TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
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JAMES COTTER, JR. Plaintiff vs. MARGARET COTTER, et al. Defendants	CASE NO. A-719860 A-735305 P-082942 DEPT. NO. XI **Transcript of Proceedings**

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

HEARING ON MOTIONS

THURSDAY, OCTOBER 27, 2016

COURT RECORDER:	TRANSCRIPTION BY:
JILL HAWKINS District Court	FLORENCE HOYT Las Vegas, Nevada 89146

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

APPEARANCES:

FOR THE PLAINTIFF:	MARK G. KRUM, ESQ.
FOR THE DEFENDANTS:	H. STANLEY JOHNSON, ESQ. CHRISTOPHER TAYBACK, ESQ. MARK E. FERRARIO, ESQ. KARA B. HENDRICKS, ESQ. MARSHALL SEARCY, ESQ. EKWAN RHOW, ESQ.

LAS VEGAS, NEVADA, THURSDAY, OCTOBER 27, 2016, 12:59 P.M.

(Court was called to order)

MR. FERRARIO: So we are going to get the preview; right?

THE COURT: What?

MR. FERRARIO: Are we going to get the order?

THE COURT: What order?

MR. FERRARIO: You said you were going to tell us how you're going to --

THE COURT: Yeah, I'm going to tell you what to do. Sit down. Sit down, Mr. Ferrario.

MR. FERRARIO: Well, there's just certain --

THE COURT: We're missing an important group.

MR. FERRARIO: That's true.

(Pause in the proceedings)

THE COURT: This is John Waite, our new probate law clerk. He is coming in here merely because this case sort of is probate.

W-A-I-T-E, correct?

MR. WAITE: Correct.

(Pause in the proceedings)

THE COURT: What time were we going to start?

MR. FERRARIO: You said 1:00, I thought.

THE COURT: I thought I said 1:00, too. I was going to do one motion, then I was going to go to a phone call at

1:15, then I was going to go to the next motion, and then we were going to go to a bunch of motions.

MR. FERRARIO: I think you're going to your phone call.

THE COURT: We'll see. Kirkland and Hart couldn't do 1:00 o'clock, so we had to do 1:15.

MR. FERRARIO: So what's the first motion?

THE COURT: I'm not telling you till they get here.

Does anyone actually have a calendar of what's on today so when I tell Mr. Ferrario he's being a smart ass I can do it nicely?

(Pause in the proceedings)

THE COURT: Good afternoon, Mr. Krum. How are you today?

MR. KRUM: Good afternoon, Your Honor. I apologize to you and to counsel for being tardy.

THE COURT: It's okay. I want to start with the motion to reconsider or clarify order.

And, as I told you, you're not on a timer, but I expect you to still be concise in your arguments.

MR. FERRARIO: Are we stopping at 1:15?

THE COURT: Kevin will put them on hold or we'll call in and put them on hold. I want to get through one motion first. That was the plan.

MR. FERRARIO: Okay. Thank you, Your Honor.

THE COURT: Do you have people attending by phone?

MR. FERRARIO: Excuse me?

THE COURT: Do you have people attending by phone?

MR. FERRARIO: No. Everybody's here this time.

MR. SEARCY: There's one attorney attending by phone. Shoshana's on the line.

MR. FERRARIO: Oh. Shoshana's on the line? I'm sorry.

THE COURT: Who's on the telephone?

MS. BANNETT: Good afternoon, Your Honor. This is Shoshana Bannett.

THE COURT: Lovely. Thank you.

MR. FERRARIO: Your Honor, since you advised us when you came out here that you had spent time reading the materials, which I advised everybody here you would do, I will be concise. Because I think in reviewing our motion for reconsideration there really isn't much left for me to say.

There is from our perspective a disconnect between the comments you made at the hearing where you ruled on Mr. Krum's motion to compel and then the order that came out. And so that is something that we're going to address. But, as Your Honor is aware from reading our pleadings, we think that the Court's order is disconnected from Nevada caselaw on the point and also disconnected from the statutes that govern in this arena. And, you know, as Your Honor can see from

reviewing our pleadings, we did a comprehensive search for any case around the country that would somehow bear on this issue, and we could find nothing that would support the very broad ruling that was embodied in your written order.

The points I would like to touch on I think that perhaps got lost in the original briefing and argument is when you go to NRS 78.138 you have the presumption of the business judgment rule applying. And it's a presumption in Nevada. You don't have to invoke it. And that seems to be where I think we're getting off track here. No one has to invoke that protection. It's there. So you don't have to plead it, you don't have to assert it as an affirmative defense. It's a presumption in Nevada that applies statutorily. And the statute also goes on to tell you what a director and an officer can rely on in informing themselves. And when you get to the very end of Section 78.138(2)(c) I think we get to some of the operative language that may have gotten lost in the original briefing. It says, "A director or officer is not entitled to rely on such information, opinions, reports, books of account or statements if the director or officer has knowledge concerning the matter in question that would cause reliance thereon to be unwarranted." So the inquiry is going into seeking the advice, do you have something in your head, Director, that would cause you not to rely on that advice that you're getting from an accountant, from an officer, from a

lawyer. And that is a critical distinction from I think Your Honor's ruling. And the statute is specific as to where the inquiry begins and ends.

