 to present; Chairman of the Governance and Nominating Committee; Member, Audit Committee; Lead Independent Director.

Member, Board of Directors, Wedbush Inc. (formerly E*Capital Corporation) – January 1998 to present; Chairman of the Compensation Committee; Chairman, Audit Committee.

Member, Board of Directors, FPA's New Income, Capital, Crescent Funds - December 1999 to present; International Value Fund, August 2011 to present; Member, Board of Directors, FPA's Paramount, U.S. Value Funds, and Source Capital, Inc. August 2013 to present. Member, Audit Committee; Chairman, Nominations and Governance Committee for all Funds.

**CURRENT NOT-FOR-PROFIT BOARD MEMBERSHIPS**

Director, Los Angeles Police Memorial Foundation – March 1999 to present.

Trustee, The Louis and Harold Price Foundation – January 2010 to present

Trustee, Harvard-Westlake School – August 2002 to present.

Trustee, Fidelity Charitable - November 2007 to present. Elected Chairman in February 2016.

**PREVIOUS BOARD MEMBERSHIPS**

Director, Los Angeles Universal Preschool (LAUP), August 2004 to March 2005 and from July, 2005 to March 2016.

Director, AFH Acquisition VII, Inc. - February 2013 to January 2014.

Director, Emmaus Medical, Inc. – June 2011 to September 2012.

Director, EMAK Worldwide, Inc. – December 2000 to June 2008.

Director, K2, Inc. – February 1999 to August 2007.

Trustee, WM Group of Funds – March 1997 to February 2007.

Director, Nordstrom Inc. – August 1987 to May 2006.

Member, Stanford Athletic Board – September 2001 to June 2005, July 2007 to June 2010.

Director, Certus Corporation – October 1998 to March 2005.

Director, Vista del Mar Children and Family Services – June 1999 to March 2005.

Director, Price Institute for Entrepreneurial Studies – May 1999 to June 2004.

Independent General Partner, Technology Funding Venture Partners V May 1990 to March 2002.

Director, The Times Mirror Company – March 1980 to June 2000.

Director, Greyhound Lines, Inc. – May 1994 to March 1999.

Director, United States Filter Corporation – April 1991 to April 1999.

Trustee, Sierra Trust Funds – June 1992 to December 1993; May 1996 to March 1997.

Director, SEDA Specialty Packaging Corporation – October 1993 to June 1997.

Director, First Interstate Bank of California – July 1993 to April 1996.

Director, Industrial Bank – October 1983 to July 1993.

Director, Birtcher Medical Systems – June 1992 to March 1994.

Director, The Cherokee Group Inc. – June 1991 to June 1993.

Director, Family Savings Bank – February 1990 to June 1994.

Director, ReadiCare, Inc. – February 1986 to January 1997.

Director, Opportunity Funding Corporation – July 1987 to December 1993.

Director, Los Angeles Community Development Bank – September 1995 to January 2000.

## PUBLICATIONS

Formerly, member of several Editorial Boards, including Entrepreneurship and Regional Development; Family Business Review; The Future of Children; and the Journal of Business Venturing. Currently, editorial board member of the Journal of International Entrepreneurship Education.

### Books and Monographs

Emerging Issues in Black Economic Development (With Benjamin F. Bobo) Lexington: DC Heath and Company, 1976.

"Business Development Organizations: A Critique of Their Performance and Prospects" (with Thaddeus H. Spratlen), Chapter 5.

Small and Minority Business in California: Performance and Prospects (with William Bradford) Sacramento: Assembly Office of Research, AOR No. 28, February 1977.

California Commercial Bank, Savings and Loan Associations and Their Holding Companies: Analysis and Public Policy Issues (with William Bradford) Sacramento: Assembly Office of Research, AOR No. 33, August 1977.

Returns to Shareholders in Acquiring and Acquired Companies: The Case of Technology-based Firm Acquisitions in the Over the Counter Market SEC Capital Market Working Paper No. 3. Washington, DC: Securities and Exchange Commission, October 1980.

### Chapters in Books

"Financing Small and High-Risk Enterprises," Cities and Firms. Herrington Bryce (ed.), Lexington: DC Heath and Company, 1980.

"Enhancing the Productivity of Small Business," in Productivity: A National Priority. James Wilburn (ed.), Malibu: Pepperdine University Press, 1982.

"Take-off Potential and the Distribution of Black Enterprise," in Take-Off Companies and the Entrepreneurial Spirit. Robert Kuhn and Ray Smilor (eds.), New York: Praeger Publishers, 1986.

"Predicting the Returns to New Offerings of Securities under SEC Form S-18," Frontiers in Entrepreneurship Research. William Bygrave and Neil Churchill (eds), December, 1987.

**Reports**

The Structural and Performance Characteristics of the Minority Manufacturing Industries Los Angeles: The Joint Center for Community Studies, September, 1978.

A Preliminary Analysis of the Impact of Rule 144 Sales in the OTC Market. Washington, DC: Securities and Exchange Commission, December, 1979.

Revitalizing the Supplier Diversity Value Proposition Through Supply Chain Effectiveness, SBC Telecommunications Supplier Diversity Task Force Report, June 2003.

**Articles**

"Behavioral Effects of Price Changes in a Token Economy," (with T.D. Hayden, R.G. Hall and S.M. Hall), Journal of Abnormal Psychology, Vol. 83, August, 1974.

"Forecasting the Market Return on Common Stocks," (with John G. McDonald), Journal of Business Finance and Accounting, Vol. 1, Summer 1974.

"The Entrepreneurship Decision and Black Economic Development," (with William Bradford), American Economic Review, Vol. 66, May 1976.

"The Potential of Black Capitalism in Perspective," (with Michael Granfield), Public Policy, Vol. 24, Fall 1976.

"A Note on Black Economic Well-Being in the North and West," Review of Black Political Economy, Vol. 7, Fall 1976.

"The Comparative Operating Efficiency of Black Savings and Loan Associations," (with William Bradford and Lewis Spellman), Journal of Finance, Vol. 32, May, 1977.

"On the Economic Cost to Panama of Negotiating a Peaceful Solution to the Panama Canal Question," Journal of InterAmerican Studies and World Affairs, Vol. 19, November, 1977.

"The Efficiency and Profitability of Minority Controlled Savings and Loan Associations," (with Lewis Spellman and William Bradford), Journal of Money, Credit and Banking , Vol. 10, February, 1978.

"The Perverse Effects of SBA Loans to Minority Wholesalers," Urban Affairs Quarterly, (with Timothy Bates), Vol. 15, September, 1979.

"A Note on the Opportunity Cost of Going into Business for One's Self," Journal of Minority Business Finance, Vol. 1, August, 1979.

"Rule 144 Volume Limitations and the Sale of Restricted Stock in the Over the Counter Market," Journal of Finance, Vol. 37, May, 1982.

“Taking Snapshots of the Internet; New Database of Insider Transactions and Liquidity,” Journal of Financial Transformation (with Duke Bristow and Steven Beneveniste), September, 2004.

**Shorter Articles in Periodicals**

"Inflation: What It Is and What It Is To You," Black Enterprise, Vol. 9, October, 1978.

"The Right Way to Cut Taxes," Inc., Vol. 3, November, 1981.

"The Day of the Small Entrepreneur," Black Enterprise, Vol. 13, October, 1982.

"Developing Black-Owned Companies for Public Ownership," Black Enterprise, Vol. 15, November, 1984.

"Understanding Entrepreneurship," Business Forum, Vol. 12, Fall, 1987.

“Communicating Commitment to Supplier Diversity,” Minority Business Entrepreneur, Volume 21, June, 2004, (Report of the Telecommunications Diversity Task Force)

**OTHER COMPLETED BUT UNPUBLISHED MANUSCRIPTS**

"The Legal and Illegal Allocation of Black Managerial and Financial Capital." (with Michael Granfield) March, 1986.

"Securities Regulation and Small Business Finance." March, 1986

"On the Definition of a Small Issuer for Purposes of Securities Regulation." September, 1986.

"The Announcement Effect of Proposed Rule 144 Sales in the OTC Market," December, 1985, revised December, 1987.

"Financing Strategies for the Closely-Held Firm,” September 1991.

“Constraints on Entrepreneurs and the Economy: Rule 144 Twenty Year Later,” (with Duke Bristow), May, 2004.

“Strategic Planning,” June, 1990, revised December 2006.

“Rate of Return on Investment Analysis: A Brief Note” August 2013.

**A SAMPLE OF PRESENTATIONS OVER 25 YEARS**

"Renewing Human Resources in Large-Scale Bureaucracies," presented to the Fourth International Conference on Creative and Innovative Management. Los Angeles, CA, August 1990.

"Managing Succession in the Family Enterprises," presented to the V Congreso Latinoamericano del Emprendedor. Santiago, Chile, April 1991.

"A Vision for Funding Entrepreneurial Initiatives," presented to the Kauffman Foundation's Entrepreneurial Leadership Program. Boca Raton, FL, January 1992.

"The Role of the Board in the Modern Corporation," presented to the Executive Series at Town Hall. Los Angeles, CA, January 1992.

"Funding Entrepreneurship Centers," presented at the Association of Collegiate Entrepreneurs' IX Annual International Convention & Tradeshow. Dallas, Texas, February 1992.

"The Evolving Role of the Board of Directors in the Modern Corporation," presented to the 25th Securities Regulation Seminar, Los Angeles County Bar Association. Los Angeles, CA, October 1992.

"The Organization, Composition and Functioning of the Board," presented to the Orange County Public Company Forum: The Corporate Director: Who Governs Our Corporations? Irvine, CA, February 1994.

"Corporate Governance in Trouble," presented to the Chase Manhattan Bank UCLA Committee of 200 Conference: A View from the Top. New York, NY, March 1994.

"Towards an Applied Research Agenda in Entrepreneurship," presented to the Kauffman Foundation. Kansas City, MO, September 1994.

"Developing an Entrepreneurial Competence - Training Leaders for the 21st Century," presented to the Long Beach Rotary Club. Long Beach, CA, January 1995.

"The Entrepreneurial Spirit: How to Nurture It and Sustain It," presented to the University Aldolfo Ibañez, Executive MBA Program. Los Angeles, CA, January 1995.

"Developing an Entrepreneurial Competence," presented to the Northern California Supplier Development Council Conference. San Francisco, CA, September 1995.

"Entrepreneurship: Uncovering Your Entrepreneurial Niche," presented to the National Society of Hispanic MBAs, Sixth Annual National Conference and Career Exposition. Los Angeles, CA, October 1995.

"Financing the Growing Company," presented to the Dow Jones/Wall Street Journal Black Entrepreneurship in America Conference. Baltimore, MD, October 1995.

"Strategic Thinking: The Imperative to Effective Planning and Organization," presented to the Riverside County Office of Education Head Start Directors Retreat. Riverside, CA, October 1995.

"Black Professors in Business Education" presented to the Whitney M. Young, Jr. 22nd annual Memorial Conference at the University of Pennsylvania. Philadelphia, PA. January 1996.

"Building an Entrepreneurial Competence in the Delivery of Social Services: The Case of Head Start Agencies," presented to the Human Resources Committee at the National Conference of State Legislatures. St. Louis, MO, July 1996.

"Strategy and Finance for the Growing Enterprise," Five 5-hour lectures presented to faculty, students, and alumni at the University of the Republic of Montevideo. Uruguay, August 1996.

"Breaking New Ground: Initiatives in Management Education, 1980-1995, Essays in Honor of John H. McArthur," invited seminar, Harvard Business School. Boston, MA, October 1996.

"Towards Building a Capacity to Sustain Community," presented to Merrill Lynch. Los Angeles, CA, May 1997.

"Building an Entrepreneurial Competence in Larger Decentralized Enterprises," presented to Travelodge Strategic Planning Retreat. San Diego, CA, December 1998.

"Entrepreneurship, The New Economics and Wealth Creation in the Next Millennium," presented to Progress Investment Management Company's 6th Annual Plan Sponsor Manager Seminar. Florida, October 1999.

"Competing in the 21st Century: Developing an Entrepreneurial Competence," presented to the Los Angeles Venture Association, Los Angeles. Los Angeles, CA, January 2000.

"Entrepreneurial Competence, Competition, and Supplier Diversity in the Turbulent, New Digital Economy," presented to SBC Supplier Diversity 2nd Annual Achievement Awards. San Antonio, TX, March 2000.

"Developing an Entrepreneurial Competence," presented to the African American Leadership Institute. Los Angeles, CA, April 2000.

"Entrepreneurial Studies and Competition in the New Millennium," keynote speech presented to the Minority Business Opportunity Trade Fair. San Francisco, CA, November 2000.

"Financing the New Economy: Is There a Credit Crunch?" presented to the 49th Annual UCLA Business Forecast. Los Angeles, CA, December 2000.

"The Economic Environment and the Stock Market," presented to the Financial Executives Institute. Los Angeles, CA, March 2001.

"Developing an Entrepreneurial Competence," presented to the African American Leadership Institute. Los Angeles, CA, March 2001.

"Strategic Thinking and the New Economy," presented at the Bringing the Classroom into the Real World Conference, The Schulich School of Business, York University. Toronto, Canada, May 2001.

"Fundamental Issues in Strategic Management," presented to the California Child Development Administrators Association. Los Angeles, CA, June 2001.

"Developing an Entrepreneurial Competence," presented to the African American Leadership Institute. Los Angeles, CA, June 2001.

"The Outlook for Investment and Enterprise in the New Economic Environment," presented to the 8th Annual Progress Investment Management Seminar. Scottsdale, AZ, November 2001.

"The Outlook for Investment and Entrepreneurship in the Southern California Economy," presented to the Mission Ventures Annual Meeting. Dana Point, CA, January 2002.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," presented to the National Association of Minorities in Communications seminar. Los Angeles, CA, February 2002.

"Issues of Corporate Governance: An Overview," presented to the Rustic Canyon Annual Conference. Ojai, CA, March 2002.

"Governance in the Head Start Agency," presented to the Foundation Head Start Board of Directors. El Monte, CA, April 2002.

"Corporate Governance, the Board of Directors, and the External Auditor," presented to the Anderson Alumni Bay Area Chapter. San Francisco, CA, April 2002.

"Health Care Initiatives," presented to Johnson and Johnson Board of Directors. New Brunswick, NJ, September 2002.

"Governance and the Not-for-Profit Board of Directors," presented to the Screen Actor's Guild Board of Directors. Universal City, CA, October 2002.

"Corporate Misdeeds – tips on covering the Enron/Worldcom scandal," presented at a National Association of Hispanic Journalists workshop. Los Angeles, CA, October 2002.

"The New Reality of Business Accountability," presented to Anderson Graduate School of Management Alumni. Los Angeles, CA, November 2002.

"The Head Start Program: Challenges and Opportunities circa 2003," presented at the California Head Start Association Annual Conference and Leadership Day. Sacramento, CA, January 2003.

"Revitalizing the Supplier Diversity Value Proposition Through Supply Chain Effectiveness," presented at Quality Excellence for Suppliers of Telecommunications (QUEST Forum) Best Practices Conference, September 2003.

"Revitalizing the Supplier Diversity Value Proposition Through Supply Chain Effectiveness," presented to National Minority Supplier Development Council, Inc. Annual Conference. Chicago, IL, October 2003.

"Leading Strategic Growth Through Acquisitions," presented to Young Presidents Organization (YPO). Los Angeles, CA, November 2003.

"Entrepreneurial Leadership and Organization Change," presented to Bruin Professionals. Los Angeles, CA, January 2004.

"Corporate Governance Revisited: What Do We Know and What Do We Teach Future Business Leaders?" Panel Member, sponsored by The Aspen Institute Business and Society Program with support from the Alfred P. Sloan Foundation. New York, NY, January 2004.

"Entrepreneurial Leadership and Organization Change," presented to City Club on Bunker Hill. Los Angeles, CA, April 2004.

"Change, Strategy and the Challenge of Profitable Growth," presented to Shareholders Meeting for Lowe Enterprises, Inc. Phoenix, AZ, May 2004.

"Launching New Business Ventures," Keynote presented to IIT Bombay Faculty Academic Network Meeting. Palo Alto, CA, May 2004.

"Change, Strategy and the Challenge of Profitable Growth," Keynote presented to the Executive Team at Destination Hotels & Resorts Group. Englewood, CO, August 2004.

"Corporate Governance," presentation to the Board of Directors of Wilmington Trust Company (with William Cockrum). Century City, CA, September 2004.

"The Fundamentals of Opportunity Recognition," presented to NAWBO University. Los Angeles, CA, September 2004.

"Leadership Development for Women and People of Color," presented at Northrop Grumman – EEO/Diversity Conference. Redondo Beach, CA, October 2004.

"Change and the Challenge of Profitable Growth," presentation to Cisco Systems, Inc, US Theatre Sales Finance Team. Bal Harbour, FL, October 2004.

"Entrepreneurial Strategy and Opportunity Recognition," presented at the UCLA NAMIC Executive Leadership Development Program, UCLA Anderson School, February 2005.

"Starting and Building an Entrepreneurial Company," presented at the 2005 Entrepreneurs Conference sponsored by Harvard Business School Association of Orange County (HBSAOC). Irvine, CA, May 2005.

"Developing an Entrepreneurial Competence," presented to the National Black MBA Association. Los Angeles, May 2005.

"Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board," presented at the 9th Annual Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, May 2005.

"Strategy: An Introduction and Overview," presented to the Executive Salon Management Program, UCLA Anderson School of Management, June 2005.

"Building and Leveraging the Effective Board of Directors," videoconference presentation to the New Director Selection Committee of Kaiser Aluminum, August 2005.

"Crafting Entrepreneurial Studies in a Flat Economy," presented to the UCLA Anderson Alumni San Diego Chapter. San Diego, August 2005.

"Governance and the Not For Profit Board," presented to the 2006 NAWBO LA Board Retreat. Mandalay Bay, August 2005.

"Corporate Governance and the Board of Directors: Building and Leveraging the Effective Board of Directors," presented at the 10th UCLA Director Training and Certification Program. UCLA Anderson School of Management. Los Angeles, October 2005.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition In Large Organizations," presented at the UCLA Campus Human Resource (CHR) 2005 Management Seminar Series. UCLA, October 2005.

"Strategy Implementation," presented at the California Head Start Association 8th Annual Education Conference. Sacramento, CA, January 2006.

"Strategy: An Overview," presented to the Executive Salon Management Program, UCLA Anderson School of Management, January 2006.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," presented at the UCLA NAMIC Executive Leadership Development Program, UCLA Anderson School of Management, February 2006.

"Organizational Planning," presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, April 2006.

"Why Buy Funds? How Does Governance Matter?", Panel Moderator for Mutual Fund Directors Forum and UCLA Anderson Enhancing Effectiveness Program. UCLA Anderson School of Management, April 2006.

"Corporate Governance and the Board of Directors: Building and Leveraging the Effective Board of Directors," presented at the 11th UCLA Director Training and Certification Program. UCLA Anderson School of Management. Los Angeles, May 2006.

"Formulating Effective Business Strategies," presented at the Global Business Salon Awards. Barcelona, June 2006.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," presented at the UCLA NAMIC African American Leadership Institute, UCLA Anderson School of Management, June 2006.

"Strategic Planning and Implementation," presented at the Johnson & Johnson/UCLA Health Care Executive Program, UCLA Anderson School of Management, June 2006.

"Strategic Planning and Implementation," presented at the Johnson & Johnson/ UCLA Health Care Executive Program, UCLA Anderson School of Management, July 2006.

"Governance and the Not For Profit Board," presented to the 2006 NAWBO LA Board Retreat. Carlsbad, CA, August 2006.

"Change and Reinvention: Getting Ready for the New Realities and Developing an Entrepreneurial Competence," Keynote presented at the Bridge to Employment, 10th Annual Alliance Building & Training Session. Washington, DC, October 2006.

"Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board," presented at the 12th Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, October 2006.

"Strategy Planning and Implementation," presented at the Connecting Communities Coalition Management Institute. Los Angeles, January 2007.

"Thinking Strategically in the Salon Management Business," Keynote presented to The Salon Association (TSA) Symposium 2007. San Antonio, January 2007

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," NAMIC Executive Leadership Program, UCLA Anderson School of Management, February 2007.

"Strategy: An Overview," presented to the Executive Salon Management Program, UCLA Anderson School of Management. February, 2007.

"Corporate Governance and the Effective Board of Directors," presented to the Board of Directors of PeopleSupport, Inc. Los Angeles, March 2007.

"Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa," presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, April 2007.

"Recognizing Opportunities for Suppliers in the Cable Industry," presented to the 8th Annual Supplier Diversity Connection Workshop. Las Vegas, May 2007.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," presented at the African American Leadership Institute, UCLA Anderson School of Management. May 2007.

"Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board," presented at the 13h Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, May 2007.

"Entrepreneurial Strategy and Opportunity Recognition: Reinventing Your Business for Profitable Growth," presented at the Women's Business Enterprise National Council (WBENC). Los Angeles, June 2007.

"Strategy Development, Formulation and Implementation," presented at the Head Start – Johnson & Johnson Management Fellows Program, UCLA Anderson School of Management. July 2007.

"Strategy Development, Formulation and Implementation," presented at the Johnson & Johnson/ UCLA Health Care Executive Program, UCLA Anderson School of Management. July-August 2007.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," California Association for Microenterprise Opportunity (CAMEO). Los Angeles, September 2007.

"Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa," presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, September 2007.

"Change and Reinvention: Entrepreneurial Strategy and Opportunity Recognition," NAMIC Executive Leadership Program, UCLA Anderson School of Management, February 2008.

"Entrepreneurial Strategy and Opportunity Recognition," a presentation to the Guang Hua School of Management, Peking University, March 2008

"Thinking Strategically and Profitable Growth," a presentation to the Triton Pacific Capital Portfolio Company CEO's, Ojai, California, May 2008.

"Corporate Governance and The Board of Directors: Building and Leveraging the Effective Board," presented at the 13h Director Training and Certification Program, UCLA Anderson School of Management. Los Angeles, May 2008.

"Strategic Planning and Implementation," presented at the Johnson & Johnson/UCLA Health Care Executive Program, UCLA Anderson School of Management, June 2008.

"Strategy Development, Formulation and Implementation," presented at the Head Start – Johnson & Johnson Management Fellows Program, UCLA Anderson School of Management. July 2008, July 2009, July 2010, July 2011

"Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa," presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Accra, Ghana, August 2008, August 2009, September 2010

"Organizational Planning for Providers in the HIV/AIDS Supply Chain in Africa," presented at the Johnson & Johnson/UCLA HIV/AIDS Management Development Institute. Nairobi, Kenya, September 2008, September 2009, Cape Cod, South Africa, August 2010.

"Social Entrepreneurship", Goldman Sachs' presentation, June 2010.

"The Essence of Strategic and Profitable Business Growth" presented at Paul Mitchell- 2010 Gathering Business Forum, Las Vegas, NV, July 2010.

"Strategic Thinking for Entrepreneurs" presented at Fudan University, China, July 2010.

"How Do We Ensure the Vitality of Our Local Business Economy in Los Angeles During the Current Economic Conditions?" Austin Beutner Event, Los Angeles, January 2011.

"Strategic Thinking, Creating Value and Financing for Entrepreneurs" visiting Fudan University, UCLA May 2011.

"Social Entrepreneurship" presented at the Michigan Primary Care Association, "Linked In or Locked Out: Building Connections That Matter" Conference, Michigan, August 2011

"Rebuilding the Middle Class" – State Legislative Forum, San Francisco, CA March 2012

"Strategic Thinking and Planning" presented to State Board Officers, Telamon Leadership Conference, Destin, Florida, March 2012

"Building on Strategy "presented to State Board Officers, Telamon Leadership Conference, Destin, Florida, March 2012

"Reflective Self-Assessment for Board Officers" presented at the Telamon Leadership Conference, Destin, Florida, March 2012

"Thinking Strategically About Sequestration" Webinar National Head Start Association -"Thursday, April 18, 2013

"Business Intelligence: The Strategy of Long-Term Success Maximizing Your Global Potential" presented at City National Bank - Insight One20 conference, Los Angeles, CA Convention Center, March 16, 2013

"Effective Corporate Governance", presented to the Shanghai Municipal Government Industry Growth and Corporate Development Progran, UCLA, January 2013

"Characteristics of an Effective Board" presented to CALAPRS, UCLA, January 2014

"Developing the Entrepreneurial Mindset" presented at Xed Growth and Leadership Conference, Jeddah, Saudi Arabia, March, 2014

"Corporate Governance Fundamentals and the Emerging Entrepreneur" presented to First Friday Lectures, OIP UCLA August 2014

"Entrepreneurship and Innovation" presented at the visiting Shanghai Municipal Government: Industry Growth and Corporate Development Strategy Program, UCLA, August 2014

**PROFESSIONAL AFFILIATIONS**

At various times over the last 40 years, a member of Alpha Kappa Psi Honorary Business fraternity, the American Economic Association, the National Economic Association (Director 1976-1979; President, 1981), the American Finance Association, and the National Association of Corporate Directors.

**REFERENCES**

Confidential references available when appropriate.

**AS OF March 2016.**

# Exhibit 2

**ALFRED ELDERFIELD OSBORNE, JR., Ph. D.**
Senior Associate Dean and Professor
UCLA Anderson School of Management
University of California Los Angeles
110 Westwood Plaza, Suite F405
Los Angeles, CA 90095-1481

Office Phone (310) 825-3309 Fax (310) 825-0822
Home Phone (818) 789-3915, Mobile Phone (310)-854-9271
Email al.osborne@anderson.ucla.edu
Email aeosborne@yahoo.com

**EXPERT CONSULTING ASSIGNMENTS (Since 2011 as of July 2016)**

James J. Cotter, Jr., vs. Margaret Cotter, et al., and Reading International, Inc.
Case No. A-15-719860-B coordinated with Case No. P-14-082942-E
District Court of Nevada (Clark)
Expert for the Defendant (June 2016- present)

Mark Kolokotrones and Knight and Bishop, LP v. Ninja Metrics, Inc., et al.
Case No. BC 609689
Superior Court of California (Los Angeles)
Expert for the Plaintiff (June 2016- present)

Cyntron Payroll Solutions, LLC v. Mark Dancsecs
Case No. 14K06659
Superior Court of California (Los Angeles)
Expert for the Plaintiff (April 2015 – December 2015)

Interserv Group Inc. and Paul Resnick v. Rosha Group Inc. and Udi Rosha
Arbitration Hearing
Consultant for the Plaintiff (April 15 – October 2015)

Dennis Wood and Joseph F. Helmer v. Sunwest Bank
Case No. BC479843
Superior Court of California (Los Angeles)
Expert for Defendant (December 2014 – present)

Lehman Brothers Securities and ERISA Litigation
Case No. 09-MD 2017 (LAK)
United States District Court (Southern District of New York)
Expert for Plaintiff (October 2013- May 2014)

Powertech Technology vs. Tessera, Inc.
Case No. 11-cv-06121-CW
United States District Court (Northern District of CA (Oakland)
Expert for the Defendant (May 2013-February 2014)

American Airlines v. Sabre, Inc.
Case No.067-249214-10
Superior Court of Texas (Tarrant County)
Expert for Defendant (September 2012-November 2012)

Maine State Retirement System et al. v. Countrywide Financial and David Sambol
Case No.2:10-CV-00302 MRP(MAN)
United States District Court (Central District of California)
Expert for Defendant (August 2012- December 2012)

U.S. Bank National Association v. Verizon Communications, Inc. et al.
Case No. 3:10-cv-01842-G
United States District Court (Northern District of Texas, Dallas Division)
Expert for Defendant (March, 2012 –September 2012)

HomeStore.com, Inc. Securities Litigation
U.S. District Court (Central California)
Case No. 01-CV-11115 MPJ (CWx)
Expert for Plaintiff (September 2010-February 2011)

Fannie Mae Securities Litigation
Case No. MDL 1688
Civil Action No. 1:04-CVB-01639
U.S. District Court (District of Columbia)
Expert for Defendant (August 2010 – April 2011)

Thomas H. Lee Equity Fund V, LP et al vs Grant Thornton LL
Case No.07602774
Supreme Court of the State of New York
Expert for the Defendant (March 2010 – September 2011)

Refco, Inc. Securities Litigation
Case No. 07-MDL-1902
U. S. District Court (Southern District of New York)
Expert for Defendant (March 2010- September 2011)

# Exhibit 3

# Exhibit 3

List of Documents Relied On In Forming Opinions

James Cotter, Jr's Second Amended Complaint

Deposition transcripts of all depositions taken in this case to date (E. Cotter, M. Cotter, J. Cotter, Jr., W. Gould, T. Storey, G. Adams, D. McEachern, E. Kane, A. Shapiro, W. Tilson, J. Glaser, W. Ellis; R. Mayes [rough])

Deposition Exhibits 1 -417

RDI's 2014 Proxy Statement

RDI's 2015 Proxy Statement

RDI's 2016 Proxy Statement

RDI's 2016 10-K (Annual Report)

RDI's March 10, 2016 Form 8-K

RDI0054787-54789

RDI0054781-54786

RDI0054790-54807

RDI0054871-54875

DM2786

DM3252

DM3386

DM3585

DM3580

DM3787-9

DM4306

EK696

EK804

EK867

EK805-14

RDI24929

RDI54248

RDI40047

RDI's Bylaws

RDI's Articles of Incorporations

RDI's Code of Ethics

National Association of Corporate Directors. *A Practical Guide: Fundamentals for Corporate Directors*. 2003 ed. Washington, D.C.: National Association of Corporate Direct

American Bar Association. *Corporate Director's Guidebook*. 4th ed. Chicago: ABA Publishing, 2004

http://nasdaq.cchwallstreet.com/nasdaq/main/nasdaq-equityrules/chp_1_1/chp_1_1_4/chp_1_1_4_3/chp_1_1_4_3_8/default.asp

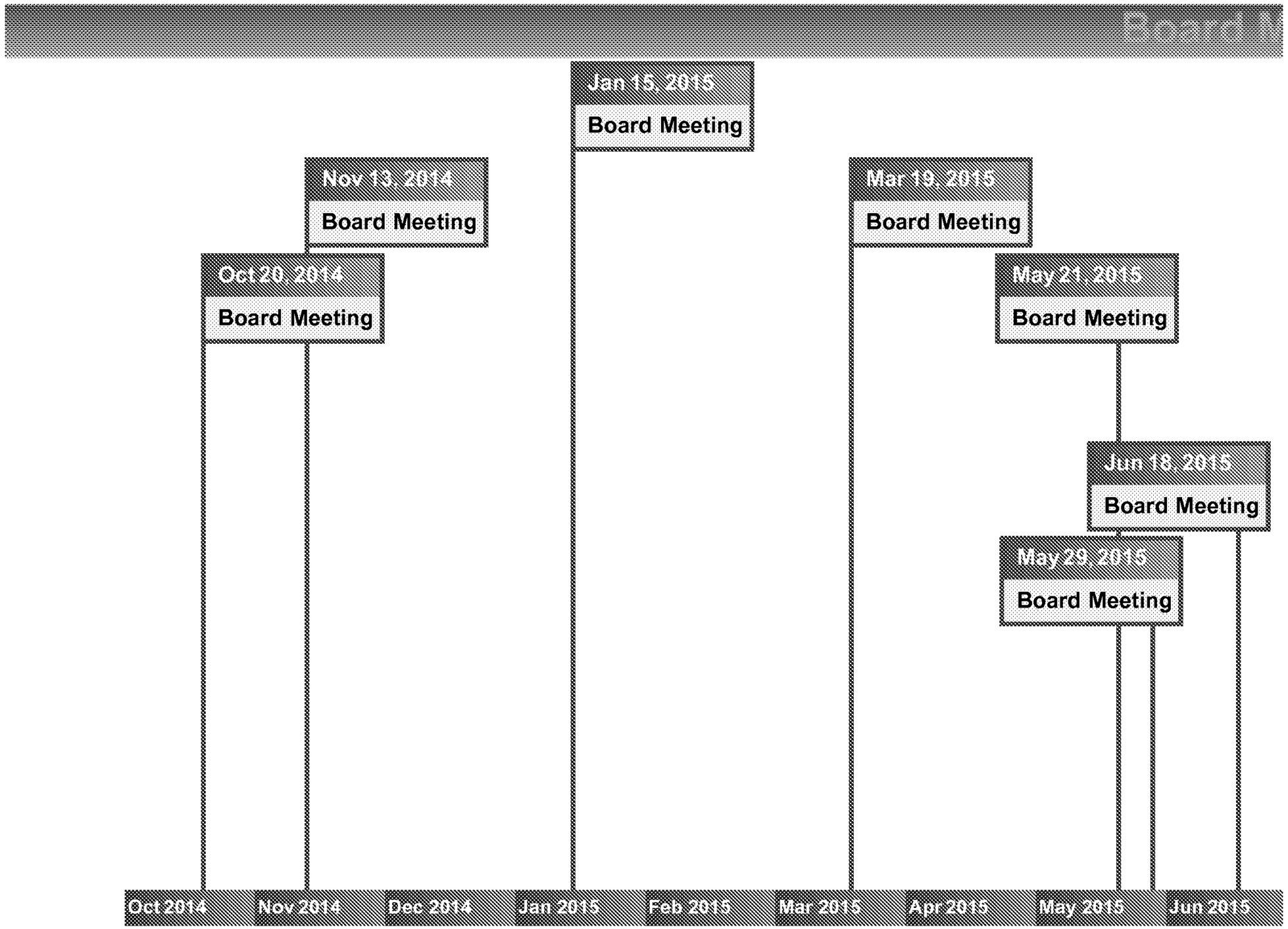
NASDAQ Rule 5605(a)(2)

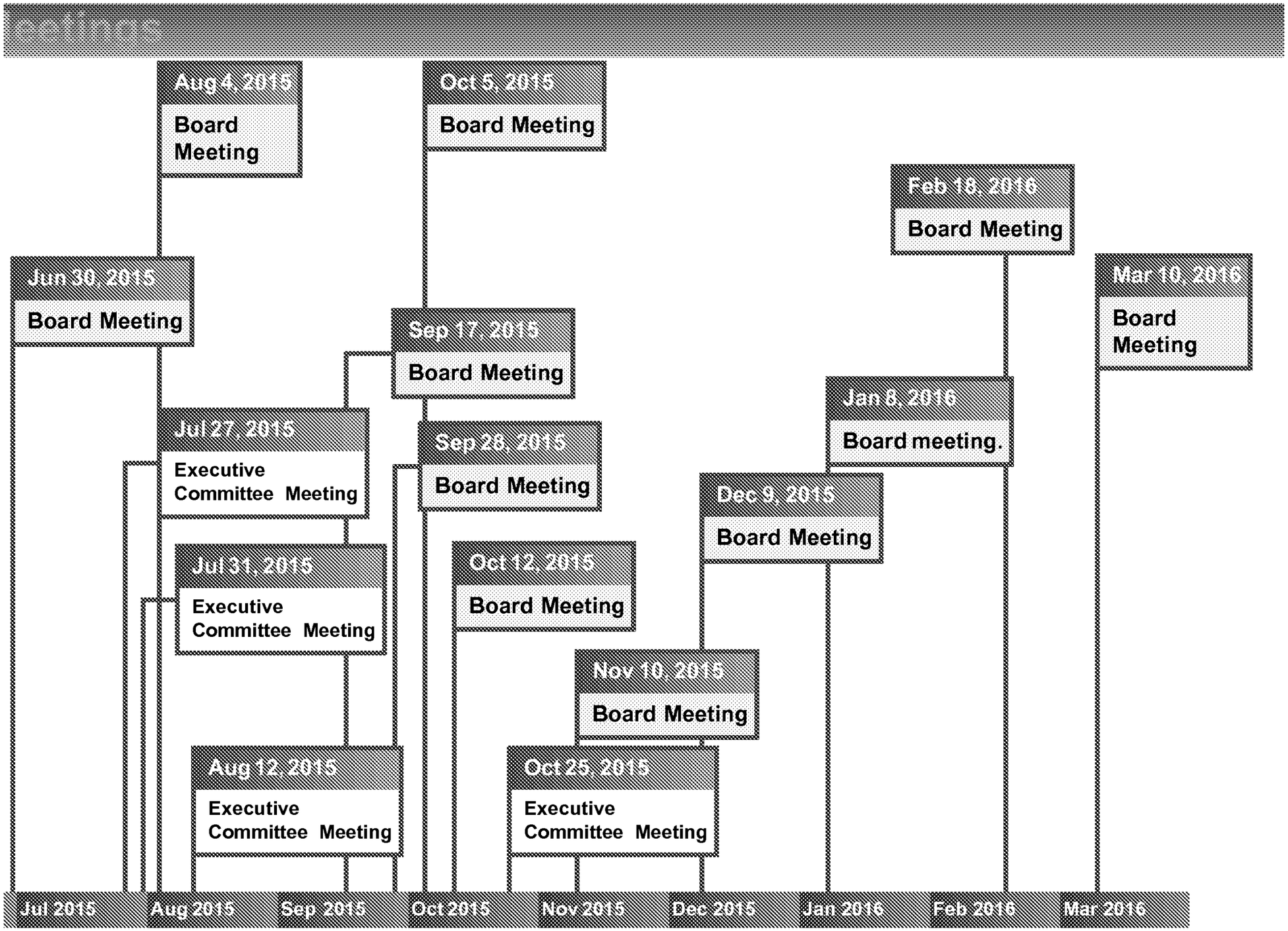
RDI Board Minutes dated: October 20, 2014, November 13, 2014, Jan 15, 2015, March 19, 2015, May 21, 2015, May 29, 2015, October 5, 2015, October 12, 2015, November 10, 2015, January 8, 2016, February 8, 2016, March 10, 2016

RDI Board Packages for the June 18, 2015 Board Meeting, August 4, 2015 Board Meeting; September 28, 2015 Board Meeting and the December 9, 2015 Board Meeting

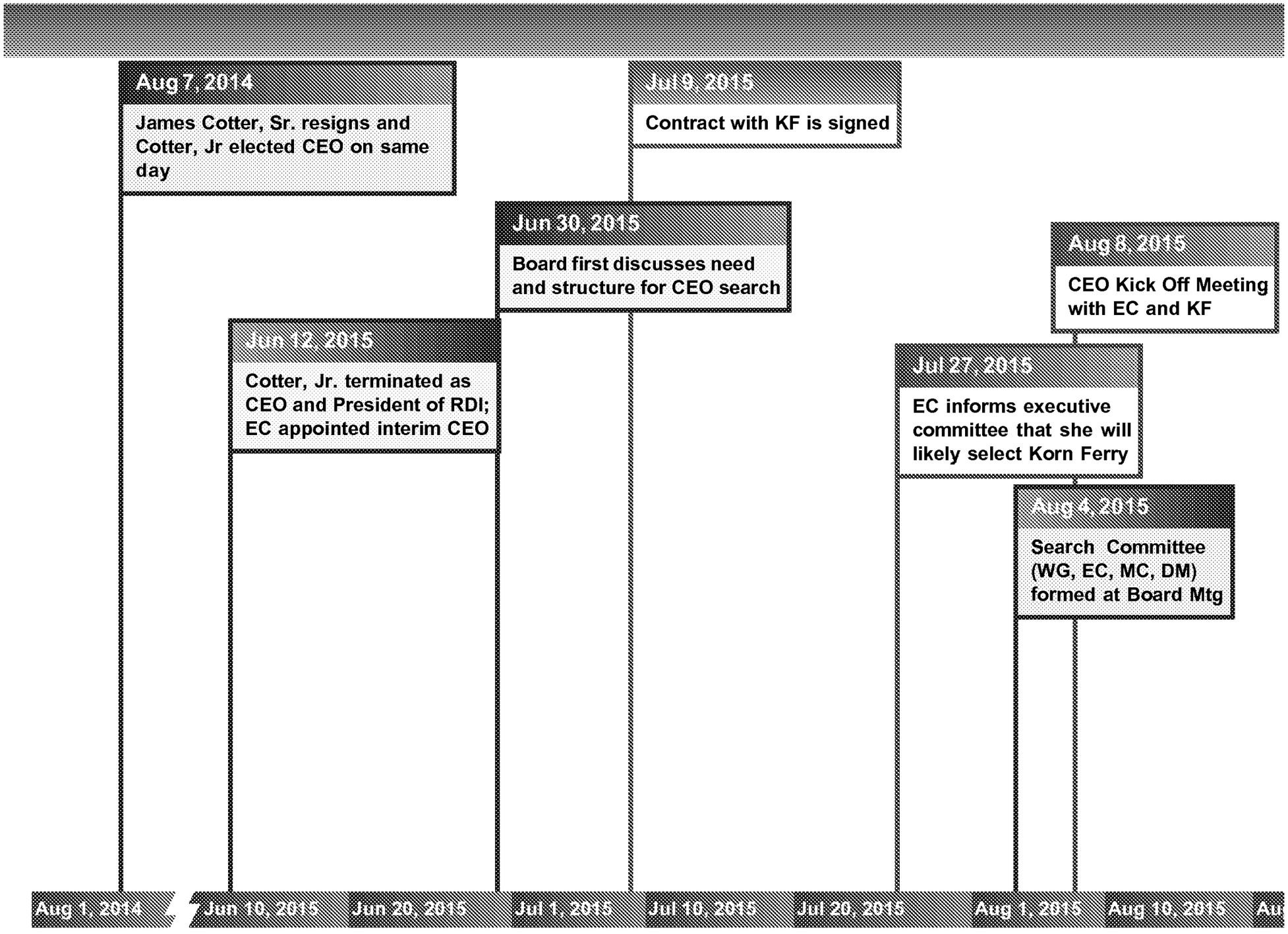
Agenda for the June 30, 2015 Telephonic Meeting

# Exhibit 4


Jan 15, 2015
Board Meeting
Nov 13, 2014
Board Meeting
Mar 19, 2015
Board Meeting
Oct 20, 2014
Board Meeting
May 21, 2015
Board Meeting
Jun 18, 2015
Board Meeting
May 29, 2015
Board Meeting
Oct 2014
Nov 2014
Dec 2014
Jan 2015
Feb 2015
Mar 2015
Apr 2015
May 2015
Jun 2015


Aug 4, 2015
Board Meeting
Oct 5, 2015
Board Meeting
Feb 18, 2016
Board Meeting
Mar 10, 2016
Board Meeting
Jun 30, 2015
Board Meeting
Sep 17, 2015
Board Meeting
Jan 8, 2016
Board meeting.
Jul 27, 2015
Executive Committee Meeting
Sep 28, 2015
Board Meeting
Dec 9, 2015
Board Meeting
Jul 31, 2015
Executive Committee Meeting
Oct 12, 2015
Board Meeting
Nov 10, 2015
Board Meeting
Aug 12, 2015
Executive Committee Meeting
Oct 25, 2015
Executive Committee Meeting
Jul 2015
Aug 2015
Sep 2015
Oct 2015
Nov 2015
Dec 2015
Jan 2016
Feb 2016
Mar 2016

# Exhibit 5


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

# CEO SEARCH

**Aug 24, 2015**

EC emails Search Committee members an interview pre-work questionnaire sent by KF

**Sep 2, 2015**

EC informs Bd of Korn Ferry selection

**Sep 3, 2015**

Korn Ferry emails position specs after initial discussions with EC, DM and WG

**Sep 9, 2015**

TS emails search committee and asks for full board progress report

**Sep 10, 2015**

KF emails revised position spec after speaking with MC

**Sep 18, 2015**

KF emails final spec after speaking with CT

**Sep 30, 2015**

KF provides update to committee by email

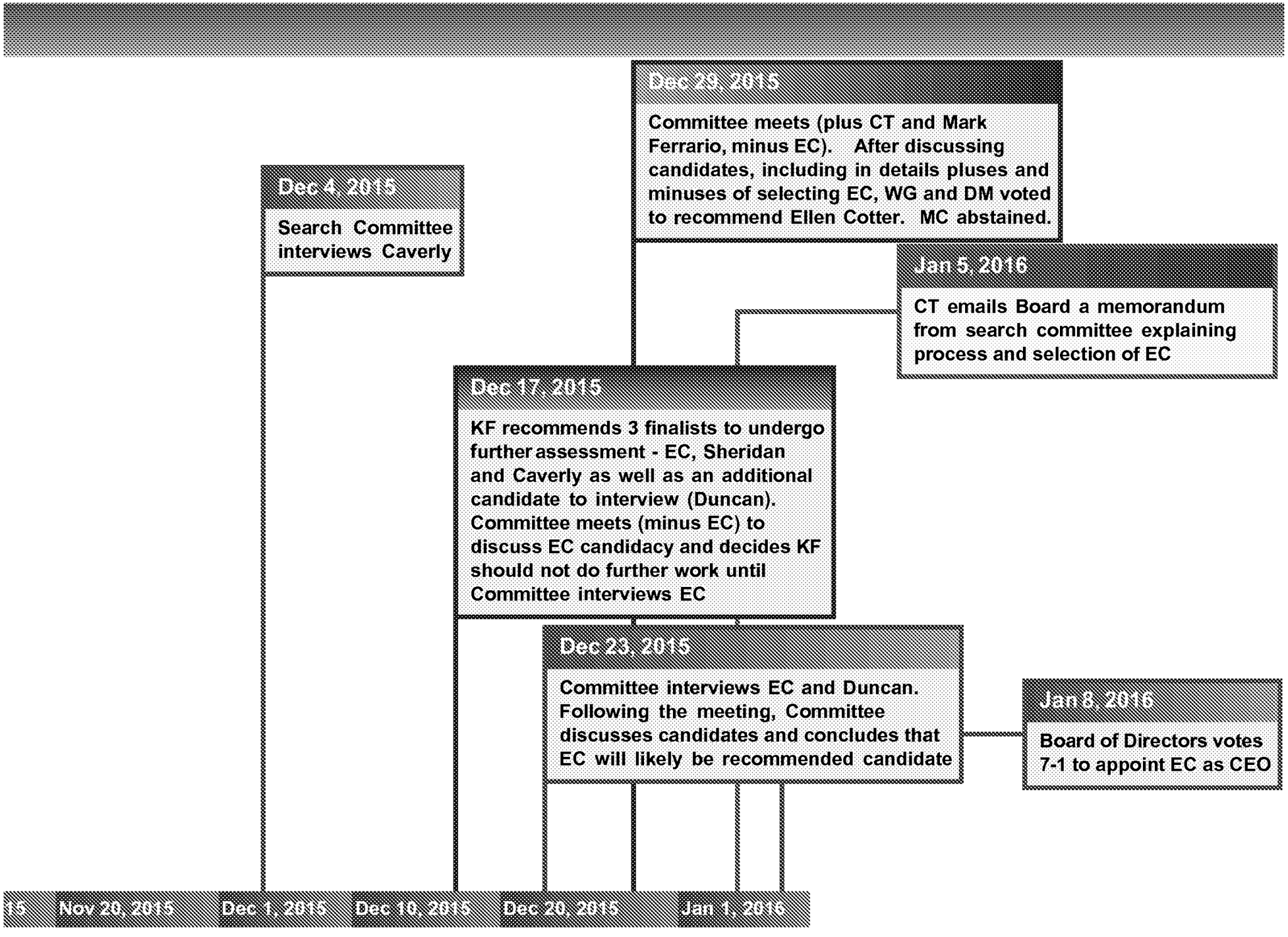
**Oct 17, 2015**

KF and EC email re setting up candidate interviews

**Nov 13, 2015**

Search committee interviews 4 candidates (Brooks, Cruse, Chin and Sheridan). EC announces before interviews begin that she is interested in being a candidate and resigns from Committee. After interviews, Commitee directs KF to focus on candidates with both operating company and real estate experience in a public company.

g 20, 2015 | Sep 1, 2015 | Sep 10, 2015 | Sep 20, 2015 | Oct 1, 2015 | Oct 10, 2015 | Oct 20, 2015 | Nov 1, 2015 | Nov 10, 20


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

# Exhibit 6

**May 9, 2015**

EK and GA have an email discussion regarding having the Executive Committee screen candidates for open Board seat. Gould not copied.

**Jul 20, 2015**

Executive Commitee (GA, EC, MC and EK) meet and resolve to propose Fehmi Karahan as a candidate for vacant Board seat. Gould not present.

**Aug 3, 2015**

JJC emails Board re: proposed candidate Fehmi Karahan and raises reasons why he is unsuitable.

**Aug 4, 2015**

At Board meeting, EC informs Board that Fehmi Karahan had withdrawn his candidacy for the vacant Board seat.

**Sep 8, 2015**

Judy Codding emails EC her bio and lets EC know she would be honored to serve on the RDI Board.

**Sep 22, 2015**

EC circulates draft resume of Codding to EK and GA. Gould not copied. Codding speaks by telephone to EK and GA (separately)

May 8, 2015 | Jul 20, 2015 | Aug 2, 2015 | Sep 7, 2015 | Sep 21, 2015 | Sep 23, 20

# Search For Independent Directors

**Oct 7, 2015**

JJC emails all directors and suggests Gil Borok for the open director position.

**Oct 5, 2015**

JCJ emails Board protesting process for appointment of Directors. Judy Cotting was elected to the Board on the same day for an initial term expiring at the next annual meeting.

**Oct 6, 2015**

Special Nominating Committee (GA, EK, DM) meets and agrees to recommend Wrotniak for vacant Board position. CT also attends as secretary. Gould not present.

**Oct 2, 2015**

EC sends memo to Board informing them that she intends to propose the Board nominate Codding to the Board on October 5 and that she intends to submit Wrotniak for consideration to the Special Nominating Committee. EC also meets with Gould to discuss Codding.

15 | Sep 25, 2015 | Sep 27, 2015 | Sep 29, 2015 | Oct 1, 2015 | Oct 3, 2015 | Oct 5, 2015 | Oct 7, 201

**Oct 15, 2015**

DM emails GA and EK a background report on Judy Codding. Gould not copied. Special Nominating Committee meets (GA, EK and DM). Also attending meeting were EC, CT, and WG. Judy Codding attended for part. At the meeting, Shapiro's allegations about Codding and the issue at LAUSD was discussed. Minutes also reflect a web search re Michael Wrotniak was conducted but did not reveal anything material.

**Oct 14, 2015**

Andrew Shapiro emails Board and other execs informing them of public reports re Codding and alleged incident with LAUSD. EC forwards email response from Codding to Shapiro's email to DM, GA, EK , CT and WG and refers to a call the following day.

**Oct 12, 2015**

Board elects Michael Wrotniak to Board for an initial term expiring at the next annual meeting.

**Oct 11, 2015**

Tim Storey retires from Board.

**Oct 8, 2015**

EC emails Susan Villeda and Dev Ghose and says that background checks on Codding and Wrotniak have already been completed and/or are in process. Gould not copied.

**Nov 10, 2015**

Annual meeting is held and Codding and Wrotniak are re-elected to the Board by stockholders

5 | Oct 9, 2015 | Oct 11, 2015 | Oct 13, 2015 | Nov 9, 2015

# EXHIBIT 31

## I. Qualifications and Experience

I am a partner at Potter Anderson & Corroon LLP ("Potter Anderson"), one of the largest and most-recognized Delaware law firms with expertise in litigation and transactional matters involving Delaware corporations, Delaware limited liability companies, and other Delaware business entities. I am the former Chief Justice of the Delaware Supreme Court, serving in that capacity from 2004 until my retirement on November 30, 2013. Before serving as the Chief Justice, I served as a Justice on the Supreme Court, a Vice Chancellor of the Delaware Court of Chancery (Delaware's court of equity), and a Judge on the Delaware Superior Court (Delaware's general jurisdiction law court). I have presided over litigation involving major corporate, limited liability company and limited partnership governance disputes. I have written frequently on issues of corporate document interpretation and corporate governance, and I have published more than 300 opinions resolving disputes among members of limited liability companies, partners of limited partnerships, and between shareholders and management of both publicly traded and close corporations. Before my time as a judicial officer, I spent 18 years in private practice litigating before the Delaware courts.

I have served as an Adjunct Professor of Law at the University of Pennsylvania Law School and Pepperdine University Law School. I continue to serve as an Adjunct Professor at the University of Virginia Law School. I received my B.A. from the University of Virginia and my J.D. and LLM degrees from the University of Virginia School of Law. I also received an Honorary Doctor of Laws degree from the University of Delaware. A copy of my curriculum vitae is attached as Exhibit A to this report. Potter Anderson is being compensated at its standard rates for the work performed in connection with this report. My hourly rate for the matter is $1,075.00, and the hourly rate of Diva Bole, an associate who assisted me on the matter, is $310.00. Potter Anderson's

compensation is not contingent on any aspect of the report or on the outcome of any issue in the case. A list of all other cases in which I have testified as an expert at an evidentiary hearing or by deposition within the last four years is attached as Exhibit B to this report.

## II. SCOPE OF ENGAGEMENT

I have been retained by counsel for James J. Cotter, Jr. ("JJC") to opine on certain issues involved in the above-captioned proceeding. Specifically, I have been asked to opine regarding the following: (i) the conduct of Margaret Cotter ("MC"), Ellen Cotter ("EC"), Guy Adams ("Adams"), Edward Kane ("Kane"), Douglas McEachern ("McEachern"), Judy Codding ("Codding"), and Michael Wrotniak ("Wrotniak" and, together with MC, EC, Adams, Kane, McEachern, and Codding, the "Defendants"), in so far as they were directors at the time, regarding the process used in terminating JJC from his position as President and CEO; (ii) the conduct of the Defendants in creating and acting through an Executive Committee comprised of EC, MC, Kane, and Adams; (iii) the conduct of the Defendants regarding the process used to appoint EC as President and CEO and to appoint MC as Executive Vice President-Real Estate Management and Development-NYC ("EVP-RED-NYC") and the award of revised compensation to EC, MC, and Adams; and (iv) the response of the Defendants to an offer from a third party to purchase all of the outstanding shares of the Company's stock (the "Offer").

## III. SUMMARY OF OPINIONS

Based on the facts as I understand them, it is my opinion that a court applying Delaware law[1] would conclude the following:

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[1] It is my understanding that Nevada courts look to Delaware case law when there is no Nevada statutory or case law on point for an issue of corporate law. *See, e.g. Brown v. Kinross Gold U.S.A., Inc.*, 531 F. Supp. 2d 1234, 1245 (D. Nev. 2008) ("Because the Nevada Supreme Court frequently looks to the Delaware Supreme Court and the Delaware Courts of Chancery as persuasive authorities on questions of corporation law, this Court often looks to those sources to predict how the Nevada Supreme Court would decide the question."); *Hilton Hotels Corp. v. ITT Corp.*, 978 F. Supp. 1342, 1346 (D. Nev. 1997) ("Where, as here, there is no Nevada statutory or case law on point for an issue of corporate law, this Court finds persuasive authority in Delaware case law."); *Cohen v. Mirage Resorts, Inc.*, 62 P.3d

**EC and MC Are Purportedly Controlling Stockholders and Interested in the Challenged Acts**

Under Delaware law, a majority stockholder is a controlling stockholder.[169] EC and MC purportedly control 70% of the voting stock of the Company.[170] A Delaware Court would likely consider EC and MC to be controlling stockholders.[171]

An interest, as it relates to the duty of loyalty and as it is defined by Delaware law, will be deemed to exist in two circumstances:

> The first is when (1) a director personally receives a benefit (or suffers a detriment), (2) as a result of, or from, the challenged transaction, (3) which is not generally shared with (or suffered by) the other shareholders of his corporation, and (4) that benefit (or detriment) is of such subjective material significance to that particular director that it is reasonable to question whether that director objectively considered the advisability of the challenged transaction to the corporation and its shareholders. The second instance is when a director stands on both sides of the challenged transaction. *See* 8 *Del.C.* § 144. This latter situation frequently involves the first three elements listed above. As for the fourth element, whenever a director stands on both sides of the challenged transaction he is deemed interested and allegations of materiality have not been required.[172]

EC and MC each benefited from the challenged actions. Based on the facts as alleged in the complaint, EC was able to become CEO after her brother was removed from office, which provided her with a substantial compensation package[173] and MC was appointed EVP-RED-NYC, which her brother had opposed as CEO, and was given an additional $200,000.[174] They attempted to use JJC's position as President and CEO as leverage in negotiations regarding the

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[169] *In re Crimson Exploration Inc. S'Holder Litig.*, 2014 WL 5449419, at *10 (Del. Ch. Oct. 24, 2014).

[170] See Form DEF 14A filed by the Company with the SEC, 7 (May 18, 2016).

[171] *See, e.g. In re Ezcorp Inc. Consulting Agreement Derivative Litig.*, 2016 WL 301245, at *1 (describing a defendant who owned all of the corporation's voting stock through separate entities as a controlling stockholder).

[172] *Orman v. Cullman*, 794 A.2d at 25 n.50.

[173] Adams, 117.

[174] Kane, 477.

(iii) If a finder of fact finds that the appointment of EC and MC to their respective current positions and the revised compensation and bonuses that they and Adams were given was not approved by an independent and disinterested majority, then entire fairness would apply and the Defendants, as controlling stockholders or those who acquiesced to the wishes of controlling stockholders, would be liable for a breach of loyalty if the finder of fact finds that the process used to grant the compensation and bonuses was not entirely fair; and

(iv) If a finder of fact finds that the Board's rejection of the Offer was not the product of an independent and disinterested majority, and was born out of the desire to keep EC and MC, the controlling stockholders, in office, then the rejection out of hand intentionally breached the duty of loyalty.

Myron T. Steele

Dated this 25th day of August 2016.





RDI-A05373

# EXHIBIT A

## EDUCATION

B.A. Foreign Affairs, University of Virginia, 1967
J.D., University of Virginia Law School, 1970
LLM, University of Virginia, 2005
Hon. D. L.D., University of Delaware, 2014

## BAR ADMISSIONS

Admitted to Virginia & Delaware Bars, 1970
Admitted to practice in U.S. District Court, January 19, 1973
Admitted as Member of the Bar of the U.S. Supreme Court, June 4, 2007
Admitted to practice in the Court of Appeals, District of Washington DC, July 2, 2015

## PROFESSIONAL EXPERIENCE

Partner, Potter Anderson & Corroon LLP, Jan. 15, 2014 – Present;
Chief Justice of the Delaware Supreme Court, May 2004 – November 2013;
Justice of the Delaware Supreme Court, July 2000 – May 2004;
Vice-Chancellor of the Delaware Court of Chancery, May 1994 – July 2000;
Resident Judge of the Delaware Superior Court, Kent County, November 1990 – May 1994;
Judge of the Delaware Superior Court, Kent County, May 1988 – November 1990
(appointed by Gov. Castle);
Prickett, Jones, Elliott, Kristol & Schnee, 1970; Dover - Resident Partner, 1973 – 1988;
Deputy Attorney General, DE. 1971 – 1972;
Delaware Senate Attorney, 1974;
Chairman, Consumer Affairs Board of DE, 1974 – 1988;
Member, Supreme Court Board on Professional Responsibility - 1974 –1986;
Member, Governor's Sentencing Reform Commission;
Former President, Kent County Bar Association;
Former Vice President, Delaware State Bar Association;
Member, Court Consolidation Committee (appointed by Senate), 1986;
Member, Sentencing Accountability Commission (appointed by Chief Justice), 1989-1994;
Member, Drug Abuse Coordinating Council;
Member, Commission on Delaware Courts 2000;
Member, Judicial Conference Committee on Federal-State Jurisdiction
(appointed by United States Supreme Court Chief Justice Roberts, 2006-2012);
Col., Ret., DE Army National Guard - Staff Judge Advocate, 261st Signal Command;
Inspector General, 1993 – 1996;
Chairman, Central Delaware Health Care Corp. (Bayhealth), 1988-1993, Board, 1986-1995;
Judicial Advisor and Member of ABA Business Law Section and its Mergers & Acquisitions Committee, 2002-2014;
Past President, Kiwanis Club of Dover; English Speaking Union;
Past Board Member, Children's Bureau;
Terry-Carey, American Inns of Court, Past President, Master, Member of the Board;
Associate Member of American Board of Trial Advocates;



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Conference of Chief Justices, Board Liaison to the Government Affairs Committee;
National Center for State Courts, Member of Lawyers Committee;
Board Member of NACD Battlefield to Boardroom, Bayhealth Foundation; NACD Black Rock; Delaware Historical Society; Enlight Advisory Board; Director P.R.I.M.E. Finance; and current Advisory Board Chair of the University of Delaware Business School Weinberg Center of Corporate Governance;
Member of ABA Subcommittee on Private Equity M&A;
Member of The Oxford Mid Atlantic Council, Oxford University Centre for Corporate Reputation (finance and law professors from the University of Oxford together with a number of senior financial market participants);
Trustee, American College of Corporate Governance Counsel (equivalent to the American College of Trial Attorneys) with only 50 attorneys, academics and judges elected to membership nationwide.
Appointment by the Conference of Chief Justices (CCJ) Professionalism Committee to a Working Group Task Force on Foreign Lawyers (February 2016).

## HONORS

The Citadel School of Business Hall of Fame 2015 recipient.

NACD, The National Association of Corporate Directors, Governance Fellow and 2014 Hall of Fame recipient.

Kent County Levy Court Medal for Meritorious Service.

U.S. Chamber Institute for Legal Reform 2012 Judicial Achievement Award.

Past President of the Conference of Chief Justices (CCJ) and Chair of the National Center for State Courts (NCSC) Board of Directors for 2012-2013

Worldwide Registry inclusion in 2014-2015 Edition of Executives, Professionals and Entrepreneurs.

Ranked as second in its list of "the 100 Most Influential People in Business Ethics for 2007" by Ethisphere Magazine.

Ranked as one of the 100 most influential people in corporate governance in the United States by The Directorship Magazine.

Lawdragon Magazine has consistently placed him among its annual Lawdragon 500 "Leading Lawyers in America" and "Top Judges in America."

Co-Chair on the ABA Joint Task Force on M&A Litigation



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## PROFESSIONAL ACTIVITIES

Kellogg Corporate Governance Conference (May 2016)
Interactive Conversation with Neil S. Novich, former chairman and CEO, Ryerson, Inc.:
- *The Changing Landscape of Corporate Governance and Its Impact on Directors*

New York County Lawyers' Association, Center for Corporate Governance (May 2016)
Panel Member: *Important Recent Cases and Upcoming Issues*

The Citadel Directors' Institute, Charleston, South Carolina (April 2016)
Panel Moderator: *Recent Developments for Directors and their Advisors in Breaches of Fiduciary Duty Concerning M&A Scenarios*

American Bar Association, Business Law Section, "In the Know" Webinar Program (April 2016)
Panel Member: *Aiding and Abetting Liability in Mergers and Acquisitions*

John L. Weinberg Center for Corporate Governance 2016 Corporate Governance Symposium (March 2016)
Discussant: *Who Controls Corporate Charters? Shareholder Activism and Corporate Charter Amendments*

Tulane's 28th Annual Corporate Law Institute (March 2016)
Panel Member: *Dealmaking with Alternative Entities*

Contemporary Club of Albemarle (March 2016)
Keynote Speaker: *Federalism*

Practising Law Institute's Corporate Governance – A Master Class 2016 (February 2016)
Opening Keynote Address

Securities and Business Law Conference, Dallas, Texas (February 2016)
Panel Member:
- *Fiduciary Duties of Governing Persons to the Business' Equity Holders*
- *Fiduciary Duties of Governing Persons, Mainly in the Context of Mergers & Acquisitions*

Northwestern Law Securities Regulation Institute, Coronado, California (January 2016)
Panel: *Ethics in the Transactional Setting*

22nd Annual Distressed Investing Conference, New York City (November 2015)
Ethics Panel

International Law Conference 2015, Athens, Greece (June 2015)
Opening Keynote Address
Panel: *Business Formation, Start-Up, Operation and Regulation*



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Annual International Mergers & Acquisition Conference, New York (June 2015)
Panel: *View from the Bench*

Citadel Directors Institute (CDI), Charleston, South Carolina (May 2015)
Panel Moderator:
- *Expansion of Aiding and Abetting Breaches of Fiduciary Duty – a Warning to Directors and their Advisors in M&A Scenarios*

Panel Member:
- *New Developments in Corporate Governance*

27th Tulane Corporate Law Institute (March 2015)
Panels: *Delaware Developments* and *"Getting to Closing"*

37th Annual Conference on Securities Regulation and Business Law, Texas (February 2015)
Panel: *How Recent Fiduciary Duty Cases Affect Advice to Directors and Officers of Delaware and Texas Corporations*

Company Law Symposium, South Africa (August 2014)
Keynote:
- *Takeovers and Mergers Including Poison Pills and What can be done in Contracts in Anticipation of Takeovers and Mergers*
- *The Business Judgment Rule and Directors' Conflicts of Interest*
- *Business Rescue*

Panel: *Trends in Company Law*

Citadel Directors' Institute, Charleston, South Carolina (May 2014)
Opening Keynote and Panel Moderator:
- *What is the Board's Role in M&A Acquisition, JV's and MBO's?*

The Quorum Club, Toronto – Keynote Dinner Speaker (October 2014)

New England M&A Forum Guest Speaker (December 2014)

Delaware Trial Lawyers Ethics Seminar Guest Speaker (December 2014)

AAJ Securities and Financial Fraud Litigation Group Roundtable Meeting, New York – Panel Member (December 2014)

Frequent Panelist and Keynote Speaker for American Bar Association; New York City Bar; Duke Business Law Society; Executive Compensation Conference (The Conference Board); Virginia Law & Business Symposium (Virginia Law School); Corporate Directors Forum; Northwestern Law; Federal Securities Institute; Annual Conference on Securities Regulation & Business Law (University of Texas School of Law); Annual Albert DeStefano Lecture (Fordham Corporate Law Center); Corporate Governance Forum; Delaware Trust Conference; University of Texas Mergers & Acquisitions Institute; IBA



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Annual Conference; Delaware Business Law Forum; Society of Corporate Secretaries & Governance Professionals Delaware Law Issues Update Conference; New England Mergers & Acquisitions Forum.