Also, if you go to the NRS Chapter 49, where the privilege results, there's no exception there that would cover this. In sitting down and trying to digest this Court's ruling it has the practical effect of precluding any director from ever seeking legal advice from an attorney in fulfilling their duties without risking that advice then becoming subject to discovery. And again, that's not found in any case, any article, any treatise that we can find. And it also -- your ruling puts the directors at odds with the company. And you're familiar with the Sands-Jacobs case.

THE COURT: Maybe.

MR. FERRARIO: It was your case, so I --

THE COURT: And the Wynn case you cited, I'm familiar with that, too.

MR. FERRARIO: You'd be proud to know I read it.

THE COURT: You should have lived it.

MR. FERRARIO: No. I -- well, I lived it vicariously. You remember we were here.

THE COURT: You were here, yeah.

MR. FERRARIO: Yeah. And, you know, the Nevada Supreme Court says who the holder of the privilege is in the Jacobs case, although the facts are a little different there.

THE COURT: Not a former CEO.

MR. FERRARIO: Not a former CEO. But the court made it very clear that it's the corporation's privilege. And actually the statutes do that, as well. And so now you have a director who is presumed to have acted in good faith, so you don't need to invoke that. And that -- and again, I want to get to that point. That's different than the Wynn case. In the Wynn case they actually pled in the pleading that they relied on the report and the advice of counsel. That hasn't occurred here. No one has put that at issue.

THE COURT: That's why I asked you at that hearing and I said to I don't know if it was you or Ms. Hendricks, I said, now you guys need to make a choice.

MR. FERRARIO: But --

THE COURT: And I've been waiting for you to tell me what that choice is.

MR. FERRARIO: But what's the choice? I guess that's what we're --

THE COURT: Are you going to rely on advice of counsel for your directors in their business judgment rule defense?

MR. FERRARIO: Your Honor, we -- you see a number of lawyers sitting over here. We've all sat down and tried to role play how this would play out, okay. So here's -- if you ask a --

THE COURT: But you heard me ask that question during the hearing; right?

MR. FERRARIO: I did.

THE COURT: Okay.

MR. FERRARIO: And so we're trying to gain an understanding of where this goes. If a director is asked a question, what did you do, okay, in dealing with this issue, and let's just -- it's the hundred thousand exercise of the option, what did you do.

THE COURT: And that is the only issue which I have granted it, because that is the only issue on which I've been provided evidence that they have testified that they relied upon advice of counsel as their sole decision-making basis.

MR. FERRARIO: Your Honor, maybe we can cut this out. If Your Honor limits the ruling and it is that they relied solely --

THE COURT: Well, that's what the order says. It says on line 6, "Legal opinion referenced by Messrs. Kane and Adams in their deposition as having been relied upon relating to the 100,000 share option shall be produced by defendants, including," and I list a bunch of stuff. If any of that stuff was provided to Mr. Kane and Adams for their ability to review and rely upon, it needs to be produced. If it wasn't provided to them and it's simply the basis of counsel's work product, that's a different issue. But what I specifically said in

line 6 of the order and the reason I didn't change it any more was because it was part of being relied upon. They can't rely upon it unless they give it to him.

MR. FERRARIO: You're right. And I guess so now if --

THE COURT: Or they tell him. I guess they could tell him.

MR. FERRARIO: They could tell him.

THE COURT: Yeah.

MR. FERRARIO: If the scope of the order is such that one of directors says, all I did was rely on advice of counsel, okay, I didn't do anything else, I think that raises a little bit different issue, although I'm not sure it would change my position. What we're concerned about is where you have directors considering a number of things, and part of that mix might be advice of counsel on a point.

THE COURT: Correct.

MR. FERRARIO: Okay. It might be a point of procedure.

THE COURT: Happens all the time, Mr. Ferrario.

MR. FERRARIO: Happens all the time. In that context I take it your order would not apply --

THE COURT: Well, it depends --

MR. FERRARIO: -- because it's not the sole basis.

THE COURT: Depends upon what the testimony is.

MR. FERRARIO: No, I understand. And that's what we -- and we've gone through all --

THE COURT: And, as you know, I typically do an evidentiary hearing and I hear about what it is that the directors relied upon in making that determination, and based upon that mix of information I make a decision. But that's a fact-based decision based on case by case as it comes up. Here it was pretty clear that it was a solely based upon this opinion, this advice that was given. And I am not trying to require counsel to produce all of their work papers --

MR. FERRARIO: Well, that's how we interpreted it.

THE COURT: I'm not trying to do that. That's why I said the legal opinion referenced by them as having been relied upon shall be produced by defendants. And then I listed a whole bunch of things that could have been provided to them for them to review as part of their reliance upon that attorney's opinion.

MR. FERRARIO: Okay.

THE COURT: Or at least that was I was trying to make sure we did.

MR. FERRARIO: Well, when we read -- when we read the laundry list it appeared that, quite frankly, some of us here would be witnesses. And, you know, our work product, the dialogue we had internally, none of which was --

THE COURT: So how about I change the word "relied"

to "provided to"?

MR. FERRARIO: I think if --

THE COURT: I don't know what word you want me to use there, but I used "rely" because that's what is important in me making the determination under the business judgment rule and the protection the directors are entitled to even if the lawyer's wrong.

MR. FERRARIO: Right.

THE COURT: And that's the important factor. They're entitled to that protection if it's a good-faith reliance and the didn't know any better and the lawyer was wrong.

MR. FERRARIO: You're correct. Actually, this is a good dialogue, because it gets back to what 78.138 says, which is the director would have to have knowledge concerning the matter in question, okay, that would cause that director not to be able to rely on the advice of counsel. That inquiry can be made without delving into the advice of counsel.

Now, if -- as we're having this dialogue it leads me back to kind of the Wordley case, where there they put the advice at issue, okay. They pled it. And again in the Wynn case as we read the briefs -- we're not as familiar with it as you are, we just read the briefs -- that's at issue -- it seems to be at issue there. Here --

THE COURT: It depends who you ask and when you ask

them. Because it's changed over time.

MR. FERRARIO: Okay. But the briefing --

THE COURT: Sort of like this case. I asked them if they were going to, and then they thought about it and they made a decision.

MR. FERRARIO: Well, that was our take from the Wynn case, was that they were -- that they'd put it at issue. If -- but, again, if a director simply says, okay, that I -- in discharging my duty I consulted with counsel, okay --

THE COURT: Mr. Ferrario, I'm not going to talk to you about a hypothetical case. I am talking about the facts in this case where I have two witnesses who testified that their sole basis was they relied upon the representations or the opinion of counsel in making a determination. That's this case. That's the one I'm deciding.

MR. FERRARIO: I understand.

THE COURT: I'm not going to get involved with you in a hypothetical discussion. You can have that discussion in Carson City, if you want.

MR. FERRARIO: I'd prefer not to have to go to Carson City. And that's why I'm here doing -- having this --

THE COURT: I'm just telling you I don't want to discuss hypothetical questions on this issue, because I've tried to be very limited on a scope of this issue.

MR. FERRARIO: I understand. Okay. And that's

helpful and it may help us in kind of narrowing the scope of the order. But I think the followup question from -- that's missing from Mr. Krum's examination has to do with whether any of those directors had any knowledge concerning the matter in question that would cause them not to be able to rely on that advice. That's the discrete inquiry that wasn't made there. And if the director says, I had nothing in my possession that would cause me to question what the attorney said, then in that context that's the end of the inquiry. The confidentially attorney-client communication should not have to be divulged. That's my point. Even in that case. And that examination didn't take place there.

THE COURT: Okay.

MR. FERRARIO: And so, you know, with that I'll answer any questions Your Honor has. Again, I think it was extensively briefed and it's -- you know.

THE COURT: It was extensively briefed. It was well briefed. It was very thorough. It just -- I -- there was clearly a miscommunication of some sort. And I thought I was really clear when I put that language in there, because I monkeyed with it a little.

MR. FERRARIO: Thank you, Your Honor.

THE COURT: Mr. Krum, did you want to say anything on this motion?

MR. KRUM: I do, Your Honor.

THE COURT: Okay.

MR. KRUM: Thank you. Of course, the issue isn't an exception, it's waiver. That's what Kane and Adams did.

Second, with respect to 78.138 there was no further examination necessary. We have other evidence from a contemporaneous email from Mr. Kane in which he expresses reservations about whether Mr. Tompkins has answered the questions posed by the third compensation committee member, Mr. Storey. That's it for the law and the matters of that respect.