## PUBLICATIONS

"Delaware Insider: Singh v. Attenborough: Delaware Supreme Court Slams Door Shut on Aiding and Abetting Claims against Board Advisors" (with Christopher N. Kelly), *Business Law Today* (August 2016).

"Appointment of Independent Directors on the Eve of Bankruptcy: Why the Growing Trend?" *Examining Delaware Corporate Governance Through the Nebulous Zone of Insolvency Lens and Delaware ABO Related Issues in the Bankruptcy Court* (April 10, 2014).

"The Moral Underpinning of Delaware's Modern Corporate Fiduciary Duties" (with Ryan Scofield and Jonathan Urick), 26 *Notre Dame J.L. Ethics & Pub. Pol'y* 3 (2012).

"Freedom of Contract and Default Contractual Duties in Delaware Limited Partnerships and Limited Liability Companies" (with John Allen Eakins), 46 *Am. Bus. L.J.* 221 (2009).

"Delaware's Guidance: Ensuring Equity for the Modern Witenagemot" (with J.W. Verret), 2 *Va. L. & Bus. Rev. 188* (2007).

"Judicial Scrutiny of Fiduciary Duties in Delaware Limited Partnerships and Limited Liability Companies," 32 *Del. J. Corp. L.* 1 (2007).

"On Corporate Law Federalism: Threatening the Thaumatrope" (with Sean J. Griffith), 61 *Bus. Law.* 1 (2005).

"Delaware's Closed Door Arbitration: What the Future Holds for Large Business Disputes and How it Will Affect M&A Deals," Panelist: Chief Justice Myron T. Steele, et al., *The Journal of Business Entrepreneurship & The Law, Pepperdine University School of Law*, Volume VI, Number II (October 30, 2012).

"Realigning the Constitutional Pendulum" (with Peter I. Tsoflias), *Albany Law Review*, Volume 77, Number 4 (2013/2014).

## TEACHING EXPERIENCE

University of Pennsylvania Law School, Adjunct Professor of Law
University of Virginia Law School, Adjunct Professor of Law
Pepperdine University Law School, Adjunct Professor of Law

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# EXHIBIT B

Before the Securities and Exchange Commission of the United States of America in the Matter of Christopher M. Gibson (No. 3-17184).

IN THE ROYAL COURT OF GUERNSEY, ORDINARY DIVISION, Civil Action 1510: CARLYLE CAPITAL CORPORATION LIMITED (IN LIQUIDATION); ALAN JOHN ROBERTS, NEIL MATHER, CHRISTOPHER MORRIS, ADRIAN JOHN DENIS RABET, solely in their capacity as Joint Liquidators of Carlyle Capital Corporation Limited (In Liquidation) v. WILLIAM ELIAS CONWAY JR; JAMES H. HANCE JR; JOHN CRUMPTON STOMBER; MICHAEL J. ZUPON; ROBERT BARCLAY ALLARDICE III; HARVEY JAY SARLES; JOHN LEONARD LOVERIDGE; CARLYLE INVESTMENT MANAGEMENT LLC; TC GROUP LLC; TCG HOLDINGS LLC

Commonwealth of Massachusetts, Superior Court Department of the Trial Court, C.A. No. 09-3772-BLSI: J. Brent Finnegan and Kenneth F. Phillips for themselves and in the right and for the benefit of VBENX Corporation and Karen W. Finnegan in the rights and for the benefit of VBENX Corporation, and not individually v. Richard Baker, Peter Marcia, Walter Smith and D. Michael Sherman.

The Eastern Caribbean Supreme Court in the High Court of Justice British Virgin Islands Commercial Division, BVI HC (Com) Claim No. 17 OF 2015: In the Matter of Integrated Whale Media Investment Inc. and in the Matter of a Statutory Demand Dated 30 January 2015 and in the Matter of the Insolvency Act 2003 between Integrated Whale Media Investment, Inc. and Highlander Management LLC.

Honorable Seventh Regional Courtroom, of the Federal Court on Tax and Administrative Justice, File 10582/14-17-07-7: Plenus, S.A. DE C.V.

State of Minnesota, County of Hennepin District Court Fourth Judicial District, Court File No. 27-CV-14-3461: SpartanNash Company, f/k/a Spartan Stores, Inc. and Nash-Finch Company v. Robert B. Dimond, AB Acquisition LLC, Albertson's LLC, AB Management Services Corp., and New Albertson's Inc.

In the High Court of Justice Queen's Bench Division Commercial Court, Claim No. 2014-90: Lord Michael Cecil, Stuart Bentham and Steptoe & Johnson (A firm).

Superior Court of the State of California, County of San Diego, Case No. 37-2013-00050879-CU-GT-CTL: Laborers' Local #231 Pension Fund, Individually and on Behalf of All Others Similarly Situated v. Websense, Inc.; Vista Equity Partners; Tomahawk Acquisitions, LLC; Tomahawk Merger Sub, Inc.; John McCormack; John B. Carrington; Charles M. Boesenberg; Bruce T. Coleman; John F. Schaefer; Mark S. St. Clare; Gary E. Sutton; Peter C. Waller; and DOES 1-25, inclusive.

Juicio: Ordinario Mercantil, Expediente 456/2015, Juez Vigesimo tercero de lo Civil en el Distrito Federal: Omnilife de Mexico S.A. de C.V., Grupo Omnilife S.A. de C.V. y Otros v. Angelica Fuentes Tellez.

**IN THE SUPREME COURT OF THE STATE OF NEVADA**

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

Appellant,

v.

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

Respondents

Electronically Filed
May 31 2019 07:12 p.m.
Elizabeth A. Brown
Clerk of Supreme Court

Supreme Court Case No.: 75053

Dist. Court Case No.: A-15-719860-B

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

VOLUME III

# APPELLANT READING INTERNATIONAL, INC.'S APPENDIX VOLUME III of VIII FOR CASE 77733 (PAGES RDI-A04914 to RDI-A5978)

Tami D. Cowden, Esq.
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Mark E. Ferrario, Esq.
Nevada bar No. 1625
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Docket 75053 Document 2019-23832

| VOL. | PAGES | DATE | DOCUMENT | FILED UNDER SEAL |
|---|---|---|---|---|
| I | RDI-A00001-32 | 6/12/2015 | Complaint (Business Court) | |
| I | RDI-A00033-64 | 8/3/2015 | Plaintiff's Motion to Expedite Discovery and Set a Hearing on Motion for Preliminary Injunction on Order Shortening Time | |
| I | RDI-A00065-68 | 8/20/2015 | Order Granting Plaintiffs-In-Intervention Motion to Intervene | |
| I | RDI-A00069-86 | 8/28/2015 | Verified Shareholder Derivative Complaint | |
| I | RDI-A00087-136 | 10/22/2015 | Plaintiff James J. Cotter, Jr.'s First Amended Verified Complaint | |
| I | RDI-A00137-153 | 10/23/2015 | Stipulated Confidentiality and Protective Order | |
| I | RDI-A00154-182 | 11/6/2015 | Transcript of Proceedings: Mandatory Rule 16 Conference and Hearing on Motions October 29, 2015 | |
| I | RDI-A00183-204 | 3/14/2016 | Cotter Defendants answer to JJC First Amended Complaint | |
| I | RDI-A00205-226 | 3/29/2016 | Reading International, Inc.'s Answer to James Cotter, Jr.'s First Amended Complaint | |
| I | RDI-A00227-250 | 4/5/2016 | Judy Codding and Michael Wrotniak's Answer to First Amended Complaint | |
| I | RDI-A00251-278 | 6/3/2016 | Transcript of Hearing on May 26, 2016 re T2's Motion for Preliminary Injunction | |
| I | RDI-A00279-371 | 7/12/2016 | Joint Motion for Preliminary Approval of Settlement, Notice to Stockholders and Scheduling of Settlement Hearing on Order Shortening Time | |
| I | RDI-A00372-401 | 8/3/2016 | Transcript of Proceedings: Hearing on July 28, 2016 re Motion for Preliminary Approval of Settlement and Plaintiff's Motion to Compel (filed 8/3/2016) | |
| I | RDI-A00402-405 | 8/4/2016 | Order Granting Preliminary Approval of Derivative Claim Settlement | |
| I | RDI-A00406-436 | 8/8/2016 | James J. Cotter, Jr.'s Motion to Vacate and Reset Pending Dates and to Reopen Discovery on Order Shortening Time | |
| I | RDI-A00437-450 | 8/17/2016 | Transcript of Proceedings: Hearing on Plaintiff's Motion to Vacate Pending Dates/Reopen Discovery August 12, 2016 | |
| I | RDI-A00451-473 | 8/24/2016 | James J. Cotter, Jr.'s Motion to Permit Certain Discovery Concerning the Recent "Offer" on Order Shortening Time | |
| I | RDI-A00474-477 | 8/29/2016 | Declaration of Whitney Tilson | |
| I | RDI-A00478-481 | 8/29/2016 | Declaration of Jon Glaser | |
| I | RDI-A00482-538 | 9/2/2016 | Second Amended Complaint | |
| I & II | RDI-A00539-1211 | 9/23/2016 | Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims | |
| II | RDI-A01212-2024 | 9/23/2016 | Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims (Non- Public) | Filed Under Seal |
| II | RDI-A02025-2297 | 9/23/2016 | Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: The Issue of Director Independence | |
| II | RDI-A02298-2707 | 9/23/2016 | Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: The Issue of Director Independence (Non-Public) | Filed Under Seal |
| II | RDI-A02708-2801 | 9/23/2016 | Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer | |

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| II | RDI-A02802-3039 | 9/23/2016 | Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer (Non-Public) | Filed Under Seal |
| II | RDI-A03040-3070 | 9/23/2016 | Declaration of Ellen Cotter in Support of the Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer | |
| II | RDI-A3071-3134 | 9/23/2016 | Declaration of Ellen Cotter in Support of the Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer (Non-Public) | Filed Under Seal |
| II | RDI-A03135-3240 | 9/23/2016 | Individual Defendants' Motion for Partial Summary Judgment (No. 4) on Plaintiff's Claims Related to the Executive Committee | |
| II | RDI-A03241-3351 | 9/23/2016 | Individual Defendants' Motion for Partial Summary Judgment (No. 4) on Plaintiff's Claims Related to the Executive Committee (Non-Public) | Filed Under Seal |
| II | RDI-A03352-3522 | 9/23/2016 | Individual Defendants Motion For Partial Summary Judgment (No. 5) On Plaintiffs Claims Related To The Appointment Of Ellen Cotter As CEO | |
| II | RDI-A03523-3785 | 9/23/2016 | Individual Defendants Motion For Partial Summary Judgment (No. 5) On Plaintiffs Claims Related To The Appointment Of Ellen Cotter As CEO (Non-Public) | Filed Under Seal |
| II | RDI-A03786-4261 | 9/23/2016 | Individual Defendants' Motion for Partial Summary Judgment (No. 6) Re Plaintiff's Claims Related to the Estate's Option Exercise. the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams | |
| II | RDI-A04262-4792 | 9/23/2016 | Individual Defendants' Motion for Partial Summary Judgment (No. 6) Re Plaintiff's Claims Related to the Estate's Option Exercise. the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams (Non-Public) | Filed Under Seal |
| II & III | RDI-A04793-5617 | 9/23/2016 | Defendant William Gould's Motion for Summary Judgment | |
| III | RDI-A05618-5978 | 9/23/2016 | Plaintiff James Cotter, Jr.'s Motion for Partial Summary Judgment | |
| IV | RDI-A05979-6036 | 9/27/2016 | Sealed Exhibits 15, 17, 18, 21, 22, 23, 24, 25, 26, 29, 30 to Plaintiff James Cotter, Jr.'s Motion for Partial Summary Judgment | Filed Under Seal |
| IV | RDI-A06037-6047 | 10/3/2016 | Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 1 Re Plaintiff's Termination and Reinstatement Claims | |
| IV | RDI-A06048-6069 | 10/3/2016 | Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 2 on the Issue of Director Independence | |
| IV | RDI-A06070-6076 | 10/3/2016 | Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Partial Summary Judgment No. 3 Re the Purported Unsolicited Offer | |
| IV | RDI-A06077-6129 | 10/3/2016 | Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 4 Re Plaintiff's Claims Related to The Executive Committee | |
| IV | RDI-A06130-6135 | 10/3/2016 | Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 5 Re Plaintiff's Claims Related to the Appointment of Ellen Cotter as CEO | |

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| IV | RDI-A06136-6144 | 10/3/2016 | Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Partial Summary Judgment No. 6, Re Plaintiff's Claims Related to the Estate's Option Exercise, the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams | |
| IV | RDI-A06145-6165 | 10/10/2016 | Cotter, Jr.'s Motion to Vacate and Reset Pending Dates and to Reopen Discovery on Shortened Time (Fourth Request) | |
| IV | RDI-A06166-6197 | 10/13/2016 | Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 1) Re Plaintiff's Termination and Reinstatement Claims | |
| IV | RDI-A06197-6366 | 10/13/2016 | Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 1) | |
| IV | RDI-A06367-6554 | 10/13/2016 | Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims (Exs. 3, 5, 6, 9, 19, 24, 25 and 29 Filed Under Seal) | Filed Under Seal |
| IV | RDI-A06555-6582 | 10/13/2016 | Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: The Issue of Director Independence | |
| IV | RDI-A06583-6728 | 10/13/2016 | Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 2) | |
| IV | RDI-A06729-6907 | 10/13/2016 | Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 2) Re: The Issue Of Director Independence (Exhibits 4 And 19 Filed Under Seal) | Filed Under Seal |
| IV | RDI-A06908-6939 | 10/13/2016 | Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer (and Gould Joinder) | |
| IV | RDI-A06940-6988 | 10/13/2016 | Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 3) | |
| IV | RDI-A06989-7236 | 10/13/2016 | Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 3) On Plaintiff's Claims Related To The Purported Unsolicited Off (And Gould Joinder) (Exhibits 3, 4, 5, 8, 10, 12, 13, and 14 filed under seal) | Filed Under Seal |
| IV | RDI-A07237-7270 | 10/13/2016 | Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 4) on Plaintiff's Claims Related to the Executive Committee | |
| IV & V | RDI-A07271-7502 | 10/13/2016 | Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 4) | |
| V | RDI-A07503-7761 | 10/13/2016 | Appendix Of Exhibits In Support Of Plaintiff James J. Cotter, Jr.'S Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 4) On Plaintiff's Claims Related To The Executive Committee (Exhibits 7, 17 and 18 filed under seal) | Filed Under Seal |

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|---|---|---|---|---|
| V | RDI-A07762-7798 | 10/13/2016 | Cotter, Jr.'s Opposition to Individual Defendants' Motion for Partial Summary Judgment (No. 5) on Plaintiff's Claims Related to the Appointment of Ellen Cotter as CEO | |
| V | RDI-A07799-7928 | 10/13/2016 | Appendix of Exhibits In Support of Plaintiff James J. Cotter, Jr.'s Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 5) | |
| V | RDI-A07929-8126 | 10/13/2016 | Appendix of Exhibits In Support of Plaintiff James J. Cotter, Jr.'s Opposition To Individual Defendants' Motion For Partial Summary Judgment (No. 5) On Plaintiff's Claims Related To The Appointment Of Ellen Cotter As CEO (Exhibits 3, 4, 7, 8, 10, 12, 13, 14, 16 and 19 filed under seal) | Filed Under Seal |
| V | RDI-A08127-8163 | 10/13/2016 | Cotter, Jr.'s Opposition to William Gould's Motion for Partial Summary Judgment | |
| V | RDI-A08164-8223 | 10/13/2016 | Appendix of Exhibits In Support of Cotter, Jr.'s Opposition To Defendant Gould's Motion For Summary Judgment | |
| V | RDI-A08224-8308 | 10/13/2016 | Appendix of Exhibits In Support of Cotter, Jr.'s Opposition To Defendant Gould's Motion For Summary Judgment (Exhibits 2, 7, 9 and 12 filed under seal) | Filed Under Seal |
| V | RDI-A08309-8323 | 10/21/2016 | Order Granting Settlement with T2 Plaintiffs and Final Judgment with Exhibit 1 attached | |
| V | RDI-A08324-8332 | 10/24/2016 | Transcript of Proceedings: Pretrial and Scheduling conference October 21, 2016 (filed 10/24/2016) | |
| V | RDI-A08333-8378 | 10/25/2016 | Cotter, Jr.'s Reply in Support of Motion for Partial Summary Judgment | |
| V | RDI-A08379-8390 | 10/26/2016 | Individual Defendant's Objections to the declaration of James J. Cotter, Jr. Submitted in Opposition to all individual defendant's motions for partial summary judgment | |
| V | RDI-A08391-8545 | 11/1/2016 | Transcript of Proceedings: Hearing on Motions October 27, 2016 | |
| V | RDI-A08546-8557 | 11/4/2016 | Plaintiff James J. Cotter, Jr,'s Motion to Reconsider the Court's Order Approving the Settlement and Dismissal of the T2 Complaint | |
| V | RDI-A08558-8562 | 11/23/2016 | Reading International, Inc.'s Status Report Re: Discovery | |
| V | RDI-A08563-8592 | 11/23/2016 | Cotter RDI November 2016 Status Report | |
| VI | RDI-A08593-8603 | 12/7/2016 | Transcript of Proceedings: Status Check Re Resetting of Trial Date December 1, 2016 | |
| VI | RDI-A08604-8629 | 12/20/2016 | Reading International, Inc.'s Answer to Second Amended Complaint | |
| VI | RDI-A08630-8633 | 12/21/2016 | Order Regarding Defendants' Motions for Partial Summary Judgment Nos. 1-6 and Motion in Limine to Exclude Expert Testimony | |
| VI | RDI-A08634-8652 | 1/6/2017 | Transcript of Proceedings - Status Check on 12.22.16 | |
| VI | RDI-A08653-8663 | 6/14/2017 | Transcript of Proceedings: Status Check June 5 2017 | |
| VI | RDI-A08664-8667 | 10/4/2017 | First Amended Order Setting Civil Jury Trial, Pre-Trial Conference And Calendar Call | |
| VI | RDI-A08668-8729 | 10/27/2017 | Opposition of Plaintiff James J. Cotter, Jr. to Motion for Evidentiary Hearing Regarding James Cotter, Jr.'s Adequacy as Derivative Plaintiff | |

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| VI | RDI-A08730-8773 | 11/9/2017 | Defendants Margaret Cotter Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Codding, Michael Wrotniak's Supplement to Motions for Partial Summary Judgment Nos. 1, 2, 3, 5 and 6 | |
| VI | RDI-A08774-8796 | 11/9/2017 | Cotter, Jr.'s Motion in Limine No. 2 Regarding the Submission of Merits-Related Evidence by Nominal Defendant Reading International, Inc. | |
| VI | RDI-A08797-8799 | 11/21/2017 | Reading International, Inc.'s Joinder to Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, Edward Kane, Judy Coddings & Michael Wrotniak's Supplement to Motions for Partial Summary Judgment Nos. 1, 2, 3, 5 & 6 | |
| VI | RDI-A08800-8829 | 11/28/2017 | Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Codding, Michael Wrotniak's Answer to Plaintiffs Second Amended Complaint | |
| VI | RDI-A08830-8843 | 12/1/2017 | Supplemental Opposition to Motion for Summary Judgment Nos. 1 and 2 and Gould Motion for Summary Judgment | |
| VI | RDI-A08844-8854 | 12/1/2017 | Declaration of Akke Levin in Support of Supplemental Opposition to Motions for Summary Judgment Nos. 1 and 2 and Gould Summary Judgment Motion | |
| VI | RDI-A08855-8875 | 12/1/2017 | Plaintiff James J. Cotter Jr.'s Supplemental Opposition to So Called Summary Judgment Motion Nos. 2 & 3 and Gould Summary Judgment Motion | |
| VI | RDI-A08876-8897 | 12//17 | Plaintiff James J. Cotter Jr.'s Supplemental Opposition to So Called Summary Judgment Motion Nos. 2 & 3 and Gould Summary Judgment Motion (Non-Public | Filed Under Seal |
| VI | RDI-A08898-9086 | 12/1/2017 | Declaration of Akke Levin In Support of Plaintiff James J. Cotter Jr.'s Supplemental Opposition to So-Called Summary Judgment Motion Nos. 2 & 3 and Gould Summary Judgment Motion | |
| VI | RDI-A09087-9221 | 12/1/2017 | Exhibits 3 through 6, 8, 9, 11 and 12 to Plaintiff James J. Cotter Jr.'s Supplemental Opposition to So-Called Summary Judgment Motion Nos. 2 & 3 and Gould Summary Judgment Motion | Filed Under Seal |
| VI | RDI-A09222-9237 | 12/1/2017 | Plaintiff James J. Cotter Jr.'s Supplemental Opposition to Summary Judgment Motion Nos. 2 and 5 and Gould Summary Judgement Motion | |
| VI | RDI-A09238-9356 | 12/1/2017 | Declaration of Akke Levin In Support of Plaintiff James J. Cotter Jr.'s Supplemental Opposition to Summary Judgment Motion Nos. 2 and 5 and Gould Summary Judgement Motion | |
| VI | RDI-A09356-9421 | 12/1/2017 | Exhibits 7-11, 15-17 to Appendix to Plaitniff's Supplemental Opposition to Summary Judgment Nos. 2 and 5 and Gould Summary Judgment Motion | Filed Under Seal |
| VI | RDI-A09422-9433 | 12/1/2017 | Plaintiff James J. Cotter Jr.'s Supplemental Opposition to Summary Judgment Motion Nos. 2 and 6 and Gould Summary Judgment Motion | |
| VI | RDI-A09433-9468 | 12/1/2017 | Declaration of Akke Levin in Support of Plaintiff James J. Cotter Jr.'s Supplemental Opposition to Summary Judgment Motion Nos. 2 and 6 and Gould Summary Judgment Motion | |
| VI | RDI-A09469-9500 | 12/1/2017 | Exhibits 4-11 to Appendix to Plaintiff James J. Cotter Jr.'s Supplemental Opposition to Summary Judgment Motion Nos. 2 and 6 and Gould Summary Judgment Motion | Filed Under Seal |

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|---|---|---|---|---|
| VI | RDI-A09501-9528 | 12/4/2017 | Reply in Support of the Individual Defendants' Renewed Motions for Partial Summary Judgment Nos. 1 and 2 - Public | |
| VII | RDI-A09529-9537 | 12/4/2017 | Reply in Support of Supplemental Motions for Summary Judgment Nos. 2 and 3 | |
| VII | RDI-A09538-9546 | 12/4/2017 | Reply in Support of the Individual Defendants Renewed Motions for Partial Summary Judgment Nos. 2 and 5 | |
| VII | RDI-A09545-9554 | 12/4/2017 | Reply in Support of Supplemental Motions for Summary Judgment Nos. 2 and 6 | |
| VII | RDI-A09555-9562 | 12/4/2017 | Reply in Support of the Individual Defendants' Motion in Limine to Exclude Evidence that is more prejudicial than probative | |
| VII | RDI-A09563-9594 | 12/8/2017 | Joint Pretrial Memorandum | |
| VII | RDI-A09595-9601 | 12/28/2017 | Order Regarding Defendants' Motions for Partial Summary Judgment and Plaintiff's and Defendants' Motions in Limine | |
| VII | RDI-A09602-9609 | 1/2/2018 | The Individual Defendants' Opposition to Plaintiff's Motion for Rule 54(b) Certification and Stay | |
| VII | RDI-A09610-9612 | 1/4/2018 | Order Denying Plaintiff's Motion to Stay and Motion for Reconsideration | |
| VII | RDI-A09611-9615 | 1/4/2018 | Order Granting Plaintiffs Motion for Rule 54(b) Certification and Stay | |
| VII | RDI-A09616-9632; RDI-A0932A-9632K | 1/10/2018 | Sealed Transcript of Proceedings: Jury Trial Day One - 1.8.18 | Filed Under Seal |
| VII | RDI-A09633-9773 | 5/15/2018 | Defendant's Motion to Compel Plaintiff to Produce Communications Relating to Expert Fee Payments | |
| VII | RDI-A09774-9795 | 5/18/2018 | Plaintiff's Pre-Trial Memorandum | |
| VII | RDI-A09796-9843 | 5/18/2018 | Defendant's Pre-Trial Memorandum | |
| VII | RDI-A09844-9858 | 5/24/2018 | Transcript of Proceedings: Hearing on Defendants' Motion to Compel May 21, 2018 | |
| VII | RDI-A09859-9907 | 6/1/2018 | Ellen Cotter, Margaret Cotter, and Guy Adams Motion For Summary Judgment | |
| VII | RDI-A9908-9968 | 6/1/2018 | Sealed Exhibits to Ellen Cotter, Margaret Cotter, and Guy Adams Motion For Summary Judgment (Exhibits B, C, D, E, H, I) | Filed Under Seal |
| VII | RDI-A09969-10158 | 6/13/2018 | Plaintiff's Opposition to Ellen Cotter, Margaret Cotter, and Guy Adams' Motion for Summary Judgment on Ratification | |
| VII | RDI-A10159-10365 | 6/13/2018 | Plaintiff's Opposition to Ellen Cotter, Margaret Cotter, and Guy Adams' Motion for Summary Judgment on Ratification (Non-Public) | Filed Under Seal |
| VII | RDI-A10366-10408 | 6/13/2018 | Plaintiff's Opposition to Ellen Cotter, Margaret Cotter, and Guy Adams' Motion for Summary Judgment on Demand Futility | |
| VII | RDI-A10409-10464 | 6/13/2018 | Plaintiff's Opposition to Ellen Cotter, Margaret Cotter, and Guy Adams' Motion for Summary Judgment on Demand Futility (Non-Public) | Filed Under Seal |
| VII | RDI-A10465-10507 | 6/13/2018 | Sealed Exhibits 1 & 3 to Plaintiff's Opposition to Motion to Dismiss and Exhbits 15, 17-19 and 21 to Defendant's Motion for Summary Judgment (Demand Futility & Ratification Oppositions) | Filed Under Seal |
| VII | RDI-A10508-10541 | 6/15/2018 | Ellen Cotter, Margaret Cotter, and Guy Adams' Reply in Support of Motion for Summary Judgment | |
| VII | RDI-A10542-10552 | 8/14/2018 | Findings of Fact and Conclusions of Law | |
| VII | RDI-A10552A-10552N | 8/16/2018 | NOE Findings of Fact and Conclusions of Law | |

| | | | | |
|---|---|---|---|---|
| VIII | RDI-A10553-10558 | 9/4/2018 | Stipulation and Order Relating to Process for Filing Motion for Attorneys' Fees | |
| VIII | RDI-A10559-10641 | 9/7/2018 | Reading International, Inc.'s Motion for Attorneys' Fees | |
| VIII | RDI-A10642-10647 | 9/12/2018 | Reading s International, Inc.'s Motion for Judgment in its Favor | |
| VIII | RDI-A10647A-10647C | 9/17/2018 | Defendants' Joinder to Reading International, Inc.'s Motion for Attorneys Fees | |
| VIII | RDI-A10648-10707 | 9/27/2018 | Plaintiff's Opposition to Motion for Attorneys Fees | |
| VIII | RDI-A10708-10720 | 10/1/2018 | Cotter Jr.'s Opposition to Reading International, Inc's Motion for Judgment in Its Favor | |
| VIII | RDI-A10721-10751 | 10/16/2018 | Reading International, Inc.'s Reply in Support of Motion for Attorneys' Fees | |
| VIII | RDI-A10752-10757 | 10/15/2018 | Reading International, Inc.'s Reply in Support of Motion for Judgment in Its Favor | |
| VIII | RDI-A10758-10774 | 10/24/2018 | Transcript of Proceedings: Hearing on Motions for Attorneys' Fees | |
| VIII | RDI-A10774A-10774E | 11/6/2018 | Order Granting in Part and Denying in Part Motion to Retax and Settle Costs, and Entering Judgment for Costs | |
| VIII | RDI-A10775-10778 | 11/16/2018 | Order Denying Reading International, Inc.'s Motion for Attorneys' Fees | |
| VIII | RDI-A10779-10782 | 11/16/2018 | Order Denying Reading International, Inc.'s Motion for Judgment in its Favor | |
| VIII | RDI-A10783-10790 | 11/20/2018 | Notice of Entry of Order Denying Reading International, Inc.'s Motion for Attorneys' Fees | |
| VIII | RDI-A10791-10798 | 11/20/2018 | Notice of entry of Order Denying Reading International, Inc.'s Motion for Judgment in its Favor | |
| VIII | RDI-A10799-10801 | 12/14/2018 | Notice of Appeal | |

## CERTIFICATE OF SERVICE

This is to certify that on May 31, 2019, a true and correct copy of the foregoing document, **APPELLANT READING INTERNATIONAL, INC.'S APPENDIX VOLUME I of VIII FOR CASE 77733,** was served by via this Court's e-filing system, on counsel of record for all parties to the action below in this matter, as follows:

*/s/ Andrea Lee Rosehill*
An employee of Greenberg Traurig, LLP

# EXHIBIT 10

**Wizelman, Marcia E.**

**Subject:** FW: Meeting Confirmations
**Attachments:** Jim Brooks KF Candidate Report.docx; Ken Cruse KF Candidate Report.docx; Fred Chin KF Candidate Report.docx; Dan Sheridan KF Candidate Report.docx; Nicholas Clayton KF Candidate Report.docx

**From:** Laura Batista [mailto:Laura.Batista@readingrdi.com]
**Sent:** Monday, November 02, 2015 12:36 PM
**To:** Ellen Cotter; Margaret Cotter; Gould, William D.; Doug McEachern (dmceachern@deloitteretired.com)
**Subject:** FW: Meeting Confirmations

Dear All:

Please see the message below along with the attachments.

Thank you,
Laura

**From:** Anjelica Zalin [mailto:Anjelica.Zalin@KornFerry.com]
**Sent:** Monday, November 2, 2015 12:29 PM
**To:** Laura Batista
**Subject:** Meeting Confirmations

Hi Laura,

Please see the following confirmations for Friday, November 13th. I will leave the exact end times up to the discretion of the board but wanted to leave enough of a passing period for the candidates/time for anyone to use the restroom or make a phone call.

8:30 to 9:45/10am – Jim Brooks ✓

10:30 to 11:45/12pm – Ken Cruse ✓

12:45 to 2/2:15pm – Fred Chin ✓

EXH 386
DATE 8-24-16
WIT Gould
PATRICIA HUBBARD

2:30 to 3:45/4pm – Dan Sheridan ✓

4:15 ~~to 5:30/5:45pm – Nick Clayton~~ ✓

Attached again are their candidate reports. Please let us know if you need anything else in the meantime.

Thank you,

**Anjelica Zalin**
Project Coordinator

KORN FERRY

1900 Avenue of the Stars
Suite 2600
Los Angeles CA 90067
USA

Tel: +1 (310) 226-6357
email: anjelica.zalin@kornferry.com
www.kornferry.com
Connect with me on LinkedIn

(1) Good guy – v by up.
(2) very corporate
(3) very good in the management & the real estate known.
(4) very talkative –

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Confidential Candidate Report on

# James R. Brooks

For the Position of

**Chief Executive Officer**

**Reading International, Inc.**

October 2015

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KORN FERRY

## EXECUTIVE EVALUATION

The following is an assessment of James R. Brooks as an executive candidate for the position of Chief Executive Officer at Reading International, Inc. The evaluation was prepared by Robert Mayes of Korn Ferry in Los Angeles.

## CONTACT INFORMATION

[redacted]

## EDUCATION

| | |
|---|---|
| 1990 | Columbia University; New York, New York<br>M.Sc., Real Estate Development<br>Verification Pending or Verified |
| 1979 | University of California; Los Angeles, California<br>B.Sc., Civil Engineering<br>Verification Pending or Verified |

## COMPENSATION

[redacted]



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RDI-A04918

## PROFESSIONAL AFFILIATIONS/CERTIFICATIONS

Others

- Former Chair, ULI Inland Empire Chapter.
- Member, ULI.

## CAREER DETAILS

2012 to Present
Topa Management Company
Los Angeles, California

Topa Management Company engaged in renting, buying, selling, managing, and appraising real estate for others.

President

Privately held owner and manager of three million square feet of commercial and multi-family real estate located through southern California and Hawaii supported by six (6) regional offices.

- Reporting to a Board of Directors, responsible for strategic planning, profit and loss, operations and investment decisions for a $100 million gross revenue portfolio.
- At the Board's request responsibilities expanded to manage affiliate company real estate requirements including development and leasing.
- Initiated a number of changes within first 18 months intended to focus the Company on maximizing value of its current core real estate portfolio and positioning for growth by exiting non-strategic business lines and right sizing head count:
  - Exited all third party commercial management business (Year 2012).
  - Exited (through a structured sale of the business) third party affordable housing management consisting 1,500 units and 75 employees (Year 2013).
  - Sold 600 units ($95 million in six transactions) of affordable / section eight housing completing a full exit

from the ownership of affordable housing (quarter first 2014).
  - Re-organized regional offices to better respond to market changes and customer needs.
  - Recruited key personnel including Chief Financial Officer, Asset Management and Development officers while reducing head count by 45 percent.
- Grew portfolio Net Profit by 15 percent (Year 2012 versus Year 2013).

2009 to 2012
Fifth Street Realty Partners Inc.
Los Angeles, California

Fifth Street Realty Partners Inc. owns and operates commercial and residential properties.

President and Chief Executive Officer

- Founded Fifth Street Realty Partners as a privately held investment and development management company engaged in making opportunistic real estate investments and select development / entitlement opportunities across all product types throughout the west coast including acquisition of performing and non-performing loans where opportunistic returns can be generated.
- Highlights include the off-market acquisition and financing of two (2) multi-family developments in joint venture partnership with Angelo Gordon & Co.

2006 to 2009

Urban Housing Group
Los Angeles, California

Urban Housing Group provides Community Housing Services. It operates as a subsidiary of Marcus & Millichap Inc.

President

Exclusively engaged in the development of apartment and mixed-use properties. Established Southern California office for Urban Housing Group including all requirements to successfully launch a start-up real estate regional office working closely with the Chairman and Chief Financial Officer

- Set strategic direction, prepared and presented annual and quarterly business plans to Board of Directors.
- Hired key personnel to establish construction, asset management and property management functions.
- Overall responsibility for identifying, analyzing, structuring and negotiating potential investment transactions, including sourcing joint venture partners, with follow-on management responsibility for entitlements, development, management, lease-up and disposition.
- Directly responsible for a combined $250 million of acquisition and development representing three (3) projects located in San Francisco and Southern California including financing and structuring joint venture participation.
- Managed the entitlement, design, construction, lease-up and property management functions while maintaining strict adherence to budgets and schedules.

2002 to 2006
Empire Commercial Real Estate L.P.
Ontario, California

Empire Commercial Real Estate L.P. engaged in renting, buying, selling, managing, and appraising real estate for others.

President and Chief Executive Officer

Wholly owned subsidiary of Empire Companies, a privately held company exclusively engaged in the acquisition and development of office, retail, self-storage and apartment properties.

- Working closely with the Chairman and Chief Operating Officer, established organizational structure in 2002 to enable and manage growth, with a primary objective of building an institutional quality portfolio for long term hold.
- Increased portfolio NOI from $1.9 million and Balance Sheet from $38 million at company inception to $15.1 million (annualized) and $235 million respectively at year end 2005 representing 1.65 million square feet of income producing assets and 2,000 apartment units.
- Established in-house asset management, property management, construction management and leasing functions including establishing policies and procedures to ensure investment goals and objectives were achieved.
- Responsible for profit and loss, setting strategic direction sourcing investment opportunities and directing asset and property management of the portfolio.
- Expanded business from Southern California into Arizona.
- Developed and implemented annual and rolling five year

operating business and capital plans and presented quarterly updates to outside Board of Directors.

- Responsible for all personnel matters including hiring and managing 51 employees.
- Initially sold 10 non-strategic assets and re-invested proceeds into income producing assets and land acquisitions for future growth.
- Directly negotiated all anchor lease terms and all major tenant lease renewals.
- Acquired land, planned, processed entitlements, financed and completed 10 transactions, including five neighborhood retail centers (400,000 square feet ), 1,000 multi-family apartment units, 150,000 square feet of office space and 250,000 square feet of self-storage product.
- Acquired land and processed entitlements to construct three future retail centers with projected starts in 2006 representing an additional 400,000 square feet.

1998 to 2001
Tishman Speyer Properties L.P.
Los Angeles, California

Tishman Speyer Properties L.P. is a real estate investment firm. It engages in the ownership, development, fund management, and operation of real estate properties.

Senior Director

Recruited to establish Southern California office for Tishman Speyer Properties (New York), a privately held developer and owner of commercial office properties.

- Established Southern California office and recruited key personnel with market coverage and asset management responsibility from Los Angeles County through San Diego.
- Responsible for setting strategic direction and sourcing commercial office acquisition targets with regional profit and loss responsibility.
- Responsible for hiring and managing a team of acquisitions, property management, leasing and asset management professionals.
- Responsible for the hiring and management of 10 employees.
- Identified $5 billion in potential 'off-market' acquisition opportunities, throughout Los Angeles County.
- Sourced, underwrote, financed and closed a $350 million, 1.1 million square feet, six building office campus in Santa Monica in partnership with Lehman Brothers.
- Following the close of escrow, sourced and sold a 50 percent equity interest to a German based pension fund.
- Follow-on responsibilities included management of the leasing and value enhancement strategy.

1994 to 1998
Morgan Stanley Real Estate
Los Angeles, California

Vice President

Founded in 1991, Morgan Stanley Real Estate Fund (New

York) is a private real estate investment fund affiliated with and sponsored by Morgan Stanley & Company.

- Responsible for establishing and managing the asset management / reporting function for the Kearny Street portfolio, a $1.4 billion, (50 property REO and 120 loan portfolio including residential, retail, apartment, office and industrial product) real estate portfolio and Union Bank portfolio, a $240 million (22 borrower) loan portfolio.
- Recognized value creation opportunities and managed the re-positioning / re-structuring and disposition process which included managing selected land entitlement efforts and vertical development projects achieving leveraged returns in excess of 20%.
- Responsible for hiring, supervising and directing asset management functions, property managers, leasing and sale brokers and contractors in creating and executing annual business plans while setting overall asset strategy to achieve goals across multiple product types.
- Presented annual business plans on all investments to financial partners and executive committee members including quarterly updates.
- Sourced capital investment opportunities for the acquisition and/or development of a variety of product types including apartment, office and retail as either direct investments or joint ventures. (Deal Summary on Request).
- Relocated to New York on a six (6) month assignment to manage large multiple asset portfolio located along the east coast.

1982 to 1994

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The Koll Company
Los Angeles, California

The Koll Company provides real estate services for institutional investors and high net worth individuals in the Western United States. It engages in the acquisition, development, sale, and management of investments in industrial, office, and resort properties.

Vice President

Full service regional developer of office, retail, and industrial property types including third party fee generation through general contracting (Koll Construction) and property management (Koll Management Services.).

- Responsible for sourcing investment opportunities, asset management, development and dispositions in Los Angeles, Ventura, and San Bernardino counties as well as Las Vegas, Nevada.
- During tenure at The Koll Company, the executive participated in the completion of more than 17 developments and acquisitions including, the acquisition of six office properties, four office developments and seven business / industrial parks, with an ultimate build-out of 7 million square feet.

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## PROFESSIONAL ATTRIBUTES

Jim Brooks is a real estate generalist with over 25 years of strategic leadership experience in real estate investment, development and asset management. Although a generalist by functional background, Jim's roots are in development. He has broad and deep design, entitlement and project management experience spanning mixed use, retail, industrial, office and multi-family.

Jim got his start at The Koll Company, where he sourced and executed acquisitions and development. This broad mandate over a 12 year tenure prepared him well to take on leadership assignments going forward. He left Koll to establish a presence for Tishman Speyer in Southern California, where he focused on class A office development.

Once the firm retreated from Southern California in 2001 due to market conditions, Jim left to join Empire, a land developer expanding into vertical development. At Empire, Jim acquired land for development and oversaw $200 million in completed projects, spanning office, multi-family and retail.

In 2006, Jim trailed his mentor and colleague Jeff Gault from Empire to start up and build an urban infill development business for George Marcus (The Marcus & Millichap Companies) in California. Over the next 18 months, they sourced over $250 million in value add / repositioning investments, before the market tanked and the business shut down, putting all projects on hold.

From 2009 to 2012, Jim had a highly profitable entrepreneurial business, investing on a smaller scale from his own account and in partnership with blue chip private equity firm Angelo Gordon. In two highly profitable deals, he oversaw the redevelopment of two urban infill multi-family properties with the backing of AG.

Jim has strong leadership experience. Currently, he runs TOPA Management, a $1.5 billion AUM commercial real estate company owned by the Anderson family in Los Angeles. Jim was charged with re-directing the business strategically, as well as rationalizing and enhancing the company's processes and infrastructure. Since joining in 2012, he has sold off non-core assets, exited the property management business, reorganized regional offices, and instilled an institutional sophistication within the management team (of 100 employees)

Jim has a depth of experience running fully integrated businesses, most notably at Topa and at Empire, where he ran the commercial division. Jim could interact effectively within the executive suite and at the Board level, having done so in the past at the senior most levels, and is a natural relationship builder from an interpersonal standpoint.

## PERSONAL ATTRIBUTES

Jim is a very engaging and charismatic individual. His even-keeled style has benefitted him in diverse situations, including working within a family owned business at Topa, where a second generation of less engaged family members ultimately make the decisions. Jim has proven to be very effective in building consensus among diverse family shareholders. Earlier in his career, Jim adapted successfully to working for a private owner (George Marcus) who tended toward micromanagement, while at Urban Housing Group. He has the malleability and character to cultivate relationships with any and all types of personalities.

## GAP ANALYSIS

Jim's background is primarily in commercial development. As a result, he has no meaningful experience in consumer-facing or

international businesses. However, the strength of his leadership capability and development experience, along with his current responsibilities within a family owned company, uniquely qualify him for the role.

## MOTIVATION

Jim joined Topa four years ago with the mandate to drive profitability and transparency on behalf of the family that owns the company. Jim has been effective and productive in doing so over the last several years, but is concerned that the shareholders (governed by second generation) lack the appetite to grow the business. While he is fully engaged and has put a strong team in place at Topa, he could be motivated to join a platform more committed to growth.

This report has been prepared for the exclusive use of Reading International, Inc. in conjunction with a search for a Chief Executive Officer. It is recommended that circulation be limited to designated executives concerned with the candidate selection process. The information contained herein has been voluntarily provided by James R. Brooks and is subject to verification by Korn Ferry.

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Confidential Candidate Report on
**Kenneth Edward Cruse**
For the Position of
**Chief Executive Officer**
**Reading International, Inc.**

October 2015

very impressive
possible for another position.
very articulate - I like him
this guy is good -
He likes deals -
very impressive.

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## EXECUTIVE EVALUATION

The following is an assessment of Kenneth Edward Cruse as an executive candidate for the position of Chief Executive Officer at Reading International, Inc. The evaluation was prepared by Robert Mayes of Korn Ferry in Los Angeles.

## CONTACT INFORMATION

[redacted]

## EDUCATION

| | |
|---|---|
| 1996 | Georgetown University; Washington, D.C.<br>M.B.A., Finance, General, with Honors<br>*Verification Pending* |
| 1991 | Colorado State University; Fort Collins, Colorado<br>B.S.<br>*Verification Pending* |

## COMPENSATION

[redacted]

[redacted]

## PROFESSIONAL AFFILIATIONS/CERTIFICATIONS

### Other Education

- The McDonough School of Business; Georgetown University; 1994 to 1996
  - Activities and Societies: Rugby
- Warner College of Natural Resources; Colorado State University; 1987 to 1991
  - Activities and Societies: Rugby
  - Member of the Dean's Advisory Council

### Other

- Board Member at Miracles for Kids; May 2015 to Present
  - Miracles for Kids is a non-profit organization based in Southern California. It provides financial aid, health, wellness and advocacy services to the families of children battling life-threatening illnesses. http://www.miraclesforkids.org/
- Member, Board of Directors at Morgans Hotel Group; March 2015 to Present
  - Audit Committee, Investment Committee
- Member of GenNext and the Southern California Chapter of Young Presidents Organization
- Previously served as a director of the American Hotel & Lodging Association ("AH&LA"), and was a member of the Executive Committee, Strategic Planning Committee and CEO Council for AH&LA
- Also a former member of the Real Estate Roundtable. The executive and family actively support various charities

such as the YMCA http://www.ymcaoc.org/crusefamily/

## CAREER DETAILS

**2015 to Present**
**Alpha Wave Investors LLC**
**San Juan Capistrano, California**

Alpha Wave Investors LLC is a private equity investment firm. It operates in three verticals: Alpha Wave Residential which focuses on direct investments in multifamily assets, and property management via its wholly-owned subsidiary, Next Wave Property Management, LLC; Alpha Wave Lodging which is focused on the lodging space via both direct investments and operations management; and Alpha Wave Eco which makes direct investments in green and eco-friendly businesses.

**Chief Executive Officer, Co-Founder and Director**

**2005 to 2015**
**Sunstone Hotel Investors, Inc.**
**Aliso Viejo, California**

Sunstone Hotel Investors, Inc. operates as a self-managed and self-administered hospitality and lodging real estate investment trust. The firm engages in the acquisition, ownership, asset management, renovation and sale of luxury, upper upscale, and upscale full-service hotels in the United States. Its portfolio also includes mid-scale hotels. The hotels are operated under various brands, including Marriott, Hilton, Hyatt, Fairmont and Sheraton, among others. Sunstone Hotel Investors is publicly traded (NYSE: SHO) with $1.14 billion in revenue and 79 employees.

**2011 to 2015**
**Chief Executive Officer, President and Director**

During tenure as Chief Executive Officer of Sunstone (August 2011 through mid-January 2015), the company:

- Reduced its leverage by more than any other lodging REIT.
- Acquired over $1 billion of high quality hotels.
- Sold over $300 million of legacy hotels.
- Enhanced the competitive positioning of its portfolio through a comprehensive, well-timed renovation program.
- Was consistently ranked among the best workplaces and the fastest growing public companies in Orange County.
- Generated average annual total shareholder returns in excess of 38% - meaningfully outperforming its lodging REIT peers - Host Hotels and Resorts, LaSalle Hotel Properties, and DiamondRock Hospitality Company.

**2010**
**President and Chief Financial Officer**

**2010**
**Executive Vice President and Chief Financial Officer**

**2007 to 2015**
**Director, BuyEfficient, LLC**

BuyEfficient, LLC operates an online purchasing portal for hospitality industry. This web-based purchasing platform allows hotels and hospitality industry members to buy food and beverage, and supplies. The company was a wholly owned venture of Sunstone Hotel Investors, Inc. till September 2015 when it was sold to Avendra, LLC.

**2007**
**Senior Vice President and Chief Financial Officer**

**2006**
**Senior Vice President, Corporate Finance**

**2005**
**Senior Vice President, Asset Management**

**1997 to 2005**
**Host Marriott**
**Bethesda, Maryland**

Host Hotels & Resorts was formed in 1993 when the Marriott Corporation split into two separate entities, creating Marriott International and Host Marriott.

**Vice President, Corporate Finance**
**Various Other Roles**

**Early Career:**

- Prior to working for Host Marriott Corporation, held various corporate positions with Marriott International, Inc.
- Started the hotel career in 1991, working in various management-level operating positions at the Marco Island Hilton.

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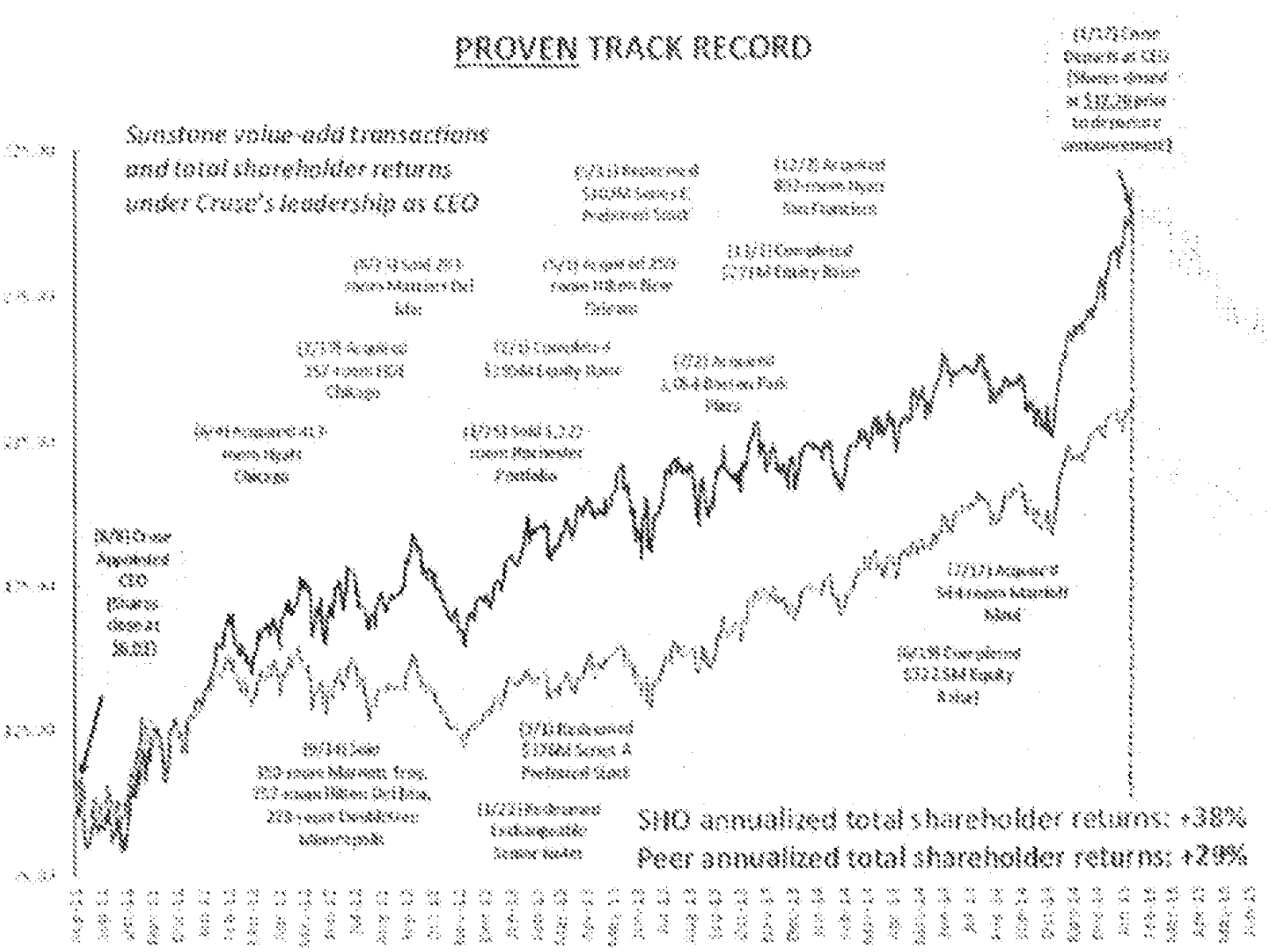
## PROVEN TRACK RECORD

*Sunstone value-add transactions and total shareholder returns under Cruze's leadership as CEO*



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## PROFESSIONAL ATTRIBUTES

Ken Cruse is an ideally suited candidate for the role of Chief Executive Officer of Reading International. Ken is a proven public company Chief Executive Officer who took over as CEO of Sunstone Hotels in 2011, during a period of deep distress for the business. Over the course of four years, Ken restructured the balance sheet, reshaped the portfolio via dispositions and high profile acquisitions, and significantly upgraded the team. In doing so, he grew the market capitalization of the REIT from $1 billion to $5 billion in value.

Ken has strong real estate acumen, spanning acquisitions, development, and asset management. During his time as CEO of Sunstone, he acquired over $1 billion in assets, and also envisioned and executed value creation programs via redevelopment of several outdated properties within the portfolio. Since leaving Sunstone in January, he formed a startup fund management business focused on acquisition and repositioning of class B and C multifamily properties in Las Vegas and other Western US markets, displaying a willingness to "get his hands dirty" on the development aspects of the business. In 10 months, the firm has completed $30 million in acquisitions.

Ken has worked within hotel REITs Sunstone and Host Marriott

since 1997. Prior to that, however, he cut his teeth on the operating side of the hospitality business. He started his career at the ground level, working at the Hilton in Marco Island, Florida. He then spent five years in middle management roles at Marriott International, before the company split into two, with Ken going with the real estate side of the business (Host Marriott). Directly resulting from his time at Marriott, he gained strong appreciation for consumer marketing, customer service, and driving revenue growth. All of these disciplines are directly applicable to the cinema business.

## PERSONAL ATTRIBUTES

Ken has a quiet determination in his presence. He took over the reins at Sunstone relatively early in his career, and was wildly successful in reviving the REIT. It is clear he is proud of his accomplishments, but has not let that affect his personality. He is a low ego and cerebral person. He has a passion for business and taking on complexity, and is energized by challenge. Those that have worked for him express deep seeded admiration and a desire to follow him.

## GAP ANALYSIS

Ken brings all of the major experiences and attributes we are seeking for the next Chief Executive Officer of RDI. He has depth in both operating and real estate businesses, is a proven team builder and mentor, and has strong capital and analyst relationships. If anything, he may be slightly overqualified for the role.

That said, his departure from Sunstone was somewhat shocking. Ken left Sunstone after seven highly successful years when he and the Board elected to not renew his contract, and promote the President John Arabia. Ken is open that he and a key Trustee of

the REIT had a troubled relationship, largely due to personality conflict. With our knowledge of the Board member, we tend to see Ken's side of this story, but will vet it carefully going forward

## MOTIVATION

Ken's time at Sunstone was very lucrative and he and his family are financially secure. At this stage, he is seeking a Southern California-based CEO role that will challenge him intellectually, and in a business in which he has real interest and can add value strategically. He stressed to us that finances are not even secondary at this stage.

Ken is very interested in the situation at Reading International. He made an interesting suggestion in that he would be willing to function as Interim CEO on a consulting basis (much as he is currently doing with Morgans Hotels on part time basis) to provide RDI with an opportunity to "try him out" and vice versa. Ultimately, he is seeking a full time and permanent CEO position, but – given the ambiguity around control of the company going forward – suggested that this may be a less risky proposition for both sides.

KORN FERRY

This report has been prepared for the exclusive use of Reading International, Inc. in conjunction with a search for a Chief Executive Officer. It is recommended that circulation be limited to designated executives concerned with the candidate selection process. The information contained herein has been voluntarily provided by Kenneth Edward Cruse and is subject to verification by Korn Ferry.

KORN FERRY

Confidential Candidate Report on

# Frederick E. Chin

For the Position of

**Chief Executive Officer**

**Reading International, Inc.**

October 2015

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KORN FERRY

## EXECUTIVE EVALUATION

The following is an assessment of Frederick E. Chin as an executive candidate for the position of Chief Executive Officer at Reading International, Inc. The evaluation was prepared by Robert Mayes of Korn Ferry in Los Angeles.

## CONTACT INFORMATION

[redacted]

## EDUCATION

| | |
|---|---|
| 1984 | University of Arizona<br>B.Sc., Business – Real Estate<br>*Verification Pending* |

## COMPENSATION

[redacted]

## PROFESSIONAL AFFILIATIONS/CERTIFICATIONS

- Member, Counselors of Real Estate (CRE)
- Member, Appraisal Institute (MAI), No. 7588 – received designation in 1987

## CAREER DETAILS

**2014 to Present**
**Atalon Management Group**
**Henderson, Nevada**

Atalon Management Group is a national real estate management advisory firm focused on delivering and enhancing value.

**Founder and Principal**

Hands-on experiences include operating, owning, developing, managing and evaluating a variety of real estate types including large scale residential and resort master planned communities, residential subdivisions, restaurants and private clubs, office buildings, public and private golf courses and hotels.

- Frequently communicated to and established relationships with owners, key financial market participants, rating agencies, investment bankers and commercial bankers.
- Expertise in performing complex valuations and financial analyses to enable owners to assess alternatives to optimize their investment interests and solidify their strategic plans.
- Also serves as recognized expert witness on a variety of real estate matters.

**2010 to 2014**
**MPG Office Trust, Inc.**
**Los Angeles, California**

MPG Office Trust Inc. (formerly Maguire Properties, Inc.) is a real estate investment trust (REIT) engaged in the ownership, management, acquisition, and development of office and real estate properties primarily in California. As of 2005, the company owned a portfolio of 25 commercial real estate properties, including 22 office and retail projects, a 350-room hotel, six off-site parking garages totaling approximately 5,969 spaces, and onsite structured and surface parking totaling approximately 26,549 spaces. It operates as a subsidiary of Brookfield Office Properties Inc.

**Chief Operating Officer**

Worked closely with the Chief Executive Officer to execute the strategic realignment of a portfolio consisting of 44 properties, including 16 million square feet of office, hotel and retail space and parking garages with capacity over 10,000 stalls, all located in Southern California and Denver, Colorado. Efforts led to increased liquidity, a reduction in liabilities and a core portfolio of Class A office buildings that were ultimately acquired through a $2.2 billion merger with Brookfield Office Properties (NYSE: BPO). Reported directly to the Chief Executive Officer and Board of Directors.

- Improved liquidity over $100 million, decreased corporate general and administrative expenses $17 million, and decreased contingent and non-contingent liabilities of over $2 billion.
- Redesigned the entire lease underwriting and approval process by implementing new policies, changing broker compensation incentives and revising the market pricing structure to improve overall portfolio value, decrease cash requirements and improve tenant retention.
- Revised, enhanced and coordinated budgeting, cash flow forecasting and cash management process, including development of key assumptions in light of evolving market conditions and Company strategy.
- Transitioned an established decentralized management team and culture to a centralized management and control decision-making environment.
- Oversaw and directed leasing, finance, insurance, construction

management, marketing and operations and enhanced policies, procedures and controls by centralizing decision making, which decreased risk and reduced costs.

- Established monthly flash reports to improve company-wide performance and visibility.
- Made presentations to the board of directors regarding real estate market conditions, leasing performance and operations.
- Managed the merger and acquisition process, including establishing, reviewing and developing critical company data, communicating with underwriters, developing the offering memorandum, and meeting and communicating with prospective investors.
- Facilitated and transitioned data, internal systems, processes and personnel to the acquirer pre- and post-merger.

**2007 to 2010**
**Lake at Las Vegas**
**Las Vegas, Nevada**

Lake Las Vegas in Henderson, Nevada, refers to a 320-acre (130 ha) artificial lake and the 3,592-acre (1,454 ha) developed area around the lake. It is being developed by five companies including Lake at Las Vegas Joint Venture LLC, which went out of business in 2008.

**Chief Executive Officer**

Responsible for a 3,600 acre master planned community that included a 320-acre man-made lake, three signature golf courses, a Ritz-Carlton hotel, restaurants, private clubs, and developable commercial and residential land that could accommodate over 5,000 residential units. Assumed full ownership, control and leadership of the Company after default of a $600 million syndicated credit facility by debtors. Responsible for over 350 employees, a variety of operating businesses, land development activities, master owners association and relationships with governmental officials.

- Secured a $125 million debtor-in-possession financing facility

preceding a Chapter 11 filing in July of 2008; successfully confirmed a Plan of Reorganization in July 2010.

- Planned, developed, implemented and managed resources tied to improving liquidity, minimizing overhead, and maintaining the quality of the overall community during challenging economic and real estate market conditions. Oversaw, managed and directed a variety of operating businesses; efforts included instituting revised controls and approval processes, inventory management, repositioning of businesses, revised marking programs, and enhanced financial reporting and forecasting.
- Decisively prioritized company objectives, plans and tactics to achieve organizational goals.
- Restored key relationships with homeowner associations, property owners, financial institutions and governmental agencies.
- Lead and conducted all lender presentations, investor meetings and road shows.
- Developed and received approval of a revised land plan that maximized the unique characteristics of the community and its value, while attracting a broader market segment.
- Secured a $25 million development financing facility post Plan confirmation.

**2004 to 2007**
**Sagebrush Enterprises, Inc.**
**Las Vegas, Nevada**

Sagebrush Enterprises, Inc. develops and builds residential communities and homes.

**Chief Executive Officer / Chief Operating Officer**

Led a diversified, privately-held, multi-state real estate operating company with over 50 subsidiaries and in excess of 1,000 employees involved in construction, homebuilding, master-planned community development, and land investment. Total portfolio holdings exceeded

$2 billion, including over 125,000 acres of land and over 10,000 residential lots. Annual home production volume averaged 550 units.

- Led efforts to identify, procure and consummate a $525 million credit facility that involved rating agencies, investment banks, and institutional lenders.
- Oversaw and led all operating departments (finance, accounting, marketing, construction, purchasing, customer service, legal and architectural) and key subsidiaries involved in lot and home production; recruited key managers, revised operating processes and controls, designed weekly flash reports, realigned the organizational structure to control and manage spending, and improve accountability, decision-making and planning.
- Formulated company and property business plans, operating budgets, delivery projections and uses and sources of cash, sized for an organization capable of delivering 1,000 units annually.
- Advised the owner regarding a land banking strategy and execution plan to maximize liquidity and value of investment land holdings.
- Launched a new master planned community containing over 2,000 residential units.
- Opened 15 new residential subdivisions, and forward planned land holdings to achieve sustained growth, concurrent with generation of record levels of homebuilding revenues and profit.
- Represented the Company in all external lender presentations, and frequently communicated with analysts and lenders regarding the market, the Company and its performance.
- Spearheaded all aspects of a potential acquisition of a $350 million publicly registered, privately-held real estate operating company and a credit facility of $250 million. Efforts resulted in the company receiving a $15 million break-up fee after six months.

**1988 to 2004**
**Ernst & Young LLP / Kenneth Leventhal & Company**
**Los Angeles, California**

Ernst & Young LLP is a professional services company. The company provides assurance, auditing, technology and security risk, enterprise risk management, transaction support, merger and acquisition, actuarial, and real estate advisory services. It also offers employee benefit plan, taxation, and entrepreneurial services. It operates as a subsidiary of Ernst & Young Global Ltd. Kenneth Leventhal and Company was acquired by Ernst & Young in 1995.

**Partner**

Served as the managing partner of Los Angeles' real estate advisory practice, and headed the firm's real estate litigation practice.