I want to make clear, however, Your Honor, that from our perspective this is not the same issue as it was from the perspective of the intervenor plaintiffs. For them the 100,000 share option was about whether they could secure control at the annual shareholders meeting. For us the developments of the 100,000 share option, meaning the communications that Tompkins had with directors, occurred at a point in time when Ellen Cotter and Margaret Cotter commenced the course of conduct, enlisted the agreement of Kane and Adams and McEachern that carry on to this day. So Tompkins, according to evidence in this case, chose the sisters' side. The evidence, by the way, is Mr. Kane's contemporaneous email. Mr. Kane also repeatedly expresses in email reservations about Mr. Tompkins serving in any significant role with the company. Mr. Tompkins, as it turned out, effectively became the

consigliere to Ms. Cotter and starting with his advice to Ellen Cotter in March or April that she needed to exercise this option to ensure control of the company because there was the possibility that the shares held in the name of the Trust could not be voted or should not be counted. That was the beginning of this whole scheme to secure control.

So the point of these communications, Your Honor, is not confined to a question of whether there was a fiduciary breach by Kane and Adams in approving that option, which it is, it concerns that, but it goes to the bigger part of the case. And the reason for that, Your Honor, is the timeline. Because in March the five non-Cotter directors made Mr. Storey ombudsman with the charge to work with the three Cotters and report back periodically, and then they'd revisit the situation in June. But Storey quickly alienated Ellen and Margaret Cotter, prompting Kane to intervene. And Ellen and Margaret Cotter conferred with Tompkins, and we have these developments of the 100,000 share option and at more or less the same time Kane and Adams and McEachern agreed with Ellen to vote to terminate plaintiff. So it's actually a big, big part of the case in terms of what transpired at the outset. It's not just the issue that I think we perhaps led you to believe it was previously.

The legal issues I think I just spoke to briefly. And unless you have questions, I will step down.

THE COURT: Thank you.

The motion for clarification is granted in part. If document or information was not provided to Mr. Kane and Adams, it does not fall within the delineated items that are included on the October 3rd order, okay.

Now, whoever's on the phone, we may lose you, because Kevin's now going to call in to my 1:15.

When you return from your five-minute recess we are going to go to Cotter's motion to vacate and reset pending dates and reopen discovery on order shortening time, fourth request.

(Court recessed at 1:22 p.m., until 1:26 p.m.)

THE COURT: Okay. Mr. Krum, you're up.

MR. KRUM: This is the motion to vacate, correct, Your Honor?

THE COURT: That is -- it's essentially a motion to continue trial.

MR. KRUM: Right. Thank you.

Well, as you saw, Your Honor, fact discovery isn't complete, and based on what's transpired in terms of how the defendants have failed to produce documents in response to your orders of March 30, it's not going to be complete. Expert discovery, were that the only thing we had to do, might be complete. We have some witness conflicts, and I may have a conflict. So let me talk about those four items.

Well, August 3 one of the motions you granted was a motion to compel discovery regarding the offer. That included directing the defendants to produce a pretty finite set of documents and of the company to produce a Rule 30(b)(6) witness. The individual defendants other than Mr. Gould promptly represented that they would produce the documents and offered deposition dates a couple weeks hence, to which our response was, great, when will we get the documents because we need to review them to prepare, and, oh, by the way, when will we get the documents in response to the other order, which, of course, was the advice of counsel order that was just the subject of the last motion. There were no answers to that. And then ultimately those individual defendants didn't produce a single document regarding the offer. They said, well, the company will produce the documents.

So on September 15 the company produced a modest set of documents, but in our view, Your Honor, that production is incomplete for at least two reasons, one, the documents produced include board minutes of the of the single meeting from June, I think it was, at which the directors supposedly deliberated about how to respond to the offer. Those board minutes, Your Honor, include fairly detailed information that supposedly is taken from an oral presentation Ellen Cotter gave to the directors at that board meeting. In other words, the board members were given no written material before or at

the meeting. The production is incomplete because it doesn't include whatever notes or information was used by Ellen Cotter to make that presentation, which, of course, is the very kind of information one would need to meaningfully test the company's Rule 30(b)(6) witness, as well as the three director defendants whose depositions have not been completed in terms of, well, did you understand this information, was it accurate, did you think about this, did you think about that. But we don't have that documentation.

Also, Your Honor -- and my comments now are predicated entirely upon a news article that came out a couple weeks ago; in other words, nothing I'm about to say is predicated on anything I've learned from my client or any documents that my client has received from the company, meaning it's not non-public information. And the news article a couple weeks ago reported that the offerors were back with what apparently is a somewhat revised offer, I believe, at least in terms of the participants. And so obviously, Your Honor, that situation continues to unfold, assuming that news article is correct, and theoretically, at least, there should be additional documents, starting with whatever the new offer is or the revised offer or whatever it is and continuing with whatever communications, if any, there are as among the director defendants.

So the document isn't complete, and when it is

complete and when the documentation that's going to be produced in response to your modified order regarding advice of counsel, finally then we'll be in a position to resume or commence, as the case may be, and conclude these three director depositions, as well as the deposition of Craig Tompkins.