- Testified as an expert witness in nine states on a variety of real estate disputes, including valuation, economic damages, fiduciary duty, condemnation / inverse condemnation and contractual matters.
- Provided a broad range of advisory services to pension funds, institutional investors, governmental agencies and private equity owners nationwide.
- Services included portfolio strategy, feasibility, performance improvement, repositioning, valuation, and business planning.
- Developed and instructed national continuing education programs regarding a variety of real estate topics.

**1979 to 1988**
**Greenberg Chin Consultants**
**Tucson, Arizona**

**Partner**

Provided real estate market demand, feasibility, highest and best use and valuation studies on a variety of properties throughout the Southwestern states and California.

## PROFESSIONAL ATTRIBUTES

Fred Chin is a proven Chief Operating Officer well prepared to take next step to Chief Executive Officer role. On multiple occasions, he has successfully run businesses for entrepreneurial and hands off Chief Executive Officers. These experiences ranged from a recapitalization and team build out at developer Sagebrush Enterprises to a pure turnaround at MPG Office Trust, the Los Angeles-based office REIT formerly known as Maguire Properties.

Fred references a steady hand and even keeled leader, who people enjoy working with. While much of the last seven years have been spent in turnaround situations at Lake Las Vegas and MPG, he had earlier experience building out and enhancing a team for Sagebrush Enterprises. In this role, he successfully recapitalized the company and then was in process of recruiting strong regional leaders from top homebuilders before the Founder Jim Rhodes made an unexpected shift toward more a more hands on, control oriented leadership style.

Fred has run decentralized organizations, spanning multiple regions and up to 1000 employees. In terms of size and scale, Fred has a uniquely broad based real estate background. He spent the first half of his career in consulting, including at Kenneth Leventhal, experience that prepared him well for a host of unique situations he took on later in his career. He understands entitlement and has good overall real estate instincts and vision. His development background is weighted toward land rather than vertical projects, but he has the overall capability to lead on that side of the business.

## PERSONAL ATTRIBUTES

We believe Fred would be a strong cultural fit at RDI. He brings sufficient leadership experience in an operating business, combined with overall real estate expertise to communicate effectively day one. He is a natural relationship builder, who may be able to connect with the RDI team in a non-threatening manner.

## GAP ANALYSIS

Fred has very limited international experience, as is the case with the vast

majority of real estate investment and development executives. We belief that he has the intellectual horsepower and relationship orientation to get up the curve quickly on that side of the business but

In addition, Fred took Lake Las Vegas into a strategic bankruptcy in 2007, working with over 100 creditors and diverse stakeholders. This situation was a risky one, and we would need to carefully understand and underwrite the events around it.

## MOTIVATION

Fred is a free agent at this point. He splits his time between Las Vegas and Los Angeles but would be willing to commit to the former full time for the right opportunity. He aspires to the Chief Executive Officer role and after seven years of working through distress on two platforms, a stable business is highly attractive to him. Having worked through ambiguity and turnarounds in the past, he is not at all dissuaded by the "noise" around RDI. He looks forward to a discussion.

This report has been prepared for the exclusive use of Reading International, Inc. in conjunction with a search for a Chief Executive Officer. It is recommended that circulation be limited to designated executives concerned with the candidate selection process. The information contained herein has been voluntarily provided by Frederick E. Chin and is subject to verification by Korn Ferry.

KORN FERRY

Confidential Candidate Report on

# Dan Sheridan

For the Position of

**Chief Executive Officer**

**Reading International, Inc.**

October 2015

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## EXECUTIVE EVALUATION

The following is an assessment of Dan Sheridan as an executive candidate for the position of Chief Executive Officer at Reading International, Inc. The evaluation was prepared by Robert Mayes of Korn Ferry in Los Angeles.

## CONTACT INFORMATION

[redacted]

## EDUCATION

1989 University of Michigan Law School; Ann Arbor, Michigan
J.D., Law
*Verification Pending*

1986 University of Michigan; Ann Arbor, Michigan
B.A., Political Science (with Distinction)
*Verification Pending*

## COMPENSATION (2014)

[redacted]

## PROFESSIONAL AFFILIATIONS/CERTIFICATIONS

Other

- State Bar of Illinois (Inactive)

- State Bar of Michigan 1989 (Inactive)

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## CAREER DETAILS

2014 to Present
DCB Growth Opportunities
Newport Beach, California

DCB Growth Opportunities is a consulting firm which focuses on commercial and retail real estate, and provides services to companies and public agencies.

Owner

2011 to 2014
The Irvine Company LLC
Newport Beach, California

The Irvine Company LLC develops, owns, operates and leases residential and commercial real estate properties in California. Its properties include office spaces, retail and resort properties, apartment communities, job centers, golf courses, schools, marinas, recreation properties, shopping centers, and other communities, as well as open spaces.

President, Retail Properties Division

Recruited to lead major cultural and business transformation. Contributed directly to long term (eight to ten year) strategic vision and planning. Led team of four direct reports and 200 total personnel.

- Increased occupancy from 94% to 97% -the highest occupancy in company's history.
- Grew revenue by 7.3%, NOI by 9.8% and EBITDA by 10.5%.
- Rebuilt and reorganized previously stagnant team. Redefined team mission and values. Rationalized 15 senior leadership roles. Transformed divisional culture from process to results focused, open team approach and from culture of "3rd-party management" to accountable business owners/drivers. Met with all team members over course of year one to communicate new culture and values. Grew openness and transparency.

DCB

- Replaced legacy manual communication processes (including inter-office mail) with email and other collaboration tools, eliminating significant paperwork and reports.
- Attracted "new blood" in both senior and more junior positions.
- Created current, relevant and actionable purpose statement and four aspirational behaviors to drive team morale and ensure accountability.
- Streamlined complex lease approval processes and eliminated complex approval chain through implementation of weekly lease committee meetings.
- Slashed lease approval from 90 days to less than one week.
- Contributed directly to record portfolio occupancy levels.
- Grew communication and accountability and eliminated longstanding silos among finance, leasing, and operations. Worked closely with municipalities, internal business units, and internal government affairs team.
- Collaborated with multiple internal divisions to drive successful Silicon Valley entitlement process, supporting three to five year build out of master planned community encompassing offices, apartments, and grocery anchored center.
- Directed multiple redevelopment and reinvestment projects and multiple tenant openings.
- Enhanced customer experience by bringing fine dining to high-end centers, including creation of unique, one of kind at Fashion Island.
- Partnered with major retail tenants, restored productive working relationships, and ensured rapid agreement for multiple critical initiatives.
- Delivered immediate 10% traffic growth at high-end development by groundbreaking opening of Whole Foods at previously retail-only Fashion Island Property.
- Key contributor to first ever Neiman Marcus and Louis Vuitton joint effort to create unique Louis Vuitton boutique, with simultaneous Neiman Marcus expansion-a clear, unique, win / win outcome.

- Leveraged existing relationships to resolve long standing issues and drive agreement and consensus on future development with Macy's and Bloomingdale's.
- Redefined Financial Forecasting
- Established first collaborative, transparent, 24-month forecasting process.
- Inventoried Shopping Centers in Key CA Coastal Markets for Acquisition Opportunities
- Presented acquisition opportunities to ownership, including The Landing and Lido Marina Village/Balboa Peninsula, Tustin Ranch Plaza/Tustin, CA, Bella Terra/ Huntington Beach, CA and The Plant/San Jose, CA.
- Developed First Tourism Marketing Plan Focused on Fashion Island and Irvine Spectrum Center.
- Created marketing program and built relationships with key travel planners.

1998 to 2011
General Growth Properties, Inc.
Chicago, Illinois

General Growth Properties, Inc. is a real estate investment trust (REIT). The company owns, operates, leases, acquires and expands enclosed regional shopping mall centers throughout the United States. General Growth Properties, Inc. is publicly traded (NYSE: GGP) with $2.53 billion in revenue and 1,800 employees.

2010 to 2011
Executive Vice President, Asset Management, Central Region

Promoted to lead all Central Region Operations, encompassing Illinois, Indiana, Michigan, Minnesota, Nebraska, Nevada, Ohio and Texas. Directed asset management for 48 properties with 50 million square feet of gross leasable area and 500 total personnel.

2008 to 2010

Executive Vice President, Asset Management, Hawaii and Las Vegas

Promoted to significantly expanded role and responsibilities in recognition of outstanding success with critical Las Vegas assets-to complete executive management and full profit and loss for the highest profile and most productive company assets-valued at more than $5.58 and including two of the most successful retail properties globally- Ala Moana Center/Honolulu and Fashion Show/Las Vegas. Directed Las Vegas and Hawaii teams, supervised business operations, leasing and marketing, and maximized net operating income (NOI).

- Led Hawaii to 5% NOI growth and Las Vegas to 4.5% NOI growth in 2008.
- Cut expenses by 10% in fewer than six months.
- Drove implementation of new budget processes and led creation of property-by-property 10-year cash flows.
- Spearheaded major corporate transformation to address extremely competitive LV market conditions. Refocused division on complete customer experience, encompassing entertainment, fine dining and retail components.
- Developed and pursued new opportunities and partnerships.
- Built entirely new team from the ground up, including recruiting new heads of marketing and leasing.
- Redefined strategic goals to accord with rapidly changing market conditions.

2004 to 2008
Executive Vice President, Asset Management; Las Vegas

Selected by executive leadership to develop and expand Las Vegas based operations and team. Built and led Las Vegas based asset management team, including recruitment of senior marketing executive and senior asset manager and relocation of senior leasing rep and senior group accounting manager to Las Vegas.

- Grew comparable NOI of Las Vegas assets by 25% from 2005 to 2008.

- Improved sales performance by 10%.
- Increased sales by approximately $250/square foot at Las Vegas strip asset and increased asset NOI by 30%+.
- Forged unique joint venture retail development relationship with leading casino / hotel ownership for 300 thousand square feet of prime retail. Created and sold vision to partner leadership and managed ongoing relationships. Managed partnership obligations, including leasing efforts, 828 marketing campaign, and leadership of design and tenant coordination teams.
- Acquired and integrated high profile, high value acquisitions, and successfully managed complex, challenging client relationships.
- Negotiated joint venture documents.

2003 to 2004
Executive Vice President, Administration

Promoted by CEO to newly created position with comprehensive leadership for all corporate administrative functions, including Information Technology, Human Resources, Risk Management and Purchasing. Coordinated across departmental and functional lines to improve internal efficiency. Aligned all previously independent business functions with overarching corporate goals. Identified and implemented strategies to increase inter and intra-departmental coordination and efficiency. Completed purchasing department restructure, renegotiated multiple vendor contracts, including rental cars, travel services providers, and third party field service providers, and worked closely with human resource team to develop internal training team and leadership program.

- Developed succession management program; program became the basis for identification of high potential employees for internal promotion.
- Led introduction of Gallup Q12 survey tool to measure and assess employee engagement.
- Improved services and significantly reduced vendor costs.
- Identified as one of six potential successors to three top-level executive positions.

2002 to 2003
Chief Change Officer
Chicago, Illinois

Appointed by Chief Executive Officer to improve all aspects of internal operations.

- Successfully coordinated transition from property level budget process to a 24 month rolling forecast.
- Restructured purchasing department, enabling the company to better maximize scale.

2000 to 2002
Vice President/Assistant General Counsel

1999
Assistant General Counsel

1998
Senior Counsel

Rapidly promoted through legal department to become an integral member of legal management team. Directed corporate legal matters, litigation, and business operations.

1993 to 1998
Dickinson Wright PLLC
Detroit, Michigan

Dickinson Wright is a full service law firm covering 40 practice areas and a team of over 400 lawyers.

1996 to 1998
Partner
Chicago, Illinois

1993 to 1996
Associate
Chicago, Illinois

Represented clients as outside attorney on a wide variety of commercial and business litigation matters.

Other Experience

- Previous professional experience includes Associate Attorney with Gardner, Carton & Douglas.

## PROFESSIONAL ATTRIBUTES

Dan is somewhat of a stoic Midwesterner in style. His steady nature, coupled with his background in managing very complex investments and partnerships, suit him well to deal with ambiguity going forward. He is highly credible and has the gravitas to build consensus at the Board level, and would provide a stabilizing influence to the management team and employee base at RDI. Dan Sheridan is a proven leader with a real estate investment, development and asset management background. In his most recent full time role, he ran the Retail Properties Division at The Irvine Company. This business spans 41 properties totaling over eight million square feet, including two major landmark shopping centers and neighborhood centers throughout Orange County, and employs 200 people.

Dan is a former lawyer who transitioned from the legal side to real estate during his tenure with leading retail REIT General Growth (GGP). During his 13 year tenure with GGP, Dan was sent to Las Vegas to oversee the firm's highly complex retail portfolio in Las Vegas, which included onsite retail at The Venetian and Palazzo properties owned LV Sands (Sheldon Adelson). Later on, Dan gained responsibility for Fashion Show Mall in Las Vegas as well as the Summerlin master planned community development via GGP's acquisition of The Rouse Company.

This experience in Las Vegas is quite relevant to RDI, in terms of its entertainment-driven strategy. Driving consumer traffic was central to development and redevelopment of assets in Las Vegas. This same orientation can add value to both the real estate and cinema operating aspects of the RDI business. Dan brings real functional expertise in entitlement, design and execution of development projects, as well as asset management.

In addition, Dan has had experience working within a family-controlled public company. GGP is a public REIT, but was run effectively by the son of the founder until 2008. Dan understands the dynamics associated with this structure, and is skilled in navigation of these circumstances.

## PERSONAL ATTRIBUTES

Dan is somewhat of a stoic Midwesterner in style. His steady nature, coupled with his background in managing very complex investments and partnerships, suit him well to deal with ambiguity going forward. He is highly credible and has the gravitas to build consensus at the Board level, and would provide a stabilizing influence to the management team and employee base at RDI.

## GAP ANALYSIS

Dan has no international experience, but does have strong history in Hawaii. This is relevant in terms of the cultural nuances of doing business as a "mainlander" on the islands. We have no doubt that he would be effective in leading your team(s) in Australia and New Zealand.

## MOTIVATION

Dan is a high quality free agent. His exit from The Irvine Company was a surprise to him, but he actually had the longest tenure of anyone in that role over the last decade. At this stage, he is pursuing a number of opportunities, including a late stage discussion with a company in Dallas. His strong desire however is to remain in Southern California. The opportunity to set a strategy and lead RDI as CEO is very attractive to him.

This report has been prepared for the exclusive use of Reading International, Inc. in conjunction with a search for a Chief Executive Officer. It is recommended that circulation be limited to designated executives concerned with the candidate selection process. The information contained herein has been voluntarily provided by Dan Sheridan and is subject to verification by Korn Ferry.

KORN FERRY

Confidential Candidate Report on

# Nicholas Clayton

For the Position of

**Chief Executive Officer**

**Reading International, Inc.**

October 2015

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## EXECUTIVE EVALUATION

**The following is an assessment of Nicholas Clayton as an executive candidate for the position of Chief Executive Officer at Reading International, Inc. The evaluation was prepared by *Robert Mayes of Korn Ferry in Los Angeles.***

## CONTACT INFORMATION

[redacted]

## EDUCATION

| | |
|---|---|
| 1987 | The University of Texas at Arlington<br>B.B.A., Finance<br>*Verified* |

## COMPENSATION

[redacted]



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## CAREER DETAILS

**2012 to 2015**
**Jumeirah Group / Jumeirah Hotels & Resorts**
**Dubai, UAE**

**Jumeirah International LLC owns, manages, and operates luxury resort and beach hotels primarily in the Middle East, Europe, and Asia. Jumeirah International LLC operates as a subsidiary of Dubai Holding LLC.**

What?

**Chief Executive Officer, Group Operations**

**Appointed to provide commercial leadership, manage the global portfolio growth agenda, and drive numerous projects and improvements generating initiatives across the organization. Retained full accountability for more than $1.5 billion in revenue under management and more than 14,500 staff members. Emphasis on expanding the brand into key gateway cities and the world's most favored resort destinations. Improved market penetration and customer loyalty, increased confidence and competency. Ensured continual revenue and business growth.**

- **Transformed the organization to be more relevant to affluent, luxury-oriented Millennials and other up-and-**

coming groups after architecting/launching new, contemporary lifestyle brand: Venu Hotels.

- Conceptualized and dove all commercial processes to increase market share and the brand's profile, including successful launch of a stand-alone restaurant division: Jumeirah Restaurant Group Dubai.
- Enabled highest levels of effectiveness to be maintained by examining all the group's systems and processes and established respect/credibility between management, board of directors, shareholders.
- Ensured management and teams receive full support and resources to execute responsibilities and credited for creating cohesive, top performing teams and major improvements in staff productivity.
- Gained lasting business relationships due to integrity, energy, and diplomatic skills; respected as trusted partner with global boards, known as 'Face of Jumeirah' and frequently profiled by the media.
- Acclaimed for double-digit, year over year profitability increase and major expansion of the group portfolio.

**2006 to 2011**
**Viceroy Hotel Group LLC**
**Los Angeles, California**

**President**

**Provided strategic leadership for the 18 property luxury hotel management group, with oversight of all**

disciplines.

- Conceptualized and executed strategies for three distinct brands: Viceroy, The Tides, and Urban Retreat Collection, facilitating the business to expand from a regional to an international hotel management company.
- Developed powerful performance management system which significantly enhanced key market share, financial and quality goals.

2001 to 2006
Mandarin Oriental Hotel Group Limited
Wan Chai, Hong Kong

Mandarin Oriental Hotel Group Limited operates luxurious hotels, resorts, and residences in the Asia-Pacific, the Americas, Europe, the Middle East, and North Africa.

Senior Vice President, Operations, Asia Pacific and Europe
Los Angeles, California

Head of operations for 18 prestigious hotels throughout Asia and Europe, establishing the world-class service culture of a 'legendary quality experience.' Over-site of corporate F&B, rooms, engineering, and spa disciplines.

- Enhanced operational effectiveness by creating new systems and group competencies, resulting in a uniquely differentiated product within a highly competitive marketplace.
- Skillfully managed owner and partner relations for the brand.

- **Member of Mandarin Oriental Hotel Group Board of Directors.**

**1988 to 2001**
**The Ritz-Carlton Company, L.L.C**

**The Ritz-Carlton Company, L.L.C operates hotels and resorts. Its amenities include guest rooms, suites, restaurants, bars, a spa, meetings, and golf facilities, as well as facilities for weddings and social celebrations.**

**1998 to 2001**
**Managing Director, The Ritz-Carlton Millenia Singapore**

- **Created exemplary service standards for the hotel's 750 employees, resulting in the property being named "Best Business Hotel" in the world.**
- **Markedly improved market share, customer satisfaction and profit retention during tenure.**

**1996 to 1998**
**Director of Operations, The Ritz-Carlton Hotels Of Australia**

- **Guided operating teams for two Five-star Ritz-Carlton hotels in the Sydney market, achieving significantly higher market share and profit margins.**
- **Responsible for owner relations, sales and marketing, and new hotel development within the region.**

**1994 to 1996**

**General Manager, The Ritz-Carlton Marina Del Ray**

**Led all operations, including financial goals, strategic planning and customer satisfaction initiatives for the property, bringing it from worst to best performing hotel within the group.**

- **Recruited and developed highly motivated senior leadership team.**
- **Spearheaded new creative promotions and concepts for the hotel.**
- **Member of Marina Del Rey Chamber of Commerce Board of Directors.**

**1991 to 1994**
**General Manager, The Ritz-Carlton Mauna Lani**

- **Substantially increased market share among Asian and Pacific Rim markets for this 550-room, 32-acre resort.**
- **Strong community leadership role as Vice President of Kohala Coast Resort Association.**

**1990 to 1991**
**Resident Manager, The Ritz-Carlton San Francisco**

**Led and managed pre-opening activities, including planning operations and process development. Prepared the hotel to achieve Five-Star, Five-Diamond status.**

**1988 to 1990**
**The Ritz-Carlton Houston, Rancho Mirage, and Phoenix**

Senior leadership positions establishing quality standards in service, provide strategic planning, staff training, development of department heads and front-line colleagues.

1988 to 1990
The Ritz Carlton Bali
Seoul, South Korea; Hong Kong

Pre-opening Leadership Director

Pre-opening leadership training including vision sessions within key departments. Established highest caliber of service which melded local service culture with overall group philosophies and standards.

1983 to 1987
Four Seasons Hotels and Resorts
Toronto, Canada

Four Seasons Hotels and Resorts owns and operates a chain of hotels and resorts in the Americas, the Asia Pacific, Europe, the Middle East, and Africa. The company offers accommodation, spa, and catering services for weddings, events, and corporate meetings. It also provides leisure activities, including golfing, skiing, tennis, fishing, cooking schools, fitness facilities, family travel, dining, sailing, scuba, and water sports.

Four Seasons Las Colinas and Mandalay Bay

- Held a range of front-of-house leadership positions, each with increasing responsibility.
- Refined and streamlined operating procedures, resulting in higher levels of efficiency and improved customer response time.

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## PROFESSIONAL ATTRIBUTES

Nicholas Clayton is a dynamic, results-oriented leader who has spent his entire career in the hospitality sector, working his way from the front desk to a President role. The experience in hospitality has many direct applications to a hybrid consumer entertainment and real estate platform. Furthermore, his mix of operating experience and financial acumen make a strong combination for the Chief Executive Officer role at Reading International.

Nick has a uniquely broad and deep set of global leadership experiences. His success in Hotel and General Manager roles from 1988 to 1996, led to the attention of the CEO of Ritz-Carlton, and to a subsequent series of high profile international roles. In Australia from 1996 to 1998, he drove higher margins and improved market share during a two year stint, preventing the loss of two management contracts in the company's 100-key properties there. In 1998, Nick took the opportunity to move to Singapore to become Managing Director for the Ritz Carlton Millenia. During his tenure, the hotel was named "Best Business Hotel in the World."

In 2001, the Chief Executive Officer of Mandarin Oriental recruited Nick to oversee rooms, spa, food & beverage, spa and engineering for the Asia Pacific and European region. He spent six years with Mandarin Oriental, helping to transform



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the company during a period of strong growth, increasing brand equity through a relentless drive for quality.

In 2006, Nick left Mandarin Oriental to take an opportunity with The Kor Group, the Los Angeles based developer and operator of Viceroy Hotels. Nick joined the management company. When the real estate industry took a deep dive in 2007, the company began dramatically down-sizing. For the first time, Nick plied his leadership skills to a difficult restructuring challenge. He shrunk headcount by 60% and rationalized the company into one division. At this point, an Abu Dhabi company bought half the company, and ultimately moved the founder aside, with Nick taking over as Chief Executive Officer.

Nick left Viceroy to join a better-capitalized growth platform and pursue a CEO succession opportunity in Dubai, with Jumeriah Hotels. As de facto Chief Operating Officer , he had ultimate accountability for the operations side of a rapidly growing $1.5 billion revenue operating business, managing a team of over 1400.

## PERSONAL ATTRIBUTES

Nick is a personable, engaging and dynamic executive. He enjoys sharing his vision and his interest in the business. He blends his intellectual side with his social side well. Nick likes to address issues, solve problems, and rolls his sleeves up when necessary and drives results. He loves to "win" and brings that competitive spirit to his leadership style.

## GAP ANALYSIS

Nick has had limited exposure to real estate development.

Within the "asset lite" business models of hotel management companies, Nick had minimal input with regard to the entitlement, design, and construction aspects of new hotels. At Jumeirah, however, the company built, owned, and operated hotels, and Nick provided input to the design and underwriting of multiple new hotel projects.

## MOTIVATION

Nick was recruited to the Jumeirah Group as Chief Operating Officer. The stated plan was for the Chief Executive Officer to groom Nick as his successor over a three year period, which was a major motivator in Nick and his wife's decision to relocate to Dubai. When it became clear over the last 18 months that the CEO had no desire to step aside, Nick negotiated his exit from the company and returned to Los Angeles.

At this stage, Nick is pursuing Chief Executive Officer opportunities. He is very interested in Reading International, in that it would leverage his consumer orientation on the cinema side, but also draw from his exposure to real estate.

This report has been prepared for the exclusive use of Reading International, Inc. in conjunction with a search for a Chief Executive Officer. It is recommended that circulation be limited to designated executives concerned with the candidate selection process. The information contained herein has been voluntarily provided by Nicholas Clayton and is subject to verification by Korn Ferry.

**Wizelman, Marcia E.**

**Subject:** FW: Draft CEO Success Profile
**Attachments:** RDI success profile draft 111315.docx

**From:** Gould, William D.
**Sent:** Saturday, November 14, 2015 9:58 AM
**To:** Wizelman, Marcia E.
**Subject:** FW: Draft CEO Success Profile

**From:** Jim Aggen [mailto:Jim.Aggen@KornFerry.com]
**Sent:** Friday, November 13, 2015 6:07 PM
**To:** dmceachern@deloitte.com; Gould, William D.; Margaret Cotter (margaret.cotter@readingrdi.com)
**Cc:** Ellen Cotter (Ellen.Cotter@readingrdi.com); Sidney Cooke; Robert Mayes
**Subject:** Draft CEO Success Profile

Hello Margaret, Doug, Bill:

Thank you for the productive conversation this afternoon, and the valuable feedback you provided on the candidates. Please find attached the draft success profile I referenced at the end of the meeting. We would appreciate your review of the traits and drivers, in particular, and comments on the rest of the document are also welcome. Your input on this list of characteristics will inform the next step in the assessment and evaluation process.

Kind Regards,
Jim

**Jim Aggen**
Managing Principal, Leadership & Talent Consulting

# Chief Executive Officer
## TARGET JOB

### Strategic Context

- Holistic thinking and action is needed to drive growth. The next CEO of RDI will need to focus on growth through real estate development and investments, and nurture the historic cash-generating, but growth-limited, cinema exhibition business.
- The Live Theatre business provides significant opportunities for property

### Competencies

*DIFFERENTIATING*

- **Financial acumen:** Has a 'Wall St' appreciation for the metrics of the real estate development business (e.g., understands and appreciates real estate portfolio management and risk-adjusted return, leverage and liquidity). Skilled communicator with CFO and Board, redefining metrics to align to changes in strategy.
- **Strategic mindset ⊙:** Can communicate a compelling vision

*ADDITIONAL REQUIRED*

- **Business judgment:** Makes quality decisions in complex situations.
- **Accountability:** Holds self and others accountable to meet commitments. Acts decisively to uphold culture of commitments.
- **Situational adaptability ★ ⊙:** Adapts approach and demeanor in real time to match the shifting demands of different situations.
- **Plans and aligns:** Plans and prioritizes activities within the broad

### Experiences

- **Track record of success:** Has demonstrated positive leadership impact and business results; credible and confidence-inspiring.
- **Relationships:** Can form or has existing, positive relationships with major RDI stakeholder groups (financial markets, local and regional government entities in key markets, customers/leaseholders)
- **Deal Making:** Has broad exposure

### Traits

- **Integrity:** Engenders trust and confidence, and makes the right choices. No red flags or questionable ethics/morals in past.
- **Passion:** Brings a visible commitment and energy to work, and cares about RDI's stakeholders and employees.
- **Humility:** Recognizes and acknowledges the strengths of others as complementary to own profile, and

### Drivers

- **Challenge:** Seeks out difficult problems, and draws energy from collaborating to solve them.
- **Learning:** Pushes self and others to 'figure out' ambiguous, new situations. Looks for opportunities for continuous improvement.


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## Chief Executive Officer

TARGET JOB

### Strategic Context

- Holistic thinking and action is needed to drive growth. The next CEO of RDI will need to focus on growth through real estate d and investments, and nurture the historic cash-generating, but growth-limited, cinema exhibition business.
- The Live Theatre business provides significant opportunities for property redevelopment/divestiture, or ongoing property mana
- Active portfolio managementof significant propertyholdings in the US and AU/NZ provides the greatest upside for company sh and requires significant expertise and development experience.
- CEO will need to unify and align the leadership team and majority shareholders to create a cohesive and performance driven

### Competencies

*DIFFERENTIATING*

- **Financial acumen:** Has a 'Wall St' appreciation for the metrics of the real estate development business (e.g., understands and appreciates real estate portfolio management and risk-adjusted return, leverage and liquidity). Skilled communicator with CFO and Board, redefining metrics to align to changes in strategy.
- **Strategic mindset** ⊙: Can communicate a compelling vision for the future of RDI and it's niche in real estate development; able to translate the vision into choices on how to execute (which partnerships, alliances, customers, geographies).
- **Drives collaboration and engagement** ★: Creates a motivating climate within the RDI team; open and transparent, relatable and credible; earns respect; delegates and empowers.
- **Courage** ★: Brings ideas and champions them to the board and majority shareholders. Challenges the RDI management team to bring their best forward.
- **Interpersonal savvy:** Relates openly and comfortably with diverse groups of people.

*ADDITIONAL REQUIRED*

- **Business judgment:** Makes quality decisions in cons situations.
- **Accountability:** Holds self and others accountable to commitments. Acts decisively to uphold culture of com
- **Situational adaptability** ★ ⊙: Adapts approach and real time to match the shifting demands of different sit
- **Plans and aligns:** Plans and prioritizes activities with range of RDI deals to meet commitments aligned with organizational goals.
- **Develops talent** ★: Guides development of people to their career goals and the organization's goals.

★ Indicates lower skill / supply for senior execu
⊙ Indicates hardest to develop

### Experiences

- **Track record of success:** Has demonstrated positive leadership impact and business results; credible and confidence-inspiring.
- **Relationships:** Can form or has existing, positive relationships with major RDI stakeholder groups (financial markets, local and regional government entities in key markets, customers/leaseholders)
- **Deal Making:** Has broad exposure and success in complex deal making; has honed negotiating skills, and appreciation for the complexities and value of partnerships.
- **Global:** Has appreciation for complexities of international real estate, including legal and financial operating differences.
- **Change leadership:** Has proactively and successfully led organization change. Appreciates and can influence organization culture.
- **Governance and Boards:**Has held significant public company leadership roles and direct Board participation and interaction.

### Traits

- **Integrity:** Engenders trust and confidence, and makes choices. No red flags or questionable ethics/morals in
- **Passion:** Brings a visible commitment and energy to v cares about RDI's stakeholders and employees.
- **Humility:** Recognizes and acknowledges the strength as complementary to own profile, and situationally lets lead to best accomplish objectives. Is not threatened b ambition within team. Willing to roll up sleeves and co
- **Self-Awareness:** Knows personal strengths, weaknes vulnerabilities; able to check emotions to prevent asse inappropriately and in non-value creating ways.
- **Restless curiosity:** Looks for alternatives to the statu seeks out ways to make them work.
- **Inclusion:** Listens, questions, and incorporates altern of view from others.
- **Persuasiveness:** Sells and brings others around to a overcoming objections or avoiding distractions.

### Drivers

- **Challenge:** Seeks out difficult problems, and draws energy from collaborating to solve them.
- **Learning:** Pushes self and others to 'figure out' ambiguous, new situations. Looks for opportunities for continuous improveme
- **Entrepreneurial:** In keeping with RDI's heritage, enjoys creating new opportunities, and working to realize the full potential of assets and resources.
- **Unifier:** Relishes aligning and bridging differences and creating a cohesive team

# EXHIBIT 11

READING INTERNATIONAL

**Minutes of the**
**Board of Directors**
**of**
**Reading International, Inc.**
**CEO Search Committee**

**December 29, 2015**

On December 29, 2015, a duly noticed telephonic meeting of the CEO Search Committee (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.

Chair Gould stated that, all of the candidates having been interviewed, the purpose of this meeting was to determine the individual, if any, to be recommended by the Committee to the Board for the position of President and Chief Executive Officer, to serve at the pleasure of the Board.

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;

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- 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.

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.

Mr. Tompkins was directed to prepare minutes for the Committee and to prepare a draft report of the Committee's actions and determinations for review and approval by the Committee and submission to the Board.

There being no further action, the meeting was adjourned at approximately 3:15 P.M.

S. Craig Tompkins, Recording Secretary

# EXHIBIT 12

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

August 4, 2015

A duly noticed meeting of the Board of Directors (the "Board") of Reading International, Inc. (the "Company") was held on August 4, 2015 at the Courtyard Marriott Hotel, located at 6333 Bristol Parkway, Culver City, California 90230. Attending in person were Directors Ellen Cotter (Chairperson), Margaret Cotter (Vice Chairperson), Guy Adams, James J. Cotter, Jr., William Gould, Edward Kane and Tim Storey.