The other half of this, of course, as you full well understand given the last motion we had, is that the defendants haven't produced a single document that you ordered to be produced on the subject of advice of counsel. From our perspective there's nothing they argued in their motion to reconsider or clarify that they could not have raised following the hearing. They chose to wait until your order was signed on October 3rd and then file a motion, and it was just heard. So I don't know when we'll receive those documents. It may well be that counsel for the defendants, including the company, don't know what exactly they're going to produce, much less when. But obviously, Your Honor, I can't commence and conclude the depositions that remain, the percipient witness depositions that remain unfinished until we have that documentation and have time sufficient to prepare to use it.

That, Your Honor, is of no fault of plaintiff. It's -- we're in substantially the same position we were on August 30. We're in exactly the same position we were in

September 15, and nowhere along the way were we in a position to resume and conclude these depositions. And if you recall, Your Honor, one of those depositions you ordered to resume, that is, with Mr. McEachern, with respect to that very subject, the offer. And I omitted him before, I think. So this is no fault of ours. And we could have proceeded with the depositions, but it would have been a waste of everyone's time, because we would have been back once or twice to order the same deponents to come back after the defendants produced the documents you ordered them to produce on August 30th.

Respectfully, Your Honor, the manner in which they've responded to these orders that you granted, the motions to compel you granted sure smack of gaming the system with the hope that the Court will let them get away with it so that the plaintiff's required to go to trial without the discovery you have ordered plaintiff to be provided. And so, again, the director depositions are Cotting, Adams, and McEachern. There's Craig Tompkins, who is obviously going to have a much different examination now when these advice of counsel documents are produced, and there's a 30(b)(6) witness who was identified to us a week or two ago as Ellen Cotter. Obviously from our perspective, Your Honor, the missing documents, being the two categories of documents and the offer that haven't been produced are critical to conduct the Rule 30(b)(6) deposition that's now Ellen Cotter that you

ordered.

On the discovery front, if I've counted correctly -- or on the expert discovery front there are a total of ten experts. Five of ten have now been deposed. Two of those depositions were postponed because of conflicts. These guys are apparently all very successful, Your Honor. They're available one or two days each month, and that's made it difficult for all counsel to schedule and proceed with those depositions. And if you want to hear about the subject of whether we've been proactive or dilatory, let me just tell you what my week went like last week. Monday I was in New York for an expert deposition, Tuesday I was in Boston for an expert deposition, Wednesday I was in Philadelphia for an expert deposition, Thursday I was back in New York for an expert deposition, Friday I was here in court. Saturday and Sunday I was with my family on the East Coast. Monday I came to Las Vegas, Tuesday I went to Los Angeles for an expert deposition on Wednesday, and came back last night. We're working pretty hard, Your Honor. We have little time and difficult scheduling. The experts are not all in Las Vegas, nor are they all in Los Angeles, where counsel for the interested director defendants presume to require them to proceed initially.

In any event, Your Honor, we have five more to go, and we may or may not get them done between now and the date

of the trial stack, because it's going to require a lot of flying around, L.A. for two or three of them, Palo Alto, and I forgot where else, Your Honor.

The opposition filed by the company asserts that plaintiff's motion does not detail why in the last two months virtually none of the discovery plaintiffs demanded in August was not completed. Well, sure it does. I just discussed that, Your Honor. They didn't peruse the documents.

The company also argues that the foreseeability of the need for additional discover is extremely questionable. Respectfully, that ship has sailed. Your Honor granted motions to compel, you ordered discovery. We're entitled to receive it. The fact that they don't provide it doesn't mean that they now can effectively not provide it because the time for us to get it and use it is insufficient. The interested director defendants assert that, quote, "Since the previous motion to vacate plaintiff has refused to schedule percipient witness depositions." That's flat out false, Your Honor. What they're talking about were these blatantly and overtly disingenuous offers by Mr. Searcy to produce witnesses without telling me whether and when he'd produce the documents. I didn't just fall off the turnip truck. I'm not going to Los Angeles to commence a deposition that I can't complete because they didn't produce the offer documents and they didn't produce the advice of counsel documents.

Counsel for the individual defendants claim that plaintiffs delay the start of expert witness discovery. That's false, too. What happened --

THE COURT: So how many percipient witnesses are there? I've got the list of directors, I've got the list of experts. How many percipients are there that aren't directors?

MR. KRUM: Tompkins I think is it, Your Honor.

THE COURT: But he used to be a director.

MR. KRUM: No. He's a -- he has an odd position of non-employee counsel. They want to make him general counsel.

THE COURT: All right.

MR. KRUM: Kane objects, my client objects.

THE COURT: But I have him in category of important people.

MR. KRUM: Right.