Also present at the invitation of the Board were Dev Ghose (Chief Financial Officer), William Ellis (General Counsel), Mathew Bourke (Director of Real Estate, Australia & New Zealand), Wayne Smith (Managing Director, Australia & New Zealand), Andrzej Matyczynski, and S. Craig Tompkins. Attending by teleconference set up were Director Doug McEachern and, at the invitation of the Board, Robert Smerling (President US Cinemas/Real Estate) and Michael Buckley (Partner at Eclipse Realty). Mr. Tompkins was appointed Recording Secretary for the meeting.

**Call to Order**

The meeting was called to order at Noon (Los Angeles time). Chairperson Cotter took a roll call and confirmed that all of those participating by telephone could hear all of the other participants. Chairperson Cotter advised the Directors that the meeting was confidential and not to be recorded, confirmed with each of the Directors that they were not recording the meeting, and confirmed with each of the Directors participating by telephone that no other person was or would be present with them during the course of the meeting.

Director James Cotter asked that the meeting be recorded, and then asked Mr. Tompkins whether such a procedure would be common or customary at board meetings. Mr. Tompkins advised that, in his experience, this would be highly unusual, and could hamper the free flow of information, ideas and options between the Directors, an assessment with which Mr. Gould agreed. No motion was made, and no further action taken in this regard. Mr Tompkins' advice on this matter was subsequently confirmed by Frank Reddick, Esq. later in the afternoon after his joining the meeting.

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Q2 2015 Review – Australia/New Zealand Cinema Operations

Beginning at approximately 12:10 PM, Wayne Smith commenced a presentation on the status of the movie exhibition industry in Australia/New Zealand and of our cinema operations in those countries. At various points during his presentation and at the conclusion of his presentation, Mr. Smith responded to various questions posed by the Directors. A copy of his presentation is included in the board book for this meeting, as maintained in the records of the Company (the "Meeting Board Book").

Mr. Smith also presented his report to the Board on the Q2 2015 results of the Australian and New Zealand cinema operations and answered questions to the satisfaction of the Directors.

At the conclusion of Mr. Smith's presentation, the Chairperson adjourned the Meeting for a ten minute break.

Q2 2015 Review – US Cinema Operations

Beginning at approximately 1:20 PM, Chairperson Cotter and Robert Smerling discussed the Q2 2015 results of the Company's domestic cinema operations and, together with Mr. Grose and Mr. Matyczynski, responded to various questions posed by the Directors.

Included in the discussion were, among other things:

- A preliminary presentation regarding Project Kid. The Company has put in an indicative proposal, has been moved into the second round of bidding, and is currently doing due diligence. The Company's indicative price, pre-due diligence, was 6.5X trailer level cash flow or approximately $33.0 million. Mr. Matyczynski is leading the due diligence program;

- A discussion of the possible addition of an IMAX screen to the Company's Valley Plaza cinema, including a brief discussion of the pros and cons of the addition of such a screen at this location;

- A status update regarding Union Market (highly unlikely that project would proceed as originally contemplated, but we are working with Edens, the landlord, to find an alternative location); and

- An explanation by Chairperson Cotter and Mr. Smerling as to the reasons for our box office performance being proportionately lower than the overall industry box office. They explained that (i) the specialty film market did not perform as well as the commercial market during Q2 2015 and (ii) the strength of the blockbuster pictures in premium screens in our competitors.

In response to Director questions, Mr. Ghose advised the Directors, among other things, that:

- He believed that the Company has access to sufficient funding and will be generating sufficient cash flow to carry out the capital investment plan currently contemplated by the US Cinemas and Real Estate operations groups.

- The Company would be looking largely to borrowed money to fund any Project Kid deal, and that we have sufficient funds available for such a transaction on our Bank of America credit facility. The Company would be looking to construction financing for the vast majority of its contemplated Union Square and Cinemas 123 redevelopment projects.

- It would be best, if possible, to rely on domestic sources of funding, due to the potentially negative tax impact of bringing funds from Australia and/or New Zealand to the United States and current currency exchange rates. He noted, however, that we have approximately $[redacted] million in inter-company loans to Australia that could be paid down without material adverse consequences (subject to exchange rate implications) and used as a source of funding for domestic activities.

During this discussion, General Counsel William Ellis reminded the Directors that any communications made, information provided or action taken at the meeting (i) was confidential, (ii) could include material non-public information, and (iii) should not be disclosed absent approval of the Company. He further reminded them that disclosure of material non-public information could, in addition to being a breach of the Directors' fiduciary obligations to the Company, be illegal under applicable securities laws.

**Q2 2015 Review – Real Estate Operations – Australia/New Zealand**

At approximately 1:35 PM, Mathew Bourke began his presentation regarding the status of our real estate activities in Australia and New Zealand. He discussed the structure of his group, their goals and direction.

Mr. Bourke reviewed with the Directors in some detail the status of the Company's projects in Auburn, Newmarket and Courtenay Central, identifying pipeline projects, the status of various new tenancies, and responded to questions. In each case, he provided information as to anticipated costs and returns on investment (calculated with regard to legacy land costs).

Mr. Bourke presented his report to the Board on the Q2 2015 results of the Australian and New Zealand real estate operations, and he then answered questions to the satisfaction of the Directors.

At approximately 2:35 PM, the Chairperson adjourned the meeting for a brief break.

**Q2 2015 Review – Real Estate Operations – US**

At approximately 2:50 PM, Margaret Cotter presented the Board with information regarding the status of the Company's Union Square and Cinemas 123 redevelopments. Among other things, she advised the Directors that:

- Liberty Theaters, LLC has entered into contracts with Edifice Realty, for development management services, and with Newmark, to provide broker services. These agreements were reviewed with the Executive Committee prior to execution. They are, in essence, terminable at will.

- The kick off meeting with Newmark is next week, and we will have better information as to the intended leasing plan for the next Board meeting.

- Sutton Hills Properties, LLC has sent a proposal to the owners of the corner property to do a feasibility study for a joint development project. They have orally agreed to the concept of such a feasibility study, to be funded on a 70/30 basis, with Sutton paying 70% and the adjoining owners paying the 30% of an anticipated $80,000 cost. The principals of the adjoining owners have been out of the country, returning this week.

- Sutton Hill Capital, LLC (a 25% member in Sutton Hill Properties) has given its consent to proceed with the redevelopment of the Cinemas 123 property.

- Management will come back to the Board for approval of the Union Square and Cinema 123 projects before any major commitment (such as a construction contract or financing agreement) is entered into.

In response to Director questions, Mr. Ghose and Mr. Matyczynski advised that the plan was to attempt to borrow 100% of the hard and soft development costs for the redevelopment of the Union Square project. This may mean that we would need to have the property substantially leased up by that time. It was not presently management's intention to propose to the Board a speculative development of the property.

Michael Buckley advised that that the development was on time and that ownership intended to be working in the premises doing remediation and demolition work early in the first quarter of next year. Additional information regarding rental revenues is being obtained from Newmark, and we anticipate having our Variance Application (seeking a change in allowable use for a portion of the property) in to the applicable governmental agencies by the end of the month. Ms. Margaret Cotter advised that we are working to have all tenants vacate the building by the end of the year, based on this schedule.

Ms. Margaret Cotter presented her report to the Board on the Q2 2015 results of the five theatres, and she answered questions to the satisfaction of the Directors.

**2Q 2015 Review – Financial Results, Debt Obligations and Other Matters**

At approximately 3:30 PM, Mr. Ghose reviewed the financial condition and results of operation of the Company with the Board, and responded to questions. The Board congratulated management on the Company's performance for the three and six-month periods covered by the Company's 10Q for the period ended June 30, 2015.

Mr. Ghose discussed with the Board management's intention and recommendation that, in light of the Company's cash available in Australia, New Zealand and the US, the Company have a policy of providing for an indefinite reinvestment of its income in Australia. On motion made by Mr. McEachern and seconded by Mr. Storey, the Board adopted the following resolution: At this time, the Company will commit to an indefinite reinvestment of its earnings in Australia.

Mr. Ghose next discussed with the Directors the status of the Company's stock buyback program and the Company's cash situation in the US, noting that approximately $3 million remained available to management under the current authorization from the Board. The Board agreed that no modifications to the plan were needed at this time, and management would retain the ability to buy back stock in its discretion.

On motion made by Mr. Adams and seconded by Mr. Gould, Mr. Ghose was unanimously appointed as the Company's Chief Financial Officer and Principal Accounting Officer and Treasurer.

**2Q 2015 Review – Litigation and Legal Costs**

At approximately 4:00, Mr. Ellis presented his litigation report and responded to questions.

**Director's Session**

At approximately 4:15 the Board went into its Directors' Session, at which time Mr. Reddick, partner at Akin Gump Strauss Hauer & Feld, a law firm retained by the Company, joined the meeting, and Messrs. Bourke, Ghose, Matyczynski, Smerling, Smith, and Buckley departed the meeting.

There followed a discussion of Mr. Reddick's participation in the meeting, with various Directors expressing differing views. Ultimately, it was determined that Mr. Reddick would participate in this session of the meeting, serving as company counsel.



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Approval of Minutes

Thereafter, the Board took up the approval of the minutes for the Board meetings held on May 21, 2015, May 29, 2015, June 12, 2015, and June 30, 2015. Mr. Cotter objected to the minutes, expressing the view that they did not correctly reflect what took place at those meetings. Mr. Cotter indicated that he did not think sufficient time had been given Directors to review and comment on the minutes and suggested that consideration of the minutes be tabled until the next regularly scheduled meeting. Directors expressed the desire to have minutes presented more promptly and Chairperson Cotter committed to endeavor to have draft minutes of Board meetings within three business days of meetings. After discussion, upon motion duly made and seconded, the minutes of each of the aforementioned meetings of the Board were approved in the form submitted by a vote of 6 to 1, with Mr. Cotter voting against and Mr. Storey abstaining on the ground that, given the amount of time that had passed, he could not be certain whether the minutes were completely accurate. Chairperson Cotter invited Mr. Cotter to submit such specific changes as he might suggest to the minutes, noting that any requested amendments to the minutes could be considered by the Board at a future meeting.

Discussion about Executive Committee

At approximately 4:40 PM, Mr. Ellis reviewed with the Board his memo regarding the Company's Executive Committee and responded to questions. Also responding to Director questions were Messrs. Reddick and Tompkins. Assurances were given that the current charter and structure of the Executive Committee were in accordance with applicable Nevada Law. Following discussion in which various general changes to the Executive Committee charter were discussed, the Board determined to make no modifications in the charter or membership of the current Executive Committee at this time. Chairperson Cotter suggested that, if any directors had specific modifications to suggest to the Executive Committee charter, they should send them to her, and she would include them for consideration at the next Board meeting.

CEO Search

At approximately 5:10 PM, Chairperson Cotter updated the Board on the progress of the executive search for a new CEO. She advised that the Company had retained Korn Ferry to assist the Company in this executive search. An executive search committee was formed, comprised of Chairperson Cotter and directors Margaret Cotter, Gould and McEachern.

Insider Trading Policy

At approximately 5:20 PM, Mr. Ellis reviewed with directors the proposed insider trading policy and responded to questions. Messrs. Reddick and Tompkins also



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responded to questions. The adoption of the insider trading policy as presented to the meeting was moved by Mr. Storey and seconded by Mr. Kane, and approved by a vote of 7-1, with Mr. Cotter voting against.

General Counsel and Special Legal Counsel to the Company

At approximately 5:35 PM, Messrs Ellis and Tompkins left the meeting. Chairperson Cotter served as recording secretary.

Chairperson Cotter and Mr. Reddick reviewed actions taken by the Executive Committee with respect to the appointment of Mr. Tompkins as Special Legal Counsel to the Chief Executive Officer and as Recording Secretary, the allocation of responsibilities between Mr. Tompkins and Mr. Ellis, and certain modifications to Mr. Ellis' employment agreement, and the reasons for those changes, and responded to questions. She advised the Board that Mr. Tompkins had agreed to undertake these new duties and responsibilities and that the Executive Committee would be negotiating a new employment contract with Mr. Tompkins. The Directors had an opportunity to ask questions, to which Chairperson Cotter and Mr. Reddick responded to the satisfaction of the Directors.

Annual Shareholders Meeting

Chairperson Cotter next addressed the need for an annual meeting of stockholders and the steps being taken by the Company to ensure that a meeting would be held satisfying the parameters of applicable Nevada Law. The Board agreed without objection that our Company should hold a shareholders meeting within the time frame specified by Nevada law and that the Executive Committee should set the record date and meeting date for that meeting.

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Vacancy on Board of Directors

Ms. Cotter informed the Board that the candidate she proposed for the Board to consider to fill the vacant seat, Mr. Fehmi Karahan, had withdrawn his candidacy because of concerns about the Company's litigation.

Adjournment

There being no further business, the meeting adjourned at approximately 5.45pm.

S. Craig Tompkins, Recording Secretary

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# EXHIBIT 13

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

**March 19, 2015**

A duly noticed meeting of the Board of Directors (the "Board") of Reading International, Inc. (the "Company") was held in the Company's office in Los Angeles on March 19, 2015 at approximately 10:00 a.m. Los Angeles local time.

Present at the first part of the meeting were Ellen M. Cotter, Chairman of the Board, and Board members Margaret Cotter, Vice Chairman, James J. Cotter, Jr., William D. Gould (telephonically), Edward L. Kane, Doug McEachern, Tim Storey and Guy Adams. In attendance at the invitation of the directors were Andrzej J. Matyczynski, S. Craig Tompkins, William D. Ellis, Wayne Smith (telephonically), Matthew Bourke (telephonically). Michael Buckley of Edifice Real Estate Partners joined the meeting, as described below, to make a presentation on the development projects at the Union Square Theater and Cinemas 123.

**Call to Order**

Ms. Ellen Cotter, Chairman of the Board, called the meeting to order at approximately 10:00 a.m. local time and did a roll call of the attendees.

**Financial and Liquidity Review**

Mr. Matyczynski referenced his reports regarding the financial results as presented in the 2014 10-K and Earnings Release, together with a summary of the Company's debt obligations.

The Board asked a few questions on the documents, which Mr. Matyczynski answered to their satisfaction.

**Audit Committee Minutes**

Mr. McEachern moved that the Audit and Conflicts Committee minutes for the March 9, 2015 meeting be approved with minor corrections. Mr. Kane seconded the motion, and the Board unanimously approved the minutes, with such corrections.

**Report of Operations**

Worldwide

Mr. James J. Cotter, Jr. provided an update on the worldwide results for 2014 operations during his Executive Summary report to the Board. The Board asked a few questions, which Mr. Cotter answered to their satisfaction.

US Cinema Operations

Ms. Ellen Cotter presented her report to the Board on the results for 2014 US cinema operations. The Board asked a few questions, which Ms. Cotter answered to their satisfaction.

Australia and New Zealand Cinema Operations

Mr. Smith presented his report to the Board on the results for 2014 Australia and New Zealand cinema operations. The Board asked a few questions, which Mr. Smith answered to their satisfaction.

**Real Estate Operations**

Shadow View/Coachella, California Project

Mr. Ellis presented his report to the Board on the current status of the development of the Shadow View project in Coachella, California. The Board asked a few questions, which Mr. Ellis answered to their satisfaction.

NYC Development Projects

Ms. Margaret Cotter provided a brief update to the Board on the Union Square and Cinemas 123 re-development projects, and then introduced Michael Buckley of Edifice Real Estate Partners, the Company's project manager for these projects, who had just joined the meeting.

Mr. Buckley made a detailed description, and the Board asked several questions, about the re-development projects, which Mr. Buckley answered to their satisfaction.

**Litigation/Legal Costs**

No major issues were raised by the Board regarding litigation matters or on the 2014 legal costs. The Board requested to receive the Legal Cost Report on a quarterly basis, as opposed to a monthly basis.

William D. Ellis, Corporate Secretary

**Directors' Session**

At approximately 3:15 p.m., the meeting re-convened with all directors present. Ellen Cotter acted as the recording secretary for this portion of the meeting.

The Board discussed various matters regarding the Company's employees and executive personnel. The following issues were discussed, and Mr. Cotter, our Chief Executive Officer, agreed to review such issues and report back to the Board at its next meeting:

1) The implementation of formal performance and compensation review of the employees of the Company;
2) The status of Ms. Margaret Cotter as an employee or an independent contractor;
3) The compensation and contractual issues with respect to Bob Smerling and Craig Tompkins;
4) The search for a Chief Financial Officer and status of Andrzej Matyczynski;
5) Potential compensation for Tim Storey who will be assisting with planning and governance issues over the next three months; and
6) The current level of compensation of the directors.

**Adjournment**

There being no further business, this portion of the meeting was adjourned at approximately 5:30 p.m. (Los Angeles local time).

Ellen M. Cotter, Chairman and Recording Secretary

# EXHIBIT 14

DRAFT

READING
INTERNATIONAL

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

**January 8, 2016**

A duly noticed special telephonic meeting of the Board of Directors (the "Board") of Reading International, Inc. (the "Company") was held on January 8, 2016. Attending in person at the Company's corporate headquarters in Los Angeles, California was Chair Ellen Cotter. Attending the meeting by telephone conference were Vice-Chair Margaret Cotter, and Directors Guy Adams, Judy Codding, James J. Cotter, Jr., William Gould, Edward L. Kane, Doug McEachern, and Michael Wrotniak. Attending in person at the invitation of the Chair were William Ellis, General Counsel, and S. Craig Tompkins, who served as recording secretary for the meeting. Chair Cotter called the meeting to order at approximately 10:00, Los Angeles Local Time.

Chair Cotter reminded the Directors that there was to be no recording of the meeting and that only the persons listed above should be listening to the meeting, and verified with the Directors that no one was recording the meeting, and that none of the Directors participating by telephone had anyone, other than the above listed persons, with them or listening to the meeting.

Mr. Ellis reminded the Directors of their obligations of confidentially and advised that no one should disclose the action considered or taken by the Board until an appropriate press release and securities filing had been made.

Chair Cotter advised the Board that the sole item of business for the Special Meeting was the receipt and consideration by the Board of the report (the "Report") containing the recommendation of the CEO Search Committee regarding the appointment of a permanent President and CEO, and the taking of such action on that Report and recommendation as the Board might determine. Chair Cotter then turned the meeting over to William Gould, as the Lead Independent Director and Chair of the CEO Search Committee, and left the meeting.

Committee Chair Gould next reviewed with the Board the Report and the recommendation of the CEO Search Committee, going through in some detail the procedures followed by the CEO Search Committee, and invited the other members of the CEO Search Committee to share their respective views. Vice-Chair Margaret Cotter noted that the process had been complicated by the existence of Mr. Cotter, Jr's derivative suit against the Company, and the fact that such litigation was seeking his reinstatement as President and CEO, and that the outside candidates had expressed concern and asked a number of questions about the status and possible resolution of the litigation. It was noted that the existence of this litigation and the relief sought had likely impacted the salary and contract requirements of the outside CEO candidates interviewed. Each of the other members of the CEO Search Committee stated their concurrence with Mr. Gould's report, noting that they believed that, notwithstanding such litigation challenges, they were of the

view that the Company's search firm, Korn Ferry, had done a good job in finding strong CEO candidates.

The CEO Search Committee next responded to questions from other members of the Board. Director Cotter, Jr. expressed his view that, among other things, the search process had been inadequate, that insufficient time had been given the Board to make a decision of this magnitude, and that the search process had been biased to appoint Ellen Cotter as President and Chief Executive Officer. Attached to these minutes, at the request of Director Cotter, Jr., is a written statement of his position, which he read into the record of the meeting (the "Cotter Statement").

A discussion ensued in which all of the Directors participated.

Among other things, the following were noted:

- Director McEachern advised that while he was Chairman of Pasadena-based Community Bank in 2013/2014, an executive search had been conducted to find a new CEO for the Bank. In his view, the process followed by the Company's CEO Search Committee compared favorably to the process followed by the Bank.

- Director Codding advised that in the past year alone, she had participated (as a committee member or director) in three CEO searches, and that the process followed by the Company was consistent with her past experience.

- Director Cotter Jr. advised the Board that he (Mr. Cotter, Jr), had no prior experience in conducting a CEO search.

- The two internal candidates (Andrzej Matyczynski and Wayne Smith) had withdrawn in favor of Ellen Cotter when she stated her interest in pursuing the position. So, the field was effectively limited to Ellen Cotter and the various outside candidates interviewed by the CEO Search Committee. Both Andrzej Matyczynski and Dev Ghose had recommended to members of the CEO Search Committee that, if she would take the positon, Ellen Cotter would in their view be the best candidate for the job, and that the Company should save time and money and move to the consideration of her appointment.

- Directors Adams and Kane advised the Board that independent of the Report and the recommendation of the CEO Search Committee, based on their own interaction and experience as Directors with Ellen Cotter, they believed that she was qualified and the right candidate for the job and that her appointment as President and Chief Executive Officer was in the best interests of the Company and its stockholders.

- Directors Codding and Wrotniak concurred that, based on their own more limited interaction and experience as Directors with Ellen Cotter, they too believed that she was qualified and the right candidate for the job, and that her appointment as President and Chief Executive Officer was in the best interests of the Company and its stockholders.

At the end of the discussion regarding the search procedures followed by the Company and the CEO Search Committee, Director Kane made a motion (seconded by Vice-Chair Cotter) to the

effect that the Board disagreed with and did not accept as true, accurate or correct, the purported statements of fact and conclusions contained in the Cotter Statement. The motion passed 7 to 1 with Director Cotter voting No. Chair Cotter was not present for the vote.

Thereafter, a motion was made by Director Kane and seconded by Director Adams to accept the CEO Search Committee's Report and recommendation to appoint Ellen Cotter as permanent President and Chief Executive Officer, to serve at the pleasure of the Board of Directors. Further discussion ensued as to both the procedures followed, the appropriateness of such procedures, and the appropriateness of the appointment of Ellen Cotter as permanent President and Chief Executive Officer. Mr. Tompkins, acting as recording secretary, clarified for the Board that, as a practical matter, if a Director had an issue with either the procedure followed and/or the recommendation made, such Director could vote "No," and that if less than a majority of the Directors voted "Yes," the process and/or recommendation could then be revisited by the Board.

Thereafter, Lead Independent Director and Committee Chair Gould called the question and took a vote. The Board voted 7 to 1, with Director James Cotter voting no and Ellen Cotter not participating in the vote, to appoint Ellen Cotter as permanent President and Chief Executive Officer, to serve at the pleasure of the Board.

No action was taken by the Board with respect to compensation issues, such matters being the province of the Compensation and Stock Option Committee.

Mr. Tompkins advised that the appointment of Ellen Cotter to these positions on a permanent basis constituted confidential non-public information, and no disclosure should be made by any Director with respect to such Board action until an appropriate press release and 8K filing had been made. This would occur next week.

Ellen Cotter was then asked to rejoin the meeting, and upon rejoining, confirmed her acceptance of the appointment.

There being no further action, the meeting was adjourned at approximately 10:50 a.m.

.....
S. Craig Tompkins
Recording Secretary

* **Attachment – written statement by James Cotter**

**STATEMENT OF JAMES J. COTTER, JR.**

I object, and each of the four other members of the Board not on the search committee also should object, to being asked to make a decision on a matter as important as the selection of a President and CEO of the Company on two days' notice.

That inadequate notice, the inadequate if not misleading information provided by the search committee in the form of Craig Tompkins' memo, and the wholesale process failures described in my email of yesterday, make it impossible for at least the five directors not on the search committee to act today and still fulfill their fiduciary duties.

That is not to say that the four members on the search committee satisfied their fiduciary duties.

The fact that the search committee shut down Korn Ferry, so that neither the search committee nor the full Board has the benefit of Korn Ferry's assessments of final candidates, necessarily means that selecting Ellen today, as the search committee recommends, will be acting with inadequate information. That is the case measured by the questionable standard set at the outset of this process.

The same is true for the decision to preclude the full Board from interviewing the three final candidates. In other words, for that reason too, selecting Ellen today necessarily will be acting with inadequate information. That is the case measured by the questionable standards set at the outset of this process.

That is not to say that the entire process was not inadequate, if not manipulated, from the outset. I'm referring to the subject of candidate search criteria, among other issues mentioned in my e-mail.

Whether the information provided by the search committee also has been manipulated is another question, which cannot be answered without an informed review of what the committee did and did not do, undertaken with the benefit of appropriate professionals.

All of these comments go to the subject of the process, not the merits of Ellen's candidacy. On that subject, the search committee has made clear its view, which is that the sole qualification the President and CEO of the Company must possess is to be acceptable to Ellen and Margaret, because the search committee expects them to exercise control of a majority of the class B voting stock. The amounts to taking the position that the directors of this Company owe fiduciary duties only to the presumed controlling shareholders, and the presumed controlling shareholders owe fiduciary duties to no one. I disagree with that position.

_____ Date: _____

James J. Cotter, Jr.

# EXHIBIT 15

DRAFT
11/3/15

**Minutes of Special**
**Telephonic Meeting of the Board of Directors**
**of**
**Reading International, Inc.**

**October 5, 2015**

A duly called and noticed meeting of the Board of Directors (the "Board") of Reading International, Inc. (the "Company"), was held on Monday, October 5, 2015. In attendance in person at the Company's corporate headquarters in Los Angeles were Chairperson Ellen Cotter and Directors Guy Adams and James Cotter, Jr. In attendance by conference call were Vice Chairperson Margaret Cotter, and Directors William Gould, Edward L. Kane, Douglas McEachern and Tim Storey. Present at the invitation of the Chair were Dev Ghose, Andrzej Matyczynski, William D. Ellis, Gilbert Avanes, and S. Craig Tompkins. Mr. Ellis served as recording secretary.

Following a roll-call by the Chairperson, the meeting was called to order at approximately 1:00 (Pacific Time), each participant verifying that he or she could hear each of the other participants on the call. Chairperson Cotter verified with the participants that the meeting was not being recorded by any of the participants and that there were no participants other than the individuals identified above. Chairperson Cotter also confirmed with the participants that no additional participants would be added to the meeting without being introduced to the meeting.

**Amendment of Bylaws**

Chairperson Cotter stated that the first item of business was a proposal to reduce the number of directors from ten to nine. She explained the background of the current number and the need to reduce it going forward.

On motion made by Director Kane, seconded by Director Adams, and approved by a seven-to-one vote (Director James J. Cotter, Jr. voting no), the Directors determined that reducing the number of directors from ten to nine was in the best interests of the Company and its stockholders and resolved as follows:

RESOLVED, that Article II, Section 2 of the Company's Bylaws is hereby amended and restated as follows:

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

until his successor is elected and qualified. Directors need not be stockholders."

**Appointment of Dr. Judy Codding**

Chairperson Cotter stated that the second item on the meeting agenda was to consider Dr. Judy Codding as a candidate to fill the vacant Director seat left when Al Villasenor, Jr. retired from the Board in 2014.

Chairperson Cotter referenced and summarized the background information provided to the Board in the Board materials circulated prior to the meeting.

Directors Guy Adams, Ed Kane and Doug McEachern advised the Board that they had each met personally with Dr. Codding and that they believed that she would be a fine addition to the Board. On motion made by Director Adams, seconded by Director Kane, and approved by a six-to-one vote (with James J. Cotter, Jr. voting no, and Director Storey abstaining), the Directors determined that Dr. Codding's election to the Board was in the best interests of the Company and she was so elected.

**Nomination Committee**

Chairperson Cotter stated that the next item on the meeting agenda was the consideration of the appointment of a nominating committee to select the Directors to be considered by the shareholders at the November 10, 2015 annual meeting (the "Annual Meeting"). Ms. Cotter reviewed with the Board the Company's prior Director selection process and the recommendation of the Company's outside counsel that a nominating committee comprised of three outside Directors be appointed to select the Board's nominees for the next Annual Meeting, with full authority to do so without further Board approval. At the request of the Chairman, the following resolution was read into the record by Mr. Tompkins:

Resolution Regarding the Formation
Of
The Special Nominating Committee of
Reading International, Inc.

Whereas, Reading International, Inc. (the "Company") as a "controlled company" under Section 5615(c)(1) of the listing rules of The NASDAQ Capital Stock Market (the "NASDAQ Listing Rules" and the "NASDAQ," respectively) is not required to maintain an independent nominating committee and has historically not had such a committee.

Whereas, the Board of Directors (the "Board") has determined that it would be nevertheless in the best interests of the Company and its stockholders (the "Stockholders") to form a special nominating committee for purposes of determining the individuals to be nominated by the Board for election to the Board at the upcoming 2015 Annual Meeting of Stockholders,

Now, therefore, it is hereby resolved as follows:

1. The Board hereby forms a special committee of the Board, to be known as the "Special Nominating Committee" and hereby delegates to the Special Nominating Committee authority to interview and review the backgrounds of potential candidates and to select the individuals to be designated as the Board's nominees in the proxy materials distributed by the Board of Directors for the 2015 Annual Meeting of Stockholders (the "Annual Meeting").

2. The Board hereby appoints directors Guy Adams, Edward L. Kane and Doug McEachern to serve as the members of the Special Nominating Committee.

3. The Special Nominating Committee will endeavor to interview, to complete background checks and to consider any candidates suggested by any one or more directors. In determining the Board's nominees, the members of the Special Nominating Committee shall exercise their business judgment, and may consider in their discretion, among other things, the likelihood that any such candidate will be able to obtain (or has obtained) the support of the Company's controlling stockholders.

4. Following the Annual Meeting, the Board will review the benefits to the Company and its Stockholders of having a standing nominating committee, no such determination having been made as of this time.

5. The officers of the Company are hereby directed to provide the Special Nominating Committee with such support and assistance as the members thereof may reasonably request.

The Directors discussed the pros and cons of such a nominating structure. Chairperson Cotter stated her belief that it made sense to have the chairs of the Company's three principal standing committees (Executive, Audit and Compensation) serve as such a Special Nominating Committee, that is, Messrs. Kane, Adams and McEachern.

Thereafter, a motion was made by Director Adams, seconded by Director Gould, and approved by a seven-to-one vote (Director James J. Cotter, Jr. voting no), the above resolution was adopted.

Director Cotter raised the objection that in his view, this was too important an obligation to be delegated to a committee. He asked that the motion be reconsidered, to provide that the Special Nominating Committee would do due diligence and make recommendations, but that the Board would make the final decision.

Further discussion ensued among the Directors on the issue of whether the full Board or the Special Nominating Committee should make the ultimate determination as to which candidates should be nominated. On a motion to reconsider made by Director Gould, seconded by Mr. Storey, and approved on a seven-to-one vote (Director James J. Cotter, Jr. voting no), the Directors approved an amendment to the previously adopted motion to the effect that the delegation of authority to the Special Nominating Committee would be limited to the doing of

due diligence and the making of recommendations as to director candidates, and that the entire Board of Directors would determine which of these candidates would be nominated.

There followed a discussion as to whether an executive search for director candidates should be done. Chairperson Cotter advised the Board that she and the Vice Chairman had contacted several candidates with real estate and/or entertainment credentials, but that all had declined to serve. She further advised that while several had expressed an interest, and even a desire, to serve, none of these individuals wanted to join a Board subject to outstanding derivative litigation.

Mr. Cotter, Jr. stated that he believed that there were qualified individuals who would be willing to serve, notwithstanding the pending derivative litigation. He stated that he specifically would like the Special Nominating Committee to consider Mr. Michael Scovran for nomination to the Board. He further stated that he had had conversations with Mr. Scovran, and that Mr. Scovran had stated that that he would be prepared to serve as a director.

**Next Board Meeting**

Chairperson Cotter requested that the Special Nominating Committee contact all current Directors to determine their interest in being re-nominated and such additional potential candidates as may be recommended by any one or more Directors, and be prepared to make its recommendations by the Board meeting to be held on October 12, 2015. All Directors confirmed their availability for such a meeting.

**Proxy Statement**

At the request of Chairperson Cotter, Mr. Tompkins reviewed the status of the Company's proxy statement, and he asked that all Directors review it and provide written comments to Mr. Ellis no later than October 8, 2015.

**Inspector of Elections**

Chairperson Cotter stated that the next agenda item was the appointment of an Inspector of Elections for the Annual Meeting. She stated that Company counsel, Greenberg Traurig, LLP, had recommended using First Coast Results, Inc., an independent firm experienced in director elections for public companies and that Akin Gump had seconded that selection. Mr. Tompkins pointed out that the cost of such an Inspector of Elections would likely be in the range of $10,000, substantially more than ComputerShare (the Company's transfer agent), who typically served such function. However, given the possibility that the election might be contested, it would be prudent to retain an Inspector of Elections familiar with contested election situations.

On motion made by Director Adams, seconded by Director Gould, and approved on an eight-to-zero vote, the Directors appointed First Coast Results, Inc. as the Inspector of Elections for the Annual Meeting.

**Project Kid**

Chairperson Cotter then gave an update on the Company's proposed acquisition of Sundance Cinemas, LLC, noting that the Company would be bidding $33,000,000 in a sealed bid later that day.

**Committee Minutes**

On motion made by Director Adams, seconded by Director McEachern, and approved by a six-to-zero vote (with Directors Storey and James J. Cotter, Jr. abstaining), the Executive Committee meeting minutes for July 20, 2015, July 27, 2015, July 31, 2015, August 12, 2015 and August 28, 2015 were accepted.

On motion made by Director McEachern, seconded by Mr. Adams, and approved on a six-to-zero vote (with Directors Storey and James J. Cotter, Jr. abstaining), the Audit and Conflicts Committee meeting minutes for August 3, 2015 and August 7, 2015 were accepted.

At the request of Director Cotter, Jr., the approval of the Board meeting minutes for August 4, 2015, September 17, 2015 and September 28, 2015 was postponed for consideration at the upcoming October 12, 2015 Board meeting.

There being no further business, the meeting was adjourned at approximately 2:30 pm.

_____
William D. Ellis, Secretary

# EXHIBIT 16

DRAFT
11/3/15

**Minutes of Special**
**Telephonic Meeting of the Board of Directors**
**of**
**Reading International, Inc.**

**October 12, 2015**

A duly called and noticed meeting of the Board of Directors (the "Board") of Reading International, Inc. (the "Company"), was held on Monday, October 12, 2015. In attendance in person at the Company's corporate headquarters in Los Angeles was Chairperson Ellen Cotter. In attendance by conference call were Vice Chairperson Margaret Cotter, and Directors Guy Adams, Judy Codding, James J. Cotter, Jr., William Gould, Edward L. Kane, and Douglas McEachern. Present at the invitation of the Chair were William D. Ellis, and S. Craig Tompkins. Mr. Tompkins served as recording secretary.

Following a roll-call by the Chairperson, the meeting was called to order at approximately 10:30 (Pacific Time), each participant verifying that he or she could hear each of the other participants on the call. Chairperson Cotter verified with the participants that the meeting was not being recorded by any of the participants and that there were no participants other than the individuals identified above. Chairperson Cotter also confirmed with the participants that no additional participants would be added to the meeting without being introduced to the meeting.

Chairperson Cotter announced that Tim Storey had retired as a director, and, accordingly, would not be participating in the meeting. Chairperson Cotter stated that the purpose of the meeting was to fill the vacancy created by the retirement of Tim Storey, and to receive the report and recommendations of the Special Nominating Committee (the "Committee") and select the individuals who would receive the Board's nomination at the upcoming annual meeting of stockholders, for election to the Board.

Mr. McEachern, speaking for the Committee advised the Board that the Committee would be recommending Mr. Michael Wrotniak for nomination for election to the Board, and moved that Mr. Wrotniak be elected to fill the vacancy created by the retirement of Mr. Storey. Director Adams seconded this motion, which was approved by all of the Directors other than Mr. Cotter, Jr. who voted against the election of Mr. Wrotniak to fill such vacancy.

Next, Mr. McEachern delivered the report of the Committee. He reviewed with the Board the procedures followed by the Committee, and the persons interviewed by the Committee. He advised that the Committee had had three meetings over the prior week, and that members of the Committee had spoken to all of the incumbent directors, to Michael Wrotniak (who had been suggested by Ellen and Margaret Cotter), and to Mr. Gil Borok (who had been suggested by James J. Cotter, Jr.), and advised that while Mr. Wrotniak had agreed to serve, Mr. Borok (who Mr. McEachern has known for more than the past 10 years) had advised that he was not interested in serving as a director at this time. He advised that the Committee was recommending

the nomination of Guy Adams, Dr. Judy Codding, Ellen Cotter, James J. Cotter, Jr., Margaret Cotter, William Gould, Edward L. Kane, Douglas McEachern, and Michael Wrotniak.

Mr. McEachern advised that the Board that the decision to nominate James Cotter, Jr had been a difficult decision, and in reaching the decision to recommend the nomination of Mr. James J. Cotter, Jr. for re-election to the Board, the Committee had taken a number of factors into consideration. Without attempting to place any particular priority on any particular consideration or to enumerate all of the matters discussed, the Committee had considered, among other factors, Mr. Cotter Jr.'s pending litigation against certain of the other Directors and arbitration proceedings with the Company; the Board's recent determination to terminate Mr. Cotter, Jr. as the Company's Chief Executive Officer and President of the Company; the potential that this personnel action and resultant legal proceedings could contribute to dissension among Board members and impact the otherwise collegial nature of Board meetings; Mr. Cotter, Jr.'s longevity on the Board and his broad knowledge of our Company; Mr. Cotter, Jr.'s beneficial holdings of the Company's securities; and the fact that Ellen M. Cotter and Margaret Cotter had notified the Committee that, if Mr. Cotter, Jr. was not nominated by the Board, they intended to vote in their capacity as stockholders, as the Co-Executors of the Cotter Estate and as a majority of the Co-Trustees of the Trust, to nominate Mr. Cotter, Jr. from the floor and to vote the more than 70% of the voting stock that they collectively control for the election of Mr. Cotter, Jr. After considering these factors and their deliberations, the Special Nominating Committee recommended that Mr. Cotter, Jr. be nominated to serve another term as a Director of the Company. Accordingly, it was the unanimous determination of the Committee that it would be in the best interests of the Company and its stockholder that he be nominated and continue to serve as a director).

Chairperson Cotter advised the Board that the nomination process was a candidate by candidate process. She then polled each director as to such director's vote with respect to each candidate. Each of the directors, other than Directors James J. Cotter, Jr., Judy Codding and Michael Wrotniak voted in favor of each of the candidates recommended by the Committee. Mr. Cotter Jr. voted against all of the directors. When asked by Director McEachern if he realized that this meant he was voting against himself, Mr. Cotter, Jr. stated that he did understand this, and that he was voting against the nomination of all of the candidates. Director Codding abstained on the basis that she had just recently joined the Board. Mr. Wrotniak was not present at the meeting. Accordingly, the nominees of the Board of Directors are Guy Adams, Dr. Judy Codding, Ellen Cotter, James J. Cotter, Jr., Margaret Cotter, William Gould, Edward L. Kane, Douglas McEachern, and Michael Wrotniak.

There being no further business, the meeting was adjourned at approximately 11:00, Pacific Time.

_____
S. Craig Tompkins, Recording Secretary

# EXHIBIT 17

**From:** Krum, Mark
**To:** Alexander Robertson (arobertson@arobertsonlaw.com)
**Sent:** 1/28/2016 9:37:39 PM
**Subject:** (Privileged and Confidential; Not for distribution)

**From:** James J. Cotter [mailto:cotterprivate@gmail.com]
**Sent:** Thursday, January 07, 2016 1:17 PM
**To:** 'Ellen Cotter' <Ellen.Cotter@readingrdi.com>; 'Margaret Cotter' <margaret.cotter@readingrdi.com>; 'Kane' <elkane@san.rr.com>; 'Guy Adams' <GAdams@gwacap.com>; wgould@troygould.com; M.Wrotniak@Aminco.biz; judycodding@gmail.com; 'McEachern, Doug (US - Retired)' <dmceachern@deloitte.com>
**Subject:** Appointment of President & CEO
**Importance:** High

On June 15, the Company reported its intention to engage the assistance of a leading executive search firm to identify a permanent President and CEO. On August 4, Ellen advised the Board that she had engaged Korn Ferry and that a search committee consisting of Ellen Cotter, her sister Margaret, Bill Gould and Doug McEachern had been formed. Korn Ferry reportedly was selected because, as among the search firms considered, it was the only one that could provide independent detailed assessments of candidates, apparently to ensure the independence and/or adequacy of the search process.

Even after a number of requests, not one update on this search was provided to the Board (e.g., assessment of the Company's goals and objectives, candidate search criteria, progress of interviews with candidates, reporting structure of new hire). Then, on December 17, months after the last report to the Board, Ellen reported to the Board that five external candidates had been interviewed on our behalf by Korn Ferry, Ellen was submitting her candidacy and the search committee would shortly make its recommendation to the Board.

***Process***

As a result, the other five members of the Board effectively have no understanding of what process, if any, was undertaken to actually search for and evaluate any candidates. It therefore is impossible to make an informed decision that the process was adequate or even that it was genuine. The memo from Craig Tompkins, provided two days before the Board will be asked to select Ellen as the new President and CEO, not only fails to provide Board members with information sufficient to satisfy themselves that a genuine and adequate search process was conducted, it actually indicates otherwise. Among other things:

There is no indication that the search committee undertook any process to develop candidate search criteria, much less did so. On the contrary, it implies that Korn Ferry did so, stating "It emphasized a real estate background, based on the assumption that...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." This is not a CEO specification. That is a specification for a glorified director of real estate position.

There is no indication that the search committee developed, much less implemented, any process for considering internal candidates. On the contrary, every indication is that the committee allowed Ellen, an internal candidate, to select the search firm to be engaged, to direct the formulation of the director of real estate type criteria that Korn Ferry apparently used to identify candidates, and to participate in all committee activity other than actual interviews of other candidates until less than two weeks before the committee decided to select Ellen, who reportedly was selected based on the considerations set out in the bullet points on pages 5 and 6 of Craig Thompkins' memo, not on the criteria set forth in Korn Ferry's position specification.

Craig Thompkins' memo indicates that Ellen was selected not as a result of any search process, much less an adequate and genuine one, but rather based on considerations that largely if not entirely are not mentioned in the Korn Ferry position specification document. Moreover, almost all of those considerations are unique to Ellen as among the supposed candidates, and are unique to her by virtue of her position as interim President and CEO and a supposedly

controlling shareholder. Had the committee developed a set of candidate search criteria reflecting the considerations that Craig Tompkins' memo indicates serve as the basis for the selection of Ellen, the criteria would have dictated that no process be undertaken and that Ellen be selected.

The reason Korn Ferry supposedly was selected, which was that it alone as among the search firms would provide the company with proprietary independent assessments of final candidates, was in effect canceled by the search committee, ostensibly to save money. According to Craig Tompkins' memo, he was tasked by the committee with directing Korn Ferry not to perform what it describes as "an objective, accurate process to determine individual or group readiness, potential and fit." He did so and the committee preempted what appears to have been a critical process intended to ensure that the search process was both genuine and adequate.

The supposed search committee also has acted to insure that the other five members of the board cannot make independent, informed decisions by eliminating the presentation of the final three candidates to the full board for vetting, acting instead to presume to do that for the full board.

Under the circumstances, including the apparent inadequate if not manipulated process, I do not see how we as five directors can rely on the recommendation of this search committee to make a decision on the hiring of a President and CEO.

***Assessment of Performance of US Cinemas***

As would our former CEO and Chairman, I have strong views as to why such an appointment would be a gross mistake. These views are driven not by personal animus, but an assessment of her business unit and her management effectiveness as Chief Operating Officer of the US Cinemas, including:

- Ø US Cinemas have experienced significant management issues for a long time, resulting in mismanagement at individual US cinemas. These problems including those with which our former CEO and Chairman and Tim Storey took serious issue continue to go unaddressed. *See California and Hawaii Theater Reviews.*

- Ø Historical performance of the Pacific Acquired Cinemas (representing close to 65% of US Cinemas' revenues) evidences the impact these management issues have had with significant erosion of cashflow, contraction of margins and loss of market share at these theaters over the years after Ellen took over management from Pacific Theaters in February 2008. *See charts below.*

- Ø Ellen has never operated the US Cinemas with a business plan, budget or CapEx plan. Only this year, after multiple requests from me with repeated urging from Tim Storey, did she produce her first business plan, budget and CapEx plan. Allowing her to operate the entire company (including the real estate operations) the way she did this small division will result in significant issues and delays for the whole Company (just as it did when she took over substantially more screens with the Pacific Acquired Cinemas).

- Ø US Cinemas have not been re-invested in under her watch and as a result, are completely behind the curve in terms of innovations (even those not requiring substantial CapEx costs). *See California and Hawaii Theater Reviews.*

- Ø US Cinemas' historical operating performance has significantly underperformed compared to our other cinema divisions and the rest of the industry. EBITDA margins of our Australian Cinemas are almost 100% higher than those of our US Cinemas. EBITDA margins of our New Zealand Cinemas are almost 40% higher than those of our US Cinemas. *See Segment Report.*

- Ø Ellen's wheel-and-spoke management structure (with almost everyone in her division effectively reporting to her) results in a top-heavy management structure and a grossly disproportionately high G&A. We operate our 21 Australian cinemas with $1.47 million of G&A and our 10 New Zealand cinemas with $240,000 in G&A. Ellen operates our 27 US cinemas with $4 million of G&A. *See Segment Report.*

[Financial information omitted]

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# EXHIBIT 18

READING
INTERNATIONAL

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

**March 10, 2016**

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

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

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

Union Square Redevelopment Project

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

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

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

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

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

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

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

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

Report on Status of Annual Report on Form 10K

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

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

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

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

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

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

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

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

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

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

Earnings Release

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

Debt Obligations Review

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

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

Domestic Cinemas Report

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

Australia and New Zealand Cinema Operations

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

Live Theater Operations

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

Australia and New Zealand Real Estate Operations

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

Potential Purchase of 5995 Sepulveda Boulevard Office Building

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

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

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

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

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

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

**Legal Update**

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

Stockholder Annual Meeting

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

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

- Stockholder Proposal Deadline: April 8, 2016

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

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

Executive Session

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

Review and Approval of Minutes

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

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

Review and Approval of Compensation and Stock Option Committee Charter

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

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

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

**Amended and Restated Audit and Conflicts Committee Charter**

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

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

Review and Acceptance of Committee Meeting Minutes

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

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

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

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

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

Compensation and Stock Option Committee Report

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

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

a. Executive Compensation and Appointments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Ellen Cotter and Margaret Cotter returned to the meeting.

b. Directors Compensation

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

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

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

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

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

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

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

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

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

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

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

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

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

Amendment to the 2010 Stock Incentive Plan

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

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

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

Mr. Tompkins returned and resumed as Recording Secretary.

Conclusion of Meeting

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

S. Craig Tompkins, Recording Secretary

# Exhibit A

**READING INTERNATIONAL, INC.**

**FIRST AMENDEMNT TO THE**

**2010 STOCK INCENTIVE PLAN**

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

RECITALS

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

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

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

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

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

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

AMENDMENTS

1. Section 2(y) the definition of "Rule 16b-3" is hereby renumbered as Section 2(z).

2. Section 2(z) the definition of "Securities Act" is hereby renumbered as Section 2(aa).

3. Section 2(aa) the definition of "Stock Award" is hereby renumbered as Section 2(bb).

4. Section 2(bb) the definition of "Service" is hereby renumbered as Section 2(cc).

5. Section 2(cc) the definition of "Stock Award Agreement" is hereby renumbered as Section 2(dd).

6. Section 2(dd) the definition of "Ten Percent Stockholder" is hereby renumbered as Section 2(ee).

7. Section 2(y) the definition of "Restricted Stock Units" is hereby added.

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

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

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

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

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

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

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

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

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

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

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

# Exhibit B

CONFIDENTIAL

**Proposed Executive Compensation and Appointments – Recommended by Compensation Committee**
**Board of Directors Meeting – March 10, 2016**

| *Name* | *Proposed or Existing Executive Title* | *Proposed 2016 Base Salary* | *Proposed 2016 Short Term Incentive Bonus Potential* | *Proposed 2016 Long Term Incentive*** | *Potential "Named Executive Officer"* | *Section 16 Officer* |
|---|---|---|---|---|---|---|
| Ellen Cotter | President & Chief Executive Officer* | $450,000Ŧ | $427,500 (95% of Base Salary) | $300,000 | X | X |
| Dev Ghose | Executive Vice President, Chief Financial Officer & Treasurer | $400,000***Ŧ | $200,000*** (50% of Base Salary) | $0 | X | X |
| S. Craig Tompkins | Executive Vice President, General Counsel & Corporate Secretary | $410,000 | $102,500 (25% of Base Salary) | $100,000 | X | X |
| Andrzej Matyczynski | Executive Vice President – Global Operations | $336,000Ŧ | $168,000 (50% of Base Salary) | $75,000 | X | X |
| Robert Smerling | President – US Cinemas* | $375,000Ŧ | $112,500 (30% of Base Salary) | $100,000 | X | X |
| Wayne Smith | Managing Director – Australia & New Zealand* | AU$370,000Ŧ | AU$148,000 (40% of Base Salary) | AU$75,000 | | X |
| Margaret Cotter | Executive Vice President – Real Estate Management & NYC Development | $350,000 | $105,000 (30% of Base Salary) | $100,000 | | X |
| Matthew Bourke | Managing Director – Real Estate – Australia & New Zealand | AU$325,000 | AU$97,500 (30% of Base Salary) | AU$35,000 | | X |

We are proposing that the Board approve the following Executives' titles:

| | |
|---|---|
| Gilbert Avanes | Vice President – Finance, Planning & Analysis |
| Mark Douglas | Director – Property Development – Australia & New Zealand |
| Terri Moore | Vice President – Cinema Operations (US) |
| Doug Hawkins | Vice President – Construction & Facilities Management (US) |
| Ken Lee | Vice President – Food & Beverage (US) |

*No proposed change: Existing title reflected in red.
**Proposal includes: 50% Non-Qualified Options and 50% Restricted Share Units
***Required by Employment Agreement
Ŧ The Committee is recommending the elimination of car allowances. Management will work towards this goal in 2016.

# EXHIBIT 19

PMB Management

**Vendor Ledger**

**Date: 4/25/2016**

Code: korn002 Telephone: (H)3102266357
Name: Korn/Ferry International Telephone: (H)
Address: Po Box 1450 Email: anjelica.zalin@kornferry.com
City: Minneapolis, MN 55485-5064 URL:

| Tran# | Property | Invoice Date | Account | Invoice Number | Amount | Unpaid Amount | Charges | Payments | Check# | Check Date | Description |
|---|---|---|---|---|---|---|---|---|---|---|---|
| P-763654 | 10500101 | 3/30/2015 | 61305.000 | 90287453 | 44,200.00 | 0.00 | | | 100269 | 4/24/2015 | |
| P-771753 | 10500101 | 5/1/2015 | 61305.000 | 90289715 | 42,900.00 | 0.00 | | | 100564 | 5/14/2015 | |
| P-795189 | 10500101 | 8/7/2015 | 61305.000 | 90294517 | 54,400.00 | 0.00 | | | 102332 | 9/10/2015 | 135439 |
| P-803552 | 10500101 | 9/28/2015 | 61305.000 | 135040306 | 35,000.00 | 0.00 | | | 102646 | 10/6/2015 | |
| P-813660 | 10500101 | 11/2/2015 | 61305.000 | 90298897 | 52,800.00 | 0.00 | | | 300397 | 12/3/2015 | |
| P-819582 | 10500101 | 12/2/2015 | 61305.000 | 90300565 | 1,243.00 | 0.00 | | | 301025 | 1/7/2016 | |
| P-819558 | 10500101 | 10/7/2015 | 61305.000 | 90297713 | 52,800.00 | 0.00 | | | 301025 | 1/7/2016 | Engagement# 135439 |
| P-828351 | 10500101 | 12/31/2015 | 61302.000 | 90301816 | 1,090.00 | 0.00 | | | 301698 | 2/18/2016 | |
| P-828374 | 10500101 | 1/30/2016 | 61305.000 | 90303227 | 275.00 | 0.00 | | | 301929 | 3/3/2016 | |
| | | | | | 284,708.00 | 0.00 | 0.00 | 0.00 | | | |

BED Search

197,608.00 - CED Search



CONFIDENTIAL

KORN FERRY

PRIVATE AND CONFIDENTIAL

Ms. Ellen Cotter
Board Director
Reading International, Inc.
6100 Center Drive
Suite 900
Los Angeles, CA 90045

August 7, 2015

Invoice No. : 90294517
Engagement No. : 135439

Invoice for professional services rendered in conjunction with our assignment :
Chief Executive Officer

| | | |
|---|---|---|
| Professional Fee - First Installment | USD | 51,000 |
| Administrative Fees : | USD | 3,400 |
| Total | USD | 54,400 |

For questions, please contact engagement manager : Robert Mayer (310) 552-1834

Please include the following reference with your payment : 90294517

Please remit payment upon receipt to: Korn Ferry International NW 5064
P.O. Box 1450, Minneapolis, MN 55485-5064
For overnight payment: Korn Ferry International NW 5064
c/o Wells Fargo, 1801 Parkview Dr., Shoreview, MN 55126; (651) 917-5440
For Wires and ACH: Wells Fargo Bank, 420 Montgomery St., San Francisco, CA 94104
ABA Routing #121000248; Account #4945080711 (Int'l Swift # WFBIUS6WFFX)

Federal Tax ID: 95-2623879

1 of 1

KORN FERRY

PRIVATE AND CONFIDENTIAL

Ellen Cotter
Board Director
Reading International, Inc.
6100 Center Drive
Suite 900
Los Angeles, CA 90045

August 28, 2015

**Invoice No. : 195040306**
**Engagement No. : 40019629**

Invoice for professional services rendered in conjunction with our assignment :
CEO Success Profile and Assessment

| | | |
|---|---|---|
| Professional Fee | USD | 35,000.00 |
| **Total** | **USD** | **35,000.00** |

For questions, please contact engagement manager : Sidney Cooke (415) 956-1834

**Please include the following reference with your payment : 195040306**

**Please remit payment upon receipt to:** Korn Ferry Leadership Consulting Corporation
NW 5854, P.O. Box 1450, Minneapolis, MN 55485-5854
For Wires and ACH: Wells Fargo Bank, 420 Montgomery St., San Francisco, CA 94104
ABA Routing #121000248; Account #4121135776 (Int'l Swift # WFBIUS6WFFX)

Federal Tax ID: 41-0858903



CONFIDENTIAL RDI0058289

KORN FERRY

**PRIVATE AND CONFIDENTIAL**

Ms. Ellen Cotter
Board Director
Reading International, Inc.
6100 Center Drive
Suite 900
Los Angeles, CA 90045

November 2, 2015

**Invoice No. : 90298897**
**Engagement No. : 135439**

Invoice for professional services rendered in conjunction with our assignment :
Chief Executive Officer

| | | |
|---|---|---|
| Professional Fee - Third Installment | USD | 49,500 |
| Administrative Fees : | USD | 3,300 |
| **Total** | **USD** | **52,800** |

For questions, please contact engagement manager : Bob Mayes (310) 552-1834

**Please include the following reference with your payment : 90298897**

**Please remit payment upon receipt to:** Korn Ferry International NW 5064
P.O. Box 1450, Minneapolis, MN 55485-5064
**For overnight payment:** Korn Ferry International NW 5064
c/o Wells Fargo, 1801 Parkview Dr., Shoreview, MN 55126; (651) 917-5440
**For Wires and ACH:** Wells Fargo Bank, 420 Montgomery St., San Francisco, CA 94104
ABA Routing #121000248; Account #4945080711 (Int'l Swift # WFBIUS6WFFX)

Federal Tax ID: 95-2623879

1 of 1

KORN FERRY

**PRIVATE AND CONFIDENTIAL**

Ms. Ellen Cotter
Board Director
Reading International, Inc.
6100 Center Drive
Suite 900
Los Angeles, CA 90045

December 2, 2015

**Invoice No. : 90300565**
**Engagement No. : 135439**

Invoice for professional services rendered in conjunction with our assignment :
Chief Executive Officer

| | | |
|---|---|---|
| Direct Expenses | USD | 1,243 |
| **Total** | **USD** | **1,243** |

For questions, please contact engagement manager : Bob Mayes (310) 552-1834

**Please include the following reference with your payment : 90300565**

**Please remit payment upon receipt to:** Korn Ferry International NW 5064
P.O. Box 1450, Minneapolis, MN 55485-5064
**For overnight payment:** Korn Ferry International NW 5064
c/o Wells Fargo, 1801 Parkview Dr., Shoreview, MN 55126; (651) 917-5440
**For Wires and ACH:** Wells Fargo Bank, 420 Montgomery St., San Francisco, CA 94104
ABA Routing #121000248; Account #4945080711 (Int'l Swift # WFBIUS6WFFX)

Federal Tax ID: 95-2623879



**CONFIDENTIAL** **RDI0058291**

**175**

RDI-A05041

KORN FERRY

Attachment to Invoice No. 90300565

| | | | |
|---|---|---|---|
| **Consultant Travel :** | | | |
| R. Mayes | 10/31/15 | USD | 1,159 |
| R. Mayes | 10/31/15 | USD | 84 |
| | | USD | 1,243 |
| **Total Direct Expenses** | | **USD** | **1,243** |



CONFIDENTIAL

SV.

KORN FERRY

Batch
65817

**PRIVATE AND CONFIDENTIAL**

Ms. Ellen Cotter
Board Director
Reading International, Inc.
6100 Center Drive
Suite 900
Los Angeles, CA 90045

October 7, 2015

**Invoice No. : 90297713**
**Engagement No. : 135439**

Invoice for professional services rendered in conjunction with our assignment :
Chief Executive Officer

| | | |
|---|---|---|
| Professional Fee - Second Installment | USD | 49,500 |
| Administrative Fees : | USD | 3,300 |
| **Total** | **USD** | **52,800** |

For questions, please contact engagement manager : Bob Mayes (310) 552-1834

**Please include the following reference with your payment : 90297713**

**Please remit payment upon receipt to:** Korn Ferry International NW 5064
P.O. Box 1450, Minneapolis, MN 55485-5064
**For overnight payment:** Korn Ferry International NW 5064
c/o Wells Fargo, 1801 Parkview Dr., Shoreview, MN 55126; (651) 917-5440
**For Wires and ACH:** Wells Fargo Bank, 420 Montgomery St., San Francisco, CA 94104
ABA Routing #121000248; Account #4945080711 (Int'l Swift # WFBIUS6WFFX)

Federal Tax ID: 95-2623879

1 of 1

KORN FERRY

**PRIVATE AND CONFIDENTIAL**

Ms. Ellen Cotter
Board Director
Reading International, Inc.
6100 Center Drive
Suite 900
Los Angeles, CA 90045

December 31, 2015

**Invoice No. : 90301816**
**Engagement No. : 135439**

Invoice for professional services rendered in conjunction with our assignment :
Chief Executive Officer

| | | |
|---|---|---|
| Direct Expenses | USD | 1,090 |
| **Total** | **USD** | **1,090** |

For questions, please contact engagement manager : Bob Mayes (310) 552-1834

**Please include the following reference with your payment : 90301816**

**Please remit payment upon receipt to:** Korn Ferry International NW 5064
P.O. Box 1450, Minneapolis, MN 55485-5064
**For overnight payment:** Korn Ferry International NW 5064
c/o Wells Fargo, 1801 Parkview Dr., Shoreview, MN 55126; (651) 917-5440
**For Wires and ACH:** Wells Fargo Bank, 420 Montgomery St., San Francisco, CA 94104
ABA Routing #121000248; Account #4945080711 (Int'l Swift # WFBIUS6WFFX)

Federal Tax ID: 95-2623879



**CONFIDENTIAL** **RDI0058294**

KORN FERRY

Attachment to Invoice No. 90301816

**Consultant Travel :**

| | | |
|---|---|---|
| R. Mayes 11/30/15 | USD | 1,090 |
| | USD | 1,090 |

| | | |
|---|---|---|
| **Total Direct Expenses** | **USD** | **1,090** |

Batch 667345
Vendor Korn 00
Entity
Acct



CONFIDENTIAL

KORN FERRY

**PRIVATE AND CONFIDENTIAL**

Ms. Ellen Cotter
Board Director
Reading International, Inc.
6100 Center Drive
Suite 900
Los Angeles, CA 90045

January 30, 2016

**Invoice No. : 90303227**
**Engagement No. : 135439**

Invoice for professional services rendered in conjunction with our assignment :
Chief Executive Officer

| | | |
|---|---|---|
| Direct Expenses | USD | 275 |
| **Total** | **USD** | **275** |

For questions, please contact engagement manager : Bob Mayes (310) 552-1834

**Please include the following reference with your payment : 90303227**

**Please remit payment upon receipt** to: Korn Ferry International NW 5064
P.O. Box 1450, Minneapolis, MN 55485-5064
**For overnight payment:** Korn Ferry International NW 5064
c/o Wells Fargo, 1801 Parkview Dr., Shoreview, MN 55126; (651) 917-5440
**For Wires and ACH:** Wells Fargo Bank, 420 Montgomery St., San Francisco, CA 94104
ABA Routing #121000248; Account #4945080711 (Int'l Swift # WFBIUS6WFFX)

Federal Tax ID: 95-2623879



**CONFIDENTIAL** **RDI0058296**

**180**

RDI-A05046

KORN FERRY

Attachment to Invoice No. 90303227

**Consultant Travel :**

| | | |
|---|---|---|
| R. Mayes 12/15/15 | USD | 275 |
| | USD | 275 |

| | | |
|---|---|---|
| **Total Direct Expenses** | **USD** | **275** |

Batch 67945
Vendor korn002
Entity 10500101
Acct 61305



CONFIDENTIAL

# EXHIBIT 20

Published on *Reading International Investor Center* (http://investor.readingrdi.com) on 06-15-2015

# Reading International Announces Appointment of Ellen Cotter as Interim Chief Executive Officer

**Release Date:**
6/15/15 9:00 am EDT

**Terms:**
Corporate [1]

**Dateline City:**
LOS ANGELES

LOS ANGELES--(BUSINESS WIRE [2])--Reading International, Inc. (NASDAQ:RDI) announced today that its Board of Directors has appointed Ellen M. Cotter as interim President and Chief Executive Officer, succeeding James J. Cotter, Jr. The Company currently intends to engage the assistance of a leading executive search firm to identify a permanent President and Chief Executive Officer, which will consider both internal and external candidates.

Ms. Cotter is the Chairman of the Board of Directors of the Company and has served as the senior operating officer of the Company's US cinemas operations for the past 14 years. In addition, Ms. Cotter is a significant stockholder in the Company.

Ms. Cotter commented, "James Cotter, Sr., who served as our Company's Chairman and Chief Executive Officer for over 20 years, grew Reading International, Inc. to a major international developer and operator of multiplex cinemas, live theaters and other commercial real estate assets. I look forward to continuing his vision and commitment to these businesses as we move forward to conduct our search for our next Chief Executive Officer. I will work diligently to ensure that this transition is seamless to all of our stakeholders."

The Company plans to report its second quarter financial results on or before August 10, 2015.

**About Ellen Cotter**

Ellen M. Cotter has been a member of our Company's Board of Directors since March 2013, and in August 2014 was appointed as Chairman of the Board. She joined Reading International, Inc. in 1998 and brings to the position her 17 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 14 years, she has served as the senior operating officer of our Company's domestic cinema operations. Ms. Cotter is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining our Company, Ms. Cotter was a corporate attorney with the law firm of White & Case in New York, New York.