THE COURT: So I've got him on the list with those company-related people. I've got the experts there are five people. How many percipients are there that aren't your employee-director-related people in 30(b)(6)?

MR. KRUM: I think -- unless I've forgotten, Your Honor, it's the five, the three directors, Tompkins, and the 30(b)(6).

THE COURT: Okay. So this is the only one. So you don't have any other percipient witnesses?

MR. KRUM: If there is, Your Honor, it can only be a person or two that I've forgotten. But I don't recall any as I stand here.

THE COURT: Okay.

MR. KRUM: The -- what happened on the experts is they just sent out a notice and said, come to Quinn Emanuel in Los Angeles, have this guy from Boston and this person from Philadelphia and this person from New York all show up. They didn't call me, they didn't email me. And, of course, that came in the midst of summary judgment papers or something, and so, of course, that didn't come fast. We didn't produce them then. We ultimately worked out a schedule, and the only delay, if you want to call it that, Your Honor, was an extension of one week in providing rebuttal reports from the 18th of September to the 25th. And that was suggested by counsel for the interested director defendants, not by counsel for plaintiff. We agree.

We have one other extant scheduling conflict. The plaintiff and Ellen and Margaret Cotter are in trial in the California Trust action on November 14 and 15, and November 28th through December 1. And then finally I'm obliged to observe that I have a potential debilitating conflict that either will arise or won't, which I've previously mentioned to counsel and the Court, and it's one over which I have limited control. I'm trying to resolve it, but it hasn't been

resolved. So that issue remains outstanding.

Unless you have questions, Your Honor, I have nothing else on this motion.

THE COURT: Those were my questions for you.

MR. KRUM: Thank you.

THE COURT: Oh. Wait. I do have one more. Here's my note. When is the Trust action in California scheduled to be completed?

MR. KRUM: I don't know the answer to that, Your Honor. What I can tell you is they have dates either this week or next week, I think, and --

MR. FERRARIO: There's no set time for it. They're being -- they're getting fill-in dates.

MR. KRUM: They have dates.

THE COURT: I've never practiced in California, so I have no idea what that means.

MR. FERRARIO: He says they started -- well, go ahead. When did they start?

THE COURT: What is it?

MR. TAYBACK: They have a schedule of dates and the judge says that when we finish is when we finish and I'll give you dates as we go along. But I think it's --

THE COURT: But when do they start?

MR. TAYBACK: They've started.

MR. FERRARIO: They're like the Show Canada trial.

It keeps going.

MR. TAYBACK: And as they don't complete -- as they don't complete testimony, then he schedules other dates.

THE COURT: I stuck my tongue out at Mr. Ferrario. That is not a judicial activity. I'm sorry. I lost my judicial demeanor. Thirty-five trial days over a year and a half because I can't get people to come to court. It's okay. It worked out. I wrote a decision, it's going up on appeal, something will happen.

So they're at the pleasure of the fact finder, who is a judge --

MR. TAYBACK: Correct.

THE COURT: -- in California, who is doing it based on their own availability and schedule.

MR. KRUM: Well, the lawyers have negotiated the schedule.

MR. TAYBACK: With input from the lawyers and the witnesses.

THE COURT: Right. No. They --

MR. FERRARIO: The judge will send out dates, they get together, and then they pick.

MR. KRUM: My understanding, Your Honor, is --

THE COURT: But they're never enough to finish. It's not like a jury trial where we go till we're done whether we're going to be able to or not, because we don't take a

break for a jury.

MR. TAYBACK: Correct. They take a lot of breaks. Judge takes a lot of breaks for his other matters.

MR. KRUM: It's five days at least that I just identified. I think there are other additional days. And if they can finish in that time, then the matter is submitted to the judge, who has, I've forgotten, 30 days or 60 days to render a decision.

MR. TAYBACK: That's right.

THE COURT: Something like that. Okay. Thank you. That was my last question for you.

Mr. Ferrario.

MR. FERRARIO: Your Honor, I'm going to kind of reverse engineer this. You told us the last time we were here that we weren't going to go on the 14th because --

THE COURT: I did. Because of my murder case.

MR. FERRARIO: Right.

THE COURT: And you heard me say that to Lenhard. Or you weren't in here, but Mr. Krum heard me say it to Lenhard.

MR. FERRARIO: Right. So --

THE COURT: And then he wouldn't take me up on the dates I gave him.

MR. FERRARIO: Who, Lenhard?

THE COURT: Lenhard.

MR. FERRARIO: Well, what dates are you -- what dates are you thinking?

THE COURT: I can't give you dates, because you're a jury trial. I have to be able to finish you, and you tell me you're three weeks. So I have to have three weeks in a row. That's the problem with being a jury trial. With being a bench trial like [unintelligible], if you don't finish on that third day, then I'll pick another day like the judge in California, and we'll finish you up.

MR. FERRARIO: We're aware of that. So --

THE COURT: That's a problem.

MR. FERRARIO: It is. What we can't have is a six-month continuance. And --

THE COURT: So do you want the reality of my life after January 1st? I don't have a courtroom anymore.

MR. FERRARIO: What?

THE COURT: I don't have a courtroom.

MR. FERRARIO: Where are you going?

THE COURT: I don't have a courtroom.

MR. FERRARIO: Why? Because you've been elevated?

THE COURT: I'll be on the tenth floor with no courtroom.

MR. FERRARIO: Doesn't Judge Togliatti have a courtroom?

THE COURT: Judge Togliatti has a courtroom. She's

not the chief judge.

MR. FERRARIO: Oh. Really? You're not going to be here?

THE COURT: No, Mark, I will not be here.

MR. FERRARIO: I don't even understand this. I mean --

THE COURT: I have to go to the tenth floor.

MR. FERRARIO: I understand that. But why can't you come up here and try cases?

THE COURT: Because somebody will be here in my courtroom with my criminal and civil docket, with the exception of my Business Court cases.

MR. FERRARIO: Well, then how are we going to have a jury -- where are we going to have the jury trial?

THE COURT: Yes. That's why we're having this discussion. Because I'm going to have to --

MR. FERRARIO: Do we still have the CLC?

THE COURT: No, we do not.

MR. FERRARIO: Oh. Don't laugh at that.

THE COURT: And besides, the electrical load on the building would be insufficient for your case.

MR. FERRARIO: Not for this one. We're only plugging in computers. All right. So -- right.

THE COURT: There's a disagreement on this side whether the electrical there would be good enough even if we

had access to it. And we do not have access to it.

MR. FERRARIO: Okay. Then that moots it.

THE COURT: Okay.

MR. FERRARIO: Look, I'm assuming we'll get a courtroom. I guess we can't have --

THE COURT: Yes, I will get a courtroom. But that's why it requires us to be ready, no changes, everything's going when we move.

MR. FERRARIO: And I want to address that. I'm not going to get -- we put in there what happened. You know, quite frankly what we're saying is kind of a continuing pattern. In the summertime we accorded plaintiff an extension of some deadlines, the expert discovery and that, and Your Honor will remember that. So the reason we got pinched on some of this is because of the courtesies that defendants accorded the plaintiff. And then that rolls into other things. Be that as it may, we have limited discovery to complete. McEachern's deposition won't even be a half day. Adams won't be a half day.

THE COURT: Adams?

MR. FERRARIO: Kane won't be a half day.

THE COURT: Tompkins?

MR. FERRARIO: Tompkins will probably be a full day.

THE COURT: 30(b)(6)?

MR. FERRARIO: 30(b)(6) will be a half a day.

UNIDENTIFIED SPEAKER: It's limited to two hours.

THE COURT: Five experts, all --

MR. FERRARIO: Oh. It's limited to two hours. Excuse me.

THE COURT: I limited it to two hours.

MR. FERRARIO: And then --

THE COURT: Five experts all over the country.

MR. FERRARIO: Five -- these expert depos have been averaging -- I think the longest was about six, seven hours, and the others have been three, four hours, they haven't been that long.

THE COURT: So let me cut to the chase. When are you going to produce the rest of the documents that we discussed this morning and resolve the issue with Mr. Krum about whether he believes your last production pursuant to the order compelling you was sufficient or not?

MR. FERRARIO: I guess what I'm troubled with, and I talked to Ms. Hendricks, who's here, and she's been handling this primarily, there was no meet and confer. We did produce the documents relating to the May 31st expression of interest letter. That's what we were ordered to do. The points he making -- he says, well, this is an ongoing saga, okay. You know, another expression comes in here. He references what's in the paper. So when does it stop? I've already had that discussion with Your Honor. His client essentially objects to

every decision that's made by the board.

THE COURT: Yes.

MR. FERRARIO: Taken literally, we will never get this case to trial, because there will always be something more for him to do. We complied with our obligation. There's been no meet and confer, we don't know what he wants. I don't know why he expects that we would just start voluntarily producing things as the company business continues in anticipation that he would just object. That makes no sense. So we have done what we're supposed to do. What we're seeing are delay tactics, which, quite frankly, the evidence hasn't turned out the way he wants, he doesn't want to go to trial. The company cannot afford to endure this burn rate anymore. It is a -- you know, it's a great company, but it is a drain on the company. And when I say burn rate I'm talking about not only money, I'm talking about the company resources the executives, everybody that's putting time into this.