**About Reading International, Inc.**

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

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

Reading manages its worldwide business under various different brands:

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

**Language:**
English

**Contact:**

Reading International, Inc.
Andrzej Matyczynski, 213-235-2240

**Ticker Slug:**
*Ticker:* RDI
*Exchange:* NASDAQ

*ISIN:*
US7554081015

**Source URL:** http://investor.readingrdi.com/press-release/reading-international-announces-appointment-ellen-cotter-interim-chief-executive

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[2] http://www.businesswire.com
[3] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.readingrdi.com%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.readingrdi.com&index=1&md5=e559787f55d79931cd2d32d41b3a0a81
[4] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.readingcinemasus.com%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.readingcinemasus.com&index=2&md5=2f91b797804b99dbe94074d0c928c234
[5] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.angelikafilmcenter.com%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.angelikafilmcenter.com&index=3&md5=c27010a6be3ddcf53b6c7373a6820f6e
[6] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.consolidatedtheatres.com%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.consolidatedtheatres.com&index=4&md5=1331fd51376d211c19d0e17cbb791885
[7] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.citycinemas.com%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.citycinemas.com&index=5&md5=787733733cce6ff3ec6bcd516d364e1e
[8] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.beekmantheatre.com%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.beekmantheatre.com&index=6&md5=f7cf11fb2a7030540e29d7ec6a006118
[9] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.theparistheatre.com%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.theparistheatre.com&index=7&md5=2d92cfc02cc9f2b059fbe4fbb2682766
[10] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Flibertytheatresusa.com%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.libertytheatresusa.com%2F&index=8&md5=de1ee3e42f114ff1f990c5bae952dff1
[11] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.readingcinemas.com.au%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.readingcinemas.com.au&index=9&md5=22968ed8c907fadc4d7173f6a78cb240
[12] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.readingnewmarket.com.au&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.readingnewmarket.com.au&index=10&md5=b74100c17c0d3cd767ef681dac1a23bf
[13] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.redyard.com.au%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.redyard.com.au&index=11&md5=ddfc202aae422179494b8871b53e575c
[14] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.readingcinemas.co.nz%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.readingcinemas.co.nz&index=12&md5=db6d5b9455a2fdf9deca2e99e89d8c96
[15] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.rialto.co.nz%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.rialto.co.nz&index=13&md5=71079d9e9e22171627348f3e4b7dace9
[16] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.readingproperties.co.nz&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.readingproperties.co.nz&index=14&md5=392ebca001365ff81d8bfc1e11850fa5
[17] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.readingcourtenay.co.nz%2F&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.readingcourtenay.co.nz&index=15&md5=3a20861346cdf465597ee0f66b7c2984
[18] http://cts.businesswire.com/ct/CT?id=smartlink&url=http%3A%2F%2Fwww.steernbeer.co.nz&esheet=51123771&newsitemid=20150615005529&lan=en-US&anchor=http%3A%2F%2Fwww.steernbeer.co.nz&index=16&md5=f07319d99f41926bbe6fc068f224b330

# EXHIBIT 21

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

# FORM 8-K

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

Date of Report (Date of Earliest Event Reported): June 12, 2015

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

Nevada
(State or Other Jurisdiction of Incorporation)

| 1-8625 | 95-3885184 |
|---|---|
| (Commission File Number) | (I.R.S. Employer Identification No.) |
| 6100 Center Drive<br>Suite 900<br>Los Angeles, California | 90045 |
| (Address of Principal Executive Offices) | (Zip Code) |

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).

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

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

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

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

On June 12, 2015, the board of directors (the "Board") of Reading International, Inc. ("we," "our," "us," "Reading" or the "company") terminated the employment of James J. Cotter, Jr. as our President and Chief Executive Officer, effective immediately. The Company currently intends to engage the assistance of a leading executive search firm to identify a permanent President and Chief Executive Officer, which will consider both internal and external candidates.

On June 12, 2015, our Board appointed Ellen Marie Cotter, 49, Chairperson of the Board and the Chief Operating Officer of our Domestic Cinemas Division, to serve as our interim President and Chief Executive Officer. No new compensatory arrangements were entered into with Ms. Cotter in connection with her appointment as interim President and Chief Executive Officer.

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

Under Mr. Cotter, Jr.'s employment agreement with the company, he is entitled to the compensation and benefits he was receiving at the time of a termination without cause for a period of twelve months from notice of termination. At the time of termination, Mr. Cotter Jr.'s annual salary was $335,000.

Under his employment agreement, Mr. Cotter, Jr. is required to tender his resignation as a director of our company immediately upon the termination of his employment. After a request to do so, Mr. Cotter, Jr. has not yet tendered his resignation. The company considers such refusal as a material breach of Mr. Cotter, Jr.'s employment agreement, and has given him thirty (30) days in which to resign. If he does not do so, the company will terminate further severance payments, as permitted under the employment agreement.

No new compensatory arrangements were entered into with Mr. Cotter, Jr. in connection with his termination.

**ITEM 8.01 OTHER EVENTS**

On June 12, 2015, Mr. Cotter, Jr. filed a lawsuit against us and each of our other directors in the District Court of the State of Nevada for Clark County, titled James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et. al. The lawsuit alleges, among other allegations, that the other directors breached their fiduciary duties in taking the

actions to terminate Mr. Cotter, Jr. as President and Chief Executive Officer of the company and that

Margaret Cotter and Ellen Cotter aided and abetted the breach of such fiduciary duties of the other directors. The lawsuit seeks damages and other relief, including an injunctive order restraining and enjoining the defendants from taking further action to effectuate or implement the termination of Mr. Cotter, Jr. as President and Chief Executive Officer of the company and a determination that Mr. Cotter, Jr.'s termination as President and Chief Executive Officer is legally ineffectual and of no force or effect. The company believes that numerous of the factual allegations included in the complaint are inaccurate and untrue and intends to vigorously defend against the claims in this action. The company has been informed that the other directors intend to seek indemnification from the Company for any losses arising under the lawsuit, in which case the company will tender a claim under its director and officers liability insurance policy.

**ITEM 9.01 FINANCIAL STATEMENTS AND EXHIBITS**

(d) The following exhibit is included with this Report and incorporated herein by reference:

| Exhibit No. | Description |
|---|---|
| 99.1 | Press release of Reading International, Inc. of June 15, 2015 |

**SIGNATURES**

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

Dated: June 18, 2015

READING INTERNATIONAL, INC.

By: /s/ William D. Ellis

William D. Ellis

General Counsel and Secretary

Exhibit 99.1

# Reading International Announces Appointment of Ellen Cotter as Interim Chief Executive Officer

**Los Angeles, California, (Business Wire) June 15, 2015** – Reading International, Inc. (NASDAQ:RDI) announced today that its Board of Directors has appointed Ellen M. Cotter as interim President and Chief Executive Officer, succeeding James J. Cotter, Jr. The Company currently intends to engage the assistance of a leading executive search firm to identify a permanent President and Chief Executive Officer, which will consider both internal and external candidates.

Ms. Cotter is the Chairman of the Board of Directors of the Company and has served as the senior operating officer of the Company's US cinemas operations for the past 14 years. In addition, Ms. Cotter is a significant stockholder in the Company.

Ms. Cotter commented, "James Cotter, Sr., who served as our Company's Chairman and Chief Executive Officer for over 20 years, grew Reading International, Inc. to a major international developer and operator of multiplex cinemas, live theaters and other commercial real estate assets. I look forward to continuing his vision and commitment to these businesses as we move forward to conduct our search for our next Chief Executive Officer. I will work diligently to ensure that this transition is seamless to all of our stakeholders."

The Company plans to report its second quarter financial results on or before August 10, 2015.

**About Ellen Cotter**
Ellen M. Cotter has been a member of our Company's Board of Directors since March 2013, and in August 2014 was appointed as Chairman of the Board. She joined Reading International, Inc. in 1998 and brings to the position her 17 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 14 years, she has served as the senior operating officer of our Company's domestic cinema operations. Ms. Cotter is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining our Company, Ms. Cotter was a corporate attorney with the law firm of White & Case in New York, New York.

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

* the development, ownership and operation of multiplex cinemas in the United States, Australia and New Zealand; and

* the development, ownership, and operation of retail and commercial real estate in Australia, New Zealand, and the United States, including entertainment-themed retail centers ("ETRC") in Australia and New

Zealand and live theater assets in Manhattan and Chicago in the United States.

Reading manages its worldwide business under various different brands:

Exhibit 99.1

- in the United States, under the
  - o Reading brand (http://www.readingcinemasus.com);
  - o Angelika Film Center brand (http://www.angelikafilmcenter.com);
  - o Consolidated Theatres brand (http://www.consolidatedtheatres.com);
  - o City Cinemas brand (http://www.citycinemas.com);
  - o Beekman Theatre brand (http://www.beekmantheatre.com);
  - o The Paris Theatre brand (http://www.theparistheatre.com);
  - o Liberty Theatres brand (http://libertytheatresusa.com/); and
  - o Village East Cinema brand (http://villageeastcinema.com)

- in Australia, under the
  - o Reading brand (http://www.readingcinemas.com.au); and
  - o Newmarket brand (http://readingnewmarket.com.au)
  - o Red Yard Entertainment Centre (http://www.redyard.com.au)

- in New Zealand, under the
  - o Reading brand (http://www.readingcinemas.co.nz);
  - o Rialto brand (http://www.rialto.co.nz);
  - o Reading Properties brand (http://readingproperties.co.nz);
  - o Courtenay Central brand (http://www.readingcourtenay.co.nz);
  - o Steer n' Beer restaurant brand (http://steernbeer.co.nz);

Media Contact:
Andrzej Matyczynski
Tel: 213-235-2240

Data provided by Morningstar® Document Research℠ Service provided by

# EXHIBIT 22

**READING INTERNATIONAL INC filed this 8-K on 10/13/2015**



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

# FORM 8-K

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

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

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

Nevada
(State or Other Jurisdiction of Incorporation)

| 1-8625 | 95-3885184 |
|---|---|
| (Commission File Number) | (I.R.S. Employer Identification No.) |
| 6100 Center Drive<br>Suite 900<br>Los Angeles, California | 90045 |
| (Address of Principal Executive Offices) | (Zip Code) |

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

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

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

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425).

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

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

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

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

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

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

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

Dr. Codding (70) is a globally respected education leader. She is currently, and has since 2010 been, the Managing Director of "The System of Courses," a division of Pearson, PLC (NYSE:PSO), a leading education company providing education products and services to institutions, governments and direct to individual learners. Prior to that time, and for more than the past five years, Dr. Codding served as the Chief Executive Officer and President of America's Choice, Inc., which she founded in 1998 and which was acquired by Pearson in 2010. America's Choice, Inc. was a leading educational organization offering comprehensive, proven solutions to the complex problems educators face in the era of accountability.

Dr. Codding has a Doctorate from University of Massachusetts at Amherst, and completed post–doctoral work and served as a teaching associate in Education at Harvard University.

Dr. Codding serves on various boards including the Board of Trustees of Curtis School, Los Angeles, CA (2011 to present) and the Board of Trustees of Educational Development Center, Inc. (EDC) since 2012.

Mr. Wrotniak (48) is a specialist in foreign trade and brings to the Board considerable experience in international business, including foreign exchange risk mitigation. Since 2009, Mr. Wrotniak has been the Chief Executive Officer of Aminco Resources, LLC, a privately held international commodities trading firm. He is, and has been for more than the past five years, a trustee of St. Joseph's Church in Bronxville, New York and is a member of the Board of Advisors of the Little Sisters of the Poor (LSP) at their nursing home in the Bronx, New York.

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

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

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

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

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

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

**SIGNATURES**

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

Dated: October 13, 2015

READING INTERNATIONAL, INC.

By: \s\ William D. Ellis

William D. Ellis
Corporate Secretary



Data provided by Morningstar Document Research℠ Service provided by

# EXHIBIT 23

**READING INTERNATIONAL INC filed this 8-K on 11/13/2015**



**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, DC 20549**

**FORM 8-K**

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

Date of report (Date of earliest event reported): November 13, 2015

**Reading International, Inc.**
(Exact Name of Registrant as Specified in its Charter)

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

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

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

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

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

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

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

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

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

**Item 5.07. Submission of Matters to a Vote of Security Holders.**

The Company held its Annual Meeting of Stockholders on November 10, 2015. The stockholders considered two proposals which are included in its proxy statement on Form DEF 14A filed with the Securities and Exchange Commission on October 20, 2015. The proposals voted upon and the results of the vote were the following:

Proposal 1: To elect nine Directors to serve until the Company's 2016 Annual Meeting of Stockholders and thereafter until their successors are duly elected and qualified

| | FOR | WITHHOLD |
|---|---|---|
| **Ellen M. Cotter** | 1,294,544 | 138,968 |
| **Guy W. Adams** | 1,324,103 | 109,409 |
| **Judy Codding** | 1,325,103 | 108,409 |
| **James J. Cotter, Jr.** | 1,291,860 | 141,652 |
| **Margaret Cotter** | 1,294,544 | 138,968 |
| **William D. Gould** | 1,294,792 | 138,720 |
| **Edward L. Kane** | 1,324,103 | 109,409 |
| **Douglas J. McEachern** | 1,331,094 | 102,418 |
| **Michael Wrotniak** | 1,325,103 | 108,409 |

Proposal 2: To ratify the appointment of Grant Thornton LLP as the Company's independent auditors for the fiscal year ended December 31, 2015

| FOR | AGAINST | ABSTAIN |
|---|---|---|
| 1,649,828 | 3,135 | 1,048 |

**SIGNATURES**

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

READING INTERNATIONAL, INC.

Date: November 13, 2015

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

Data provided by Morningstar Document Research℠ Service provided by

# EXHIBIT 24

**READING INTERNATIONAL INC filed this 8-K on 01/11/2016**



**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
**Washington, DC 20549**

# FORM 8-K

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

Date of report (Date of earliest event reported): January 11, 2016

**Reading International, Inc.**
(Exact Name of Registrant as Specified in its Charter)

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

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

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

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

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

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

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

(c) Appointment of New Principal Executive Officer and President.

On January 8, 2016, Ellen M. Cotter was duly appointed by the Board of Directors to the offices of President and Chief Executive Officer of the Company, to serve at the pleasure of the Board of Directors.

Ellen Cotter, age 49, a graduate of Smith College and Georgetown University Law Center, joined the Company in 1998 and has been for more than the past five (5) years the Chief Operating Officer (Domestic Cinemas) of the Company. She was elected to the Board of Directors of the Company on March 13, 2013, and elected Chairman of the Board of Directors of the Company on August 7, 2014. On June 12, 2015, she was appointed interim President and Chief Executive Officer, and served in that capacity through January 8, 2016. Ms. Cotter has no employment contract and holds all executive offices at the pleasure of the Board of Directors. It is anticipated that Ellen Cotter will in due course resign her position as Chief Operating Officer (Domestic Cinemas).

Ellen Cotter is the Co-Executor (with her sister Margaret Cotter) of the estate of her father, James J. Cotter, Sr. (the "Cotter Estate"), which is the record owner of 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Cotter is also a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Stock (representing an additional 44.0% of such Class B Stock). Ellen Cotter and Margaret Cotter have identified themselves as a "group" in filings under Section 13(d) of the Securities Exchange Act and together vote an absolute majority of the outstanding voting power of the Company. While Margaret Cotter supports the appointment of Ellen Cotter as the President and Chief Executive Officer of the Company, the Company is advised by Ellen Cotter and Margaret Cotter that there is no agreement between them as to Ellen Cotter's appointment or ongoing service in such offices.

Ellen Cotter is the sister of Margaret Cotter, who serves as Vice-Chair of the Board of Directors of the Company and as the President of Liberty Theaters, LLC (a wholly owned subsidiary of the Company) and whose wholly owned limited liability company, OBI, LLC, provides certain live theater management services to the Company. Ellen Cotter is also the sister of James J. Cotter, Jr., who is also a director of the Company, and was from June 1, 2013 to June 12, 2015, the President and from August 7, 2014 to June 12, 2015, the Chief Executive Officer of the Company. Ellen Cotter is the daughter of James J. Cotter, Sr., who, until his death on September 12, 2014, was the controlling stockholder of the Company and until August 7, 2014 was the Chairman of the Board and Chief Executive Officer of the Company.

The assets of the Cotter Estate and/or the James J. Cotter, Sr. Trust include a 50% non-managing member interest in Shadow View Land and Farming, LLC, ("Shadow View"), a beneficial 12.5% membership interest in Sutton Hill Properties, LLC ("Sutton Hill Properties"), held indirectly as a 50% partner in Sutton Hill Associates, a California general partnership, and a beneficial 50% interest in Sutton Hill Capital, LLC ("Sutton Hill Capital," the Company's landlord at its Village East Theater), held indirectly as a 50% partner in Sutton Hill Associates. The Company is the owner, directly or indirectly, of the remaining 50% managing member interest in Shadow View and a 75% interest in Sutton Hill Properties and is the tenant of the Village East Theater. Sutton Hill Properties is currently evaluating and doing preliminary development work with respect to its Cinemas 1, 2 & 3 property in New York City. Shadow View is currently evaluating and doing entitlement work with respect to its Coachella, California, property. Sutton Hill Capital, LLC, has the right to put its interest in the Village East Theater to the Company for $5.9 million. In connection with her position as Co-Executor of the Cotter Estate and the Co-Trustee of the James J. Cotter, Sr. Trust, Ellen Cotter may be considered the beneficial owner of the interests in Sutton Hill Properties, Sutton Hill Capital and Shadow View formerly held by James J. Cotter, Sr.

Ellen Cotter will continue to receive the compensation she has been receiving as Interim President and Chief Executive Officer and Chief Operating Officer (Domestic Cinemas), until the matter of her compensation as President and Chief Executive Officer is determined by the Company's Compensation and Stock Options Committee. No plan, contract or arrangement (whether or not written) has been agreed to with respect to any change in her compensation. If any such plan, contract or arrangement is entered into, the Company will file an amendment to this Form 8-K disclosing such plan, contract or arrangement with the time period required by the Rules and Regulations of the Securities and Exchange Commission.

**Item 9.01. Financial Statements and Exhibits.**

99.1 Press release issued by Reading International, Inc. pertaining to its announcement on January 11, 2016 that the Board of Directors has appointed Ellen Cotter as President and Chief Executive Officer, effective immediately.

**SIGNATURES**

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

READING INTERNATIONAL, INC.

Date: January 11, 2016

By: /s/ Devasis Ghose
Name: Devasis Ghose
Title: Chief Financial Officer

# Reading International Appoints Ellen Cotter President and Chief Executive Officer

**Los Angeles, California: January 11, 2016** – Reading International, Inc. (NASDAQ: RDI) announced today that its Board of Directors has appointed Ellen Cotter as President and Chief Executive Officer, effective immediately.

William Gould, Lead Independent Director of Reading International's Board of Directors, said, "After conducting a thorough search process, it is clear that Ellen is best suited to lead Reading moving forward. We have worked closely with Ellen in her role as Chairman and Interim CEO and have been impressed by her leadership, passion and commitment to Reading. Ellen's experience with Reading and sizable equity interest in the Company is a great combination as we enter the next chapter of our history."

Ms. Cotter said "I am excited and honored to be appointed President and CEO of Reading. We made great strides in executing on our strategic plan this past year, and I remain incredibly optimistic about our prospects for continued growth and success. I look forward to working with our team at Reading to continue to deliver best-in-class cinematic experiences for our guests and leveraging our real estate portfolio to drive enhanced value for stockholders."

Ms. Cotter has served as Interim Chief Executive Officer since June 12, 2015 and has worked at Reading in various capacities since 1998, and for the past 15 years, has served as the senior operating officer of the Company's US cinema operations. Ms. Cotter has been a member of Reading International's Board of Directors since March 2013 and was appointed Chairman of the Board in August 2014. Ms. Cotter personally owns 799,765 shares of Reading's Class A Stock and 50,000 shares of Class B Stock.

**About Ellen Cotter**

Ellen M. Cotter has been a member of our Company's Board of Directors since March 2013, and in August 2014 was appointed Chairman of the Board. She joined Reading International, Inc. in 1998 and brings to the position her 18 years of experience working in both the United States and Australia. For the past 15 years, she has served as the senior operating officer of our Company's domestic cinema operations. In recognition of her contributions to the independent film industry, Ms. Cotter was awarded the first Gotham Appreciation Award at this year's Gotham Independent Film Awards. She was also inducted into the ShowEast Hall of Fame. Ms. Cotter is a graduate of Smith College and holds a Juris Doctorate from Georgetown University Law Center. Prior to joining our Company, Ms. Cotter was a corporate attorney with the law firm of White & Case in New York, New York.

**About Reading International, Inc.**

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

- § the development, ownership and operation of multiplex cinemas in the United States, Australia and New Zealand; and
- § the development, ownership, and operation of retail and commercial real estate in Australia, New Zealand, and the United States, including Entertainment Themed Retail Centers in Australia and New Zealand and live theater assets in Manhattan and Chicago in the United States.

Reading manages its worldwide business under various different brands:

- § in the United States, under the
  - o Reading Cinema brand (http://www.readingcinemasus.com);
  - o Angelika Film Center brand (http://www.angelikafilmcenter.com);
  - o Consolidated Theatres brand (http://www.consolidatedtheatres.com);
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  - o Beekman Theatre brand (http://www.beekmantheatre.com);

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

- Village East Cinema brand (http://www.villageeastcinema.com).

§ in Australia, under the
  - Reading Cinema brand (http://www.readingcinemas.com.au);
  - Newmarket brand (http://readingnewmarket.com.au); and
  - Red Yard Entertainment Centre (http://www.redyard.com.au).

§ in New Zealand, under the
  - Reading Cinema brand (http://www.readingcinemas.co.nz);
  - Rialto brand (http://www.rialto.co.nz);
  - Reading Properties brand (http://readingproperties.co.nz); and
  - Courtenay Central brand (http://www.readingcourtenay.co.nz).

**For more information:**

Dev Ghose, Chief Financial Officer
Reading International, Inc.
(213) 235-2240

or

Kelly Sullivan, Scott Bisang or Matthew Gross
Joele Frank, Wilkinson Brimmer Katcher
(212) 355-4449

Data provided by Morningstar Document Research℠ Service provided by

# EXHIBIT 25

**READING INTERNATIONAL INC filed this 8-K on 03/15/2016**



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

FORM 8-K

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

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

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

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

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

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

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

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

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

## Item 1.01 Entry into a Material Definitive Agreement.

**New Compensatory Arrangements for Executive and Management Employees**

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

**Amendment to 2010 Stock Incentive Plan**

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

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

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

**Item 5.02 (c)**

**Andrzej Matyczynski**

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

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

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

**Margaret Cotter**

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

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

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

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

The Theater Management Agreement generally provided for the payment of a combination of fixed and incentive fees for the management of our four live theaters. Historically, these fees have equated to approximately 21% of the net cash flow generated by these properties. We currently estimate that fees to be paid to OBI for 2015 will be approximately $390,000. We paid $397,000 and $401,000 in fees with respect to 2014, and 2013, respectively. We also reimbursed OBI for certain travel expenses.

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

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

**Item 5.02(e)**

**Compensation Arrangements**

**Background**

The Executive Committee ("Executive Committee") of the Board of Directors (the "Board"), upon the recommendation of our Chief Executive Officer, requested the Compensation Committee to evaluate the Company's compensation policy for executive officers and outside directors and to establish a plan that encompasses sound corporate practices consistent with the best interests of the Company. The Compensation Committee undertook to review, evaluate, revise and recommend the adoption of new compensation arrangements for executive and management officers and outside directors of the Company. In January 2016, the Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process and also relied on the Company's legal counsel, Greenberg Traurig, LLP.

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

**Executive Compensation**

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

discussed above. As part of its engagement Willis Towers Watson reviewed the Company's compensation paid to executive and management officers by position, in light of each person's duties and responsibilities. Willis Towers Watson then compared the top executive and management positions at the Company to (i) executive compensation paid by a peer group and (ii) two surveys, the 2015 Towers Watson Data Services Top Management Survey Report and the 2015 Mercer MBD Executive Compensation Survey, in each case, identified by office position and duties performed by the officer. The peer group utilized by Willis Towers Watson included the following companies:

Arcadia Realty Trust
Associated Estates Realty Corp.
Carmike Cinemas Inc.
Cedar Realty Trust Inc.
Charter Hall Group
EPR Properties
Vicinity Centres
IMAX Corporation
Inland Real Estate Corp.
Kite Realty Group Trust
Marcus Corporation
Pennsylvania Real Estate Investment Trust
Ramco-Gershenson Properties Trust
Urstadt Biddle Properties Inc.
Village Roadshow Ltd.

Willis Towers Watson selected the above peer group because (i) the companies included US and Australian based companies reflecting the Company's geographic operations and (ii) the companies were comparable to the Company based on revenue.

The executive pay assessment prepared by Willis Towers Watson measured the executive and management compensation paid by the Company against compensation paid by peer group companies and the companies listed in the two surveys based on the 25th, 50th and 75th percentile of such peer group and surveyed companies. The 50th percentile was the median compensation paid by such peer group and surveyed companies to executives performing similar responsibilities and duties.

In its report to the Compensation Committee, Willis Towers Watson noted that for Company executive officers:

- Base salaries in the aggregate were generally in the competitive zone of the market (1% below the market 50th percentile), with certain notable exceptions on position by position review;

- Total cash compensation (base salary and cash bonus) in the aggregate was 26% below the 50th percentile; and

- Total compensation (base salary, cash bonus and long term incentive awards) in the aggregate was 40% below the 50th percentile.

The Willis Towers Watson assessment compared the base salary, the short term incentive (cash bonus) and long term incentive (equity awards) of the peer and surveyed companies to the base salary, short term incentive and long term incentive provided to executives by the Company. The assessment concluded that except in a few positions, the Company was generally competitive in base salary, however, the Company was not competitive when short term incentives and long term incentives were included in the total compensation paid to the Company

executives and management. The base salary paid by the Company to the following officers was below the 25th percentile: President and CEO. The total compensation (base salary, short term incentive and long term incentive) paid by the Company to the following officers was below the 25th percentile: President and CEO, EVP Global Operations, and Chief Legal Officer. The only officer at or above the 50th percentile for total compensation was the Company's Chief Financial Officer and Treasurer who had joined the Company in May 2015 and which was the product of a negotiated arms-length employment agreement.

As a result of the foregoing factors Willis Towers Watson recommended that the Company:

- In determining salary increases, the Company should consider the executive's current competitive position, performance, role, and retention risk.

- Implement a formal annual incentive opportunity for all executives.

- Implement a regular annual grant program for long-term incentives.

The foregoing observations and recommendations were studied, questioned and thoroughly discussed by the Compensation Committee, Willis Towers Watson and legal counsel over each of the four in-person meetings (the first of the five meetings mentioned above was conducted by telephone and was focused on engagement of advisors). Among other things, the Compensation Committee discussed and considered the recommendations made by Willis Towers Watson regarding the establishment of a compensation program with the long term objective to target the compensation program with the market 50th percentile of our peer companies, however, for 2016, to target our compensation program to the 25th percentile of our peer companies. In each case, however, the Compensation Committee's final decision or recommendation, as the case may be, as to total compensation to an individual would be based on the individual's actual performance and specific circumstances and to adjust base salary, short term incentive, and long term incentive accordingly.

The Compensation Committee recommended, and the Board subsequently adopted, a compensation philosophy for the Company's management team members to:

- Attract and retain talented and dedicated management team members;
- Provide overall compensation that is competitive in its industry;
- Correlate annual cash incentives to the achievement of its business and financial objectives; and
- Provide management team members with appropriate long-term incentives aligned with stockholder value.

As part of the compensation philosophy the Company's compensation focus will be to (1) drive the Company's strategic plan on growth, (2) align officer and management performance with the interests of the Company's stockholders, and (3) encourage retention of officers and management team members.

In furtherance of the compensation policy and as a result of the extensive deliberations, including consideration of the Willis Towers Watson recommendations, the Compensation Committee adopted an executive and management officer compensation structure for 2016 consisting of:

- A base salary comparable with job description and industry standard.
- A short term incentive or cash bonus plan based on a combination of factors including individual performance against corporate goals as well as overall corporate and division performance. Target bonus to be denominated as a percent of base salary with specific goals weightings and pay-out ranges).
- A long term incentive or equity awards inline with job description, performance, and industry standards.

The Compensation Committee's intention is that the compensation structure approved for 2016 will remain in place indefinitely. However, it will review performance and results after the first year and thereafter and evaluate from time to time whether enhancements, changes or other compensation structures are in the Company's and it stockholders best interests.

Reflecting the new approach, the Compensation Committee established (i) annual base salaries at levels that it believed (based heavily on the data provided by Willis Towers Watson) are generally competitive with executives in our peer group and in other comparable publicly-held companies as described in the executive pay assessment prepared by Willis Towers Watson, and (ii) short term incentives in the form of discretionary annual cash bonuses based on the achievement of identified goals and benchmarks. Long-term incentives in the form of employee stock options and restricted stock units will be used as a retention tool and as a means to further align an executive's long-term interests with those of the Company's stockholders, with the ultimate objective of affording our executives an appropriate incentive to help drive increases in stockholder value.

The Compensation Committee will evaluate both executive performance and compensation to maintain the Company's ability to attract and retain highly-qualified executives in key positions and to assure that compensation provided to executives remains competitive when compared to the compensation paid to similarly situated executives of companies with whom we compete for executive talent or that we consider comparable to our company.

***Role of Chief Executive Officer in Compensation Decisions***

In connection with the implementation of the new compensation structure, the Compensation Committee conducted the thorough review of executive compensation discussed above. The Compensation Committee engaged in extensive discussions with and considered with great weight the recommendations of the Chief Executive Officer as to compensation for executive and management team members other than for the Chief Executive Officer.

In connection with consideration of 2015 performance bonuses for members of management, the Chief Executive Officer prepared and submitted recommendations for each of the executive and management team members, other than her own. In considering these recommendations, the Compensation Committee had the benefit of its extensive deliberations as well as the data provided by Willis Towers Watson. In executive session, the Compensation Committee approved a 2015 performance bonus for the Chief Executive Officer. At the Compensation Committee's February 17, 2016 meeting, it approved recommendations to the Board for its February 18, 2016 meeting, at which time the Board approved the same. The Board

approval covered certain officers including the five officers set forth below. In addition, our Chief Executive Officer discussed recommendations for other management team members but the Compensation Committee and Board agreed that such positions were within the scope of the Chief Executive Officer's authority and did not require the Compensation Committee or Board approval.

The Compensation Committee expects to perform an annual review of executive compensation, generally in the first quarter of the year following the year in review, with a presentation by the Chief Executive Officer regarding each element of the executive compensation arrangements. At the Compensation Committee's direction, the Chief Executive Officer prepared an executive compensation review for each executive officer (other than the Chief Executive Officer), as well as the full executive team, which included recommendations for:

- 2016 Base Salary
- A proposed year-end short -term incentive in the form of a target cash bonus based on the achievement of certain objectives; and
- A long-term incentive in the form of stock options and restricted stock units for the year under review.

As part of the compensation review, the Chief Executive Officer may also recommend other changes to an executive's compensation arrangements such as a change in the executive's responsibilities. The Compensation Committee will evaluate the Chief Executive Officer's recommendations and, in its discretion, may accept or reject the recommendations, subject to the terms of any written employment agreements.

The Compensation Committee met in executive session without our Chief Executive Officer to consider the Chief Executive Officer's compensation, including base salary, cash bonus and equity award, if any. Prior to such executive sessions, the Compensation Committee interviewed the Chief Executive Officer to obtain a better understanding of factors contributing to the Chief Executive Officer's compensation. With the exception of these executive sessions of the Compensation Committee, as a rule, our Chief Executive Officer participated in all deliberations of the Compensation Committee relating to executive compensation. However, the Compensation Committee also asked our Chief Executive Officer to be excused for certain deliberations with respect to the compensation recommended for Margaret Cotter, the sister of the Chief Executive Officer.

In conjunction with the year-end annual compensation review, or as soon as practicable after the year-end, our Chief Executive Officer will recommend to the Compensation Committee the Company objectives and other criteria to be utilized for purposes of determining cash bonuses for certain senior executive officers. The Compensation Committee, in its discretion, may revise the Chief Executive Officer's recommendations. At the end of the year, the Compensation Committee, in consultation with the Chief Executive Officer, will review each performance goal and determine the extent to which the officer achieved such goals. In establishing performance goals, the Compensation Committee expects to consider whether the goals could possibly result in an incentive for any executives to take unwarranted risks in our Company's business and intend to seek to avoid creating any such incentives.