I want to go back to this idea that somehow now he challenges the -- how the board handled the expression of interest, and he needs the documents. I have the minutes, and I could give them to Your Honor, but it's clear what happened there. There's no mystery. He has the minutes from the meeting. His client had, I would venture to say, through his position on the board virtually every document to the extent any were referenced by Ellen Cotter. He already had that

stuff. He's been on the board. This isn't some outsider needing this material. He gets it. So what's happening is it's just -- it's a never-ending stream of requests for additional information, things he doesn't have, blaming people. And it's just got to stop.

So what we have is this. The five experts I think -- aren't they all set -- they're all --

MS. HENDRICKS: They're not.

MR. FERRARIO: They're not all set.

MR. TAYBACK: We've offered dates. We don't have dates.

MR. FERRARIO: We need to get those set.

THE COURT: You need to get them finished.

MR. FERRARIO: They'll be finished. None of them have been very long. This isn't -- these are not bomber depos. They've been going pretty quick. Mr. Tompkins is probably the single longest depo that remains to be taken. It'll be a day, I'm pretty sure of that. Everything else -- and really by agreement we agreed to finish the plaintiff's deposition in a half day. We may need more than that because he's now interjected additional issues in the case. But that will probably be done in a matter of three to four hours. So there really isn't that much left to do. That's what I want to bring to the Court's attention.

I don't think that we have to produce what the

company is getting, and as referenced in the article that Mr. Krum said, and what the company's doing in, you know, the latest overture from the person that had the expression of interest. I don't think that's an ongoing obligation. He hasn't put that into issue in the case. And at some point we have to cut it off. You allowed him to put in the case what happened with regard to the May 31st letter. He has all of that material.

So we need a trial date as fast as you can give it to us. We can -- we can use the time that we had set aside for trial --

THE COURT: You're not done.

MR. FERRARIO: Huh?

THE COURT: You're not done.

MR. FERRARIO: Your Honor --

THE COURT: Okay. So wait. Let's stop. When are you going to produce the documents, or not, that relate to our discussion this morning -- or our discussion on Motion Number 1?

MR. FERRARIO: We will have a decision on that by tomorrow.

THE COURT: Okay.

MR. FERRARIO: At the latest Monday, but I think by tomorrow.

THE COURT: So if you're going to produce the

documents, you'll produce them in a week or 10 days?

MR. FERRARIO: No. My recollection is -- I could be wrong, but I think it's one memo.

THE COURT: Great. That's easy.

MR. FERRARIO: That's it.

THE COURT: So if you decide to produce the document, it'll be done in a week or so. Then --

MR. FERRARIO: No. It'll be faster than that.

THE COURT: Okay. Then we have the depos that have been waiting for this to go, whether it's a good idea to await it or not is an entirely different issue.

MR. FERRARIO: That's Kane and Adams. That's --

THE COURT: That's six depos that may relate to. So those depos go forward. How long is it going to take to get those scheduled and taken?

MR. FERRARIO: My proposal would be this. We already blocked out the 14th for trial, I think. We use that time period --

THE COURT: Well, but you've got witnesses who haven't been as easy to get along with in life as you'd like.

MR. FERRARIO: No, that --

THE COURT: You don't just get to tell them to come. There was the one guy in San Diego who didn't want to go a half hour away from his house. I don't even remember which guy it was.

MR. FERRARIO: He's Ed Kane. He's 80-some years old.

THE COURT: Right.

MR. FERRARIO: That was when he was -- look, I hope I have as much energy as he does when he's 80 years old.

THE COURT: Me, too.

MR. FERRARIO: But the fact is, sitting there a whole day, it's draining. So they control -- I'm not going to speak. They can talk about that. I don't think scheduling Mr. Kane, scheduling Mr. McEachern, scheduling Mr. Adams is going to be an issue. We already have a date --

THE COURT: And we've got Cotting, Tompkins, and the remainder of the 30(b)(6).

MR. FERRARIO: Won't be an issue. Mr. Tompkins is right here.

THE COURT: Good morning, sir. Or good afternoon, sir. How are you?

MR. FERRARIO: These are not going to be issues. I'm just saying.

THE COURT: So how -- I -- you and I have done --

MR. FERRARIO: Mr. -- let me --

MR. SEARCY: Your Honor, we blocked --

THE COURT: Wait. Wait, Mr. Searcy.

You and I have done enough litigation over the years that it never works that we set aside a deposition schedule

where we have a week worth of witnesses that the witnesses all come when they're supposed to.

MR. FERRARIO: I -- I think we have the 14th blocked out. We don't even have to wait till the -- we have the 14th blocked out, okay.

THE COURT: Sure. So you think --

MR. FERRARIO: That gives us let's say 10 days. We should be able to knock out --

And I don't know if you can make your clients available.

MR. SEARCY: They've set aside that time period around the 14th, Your Honor, so they're available.

THE COURT: Really.

MR. SEARCY: And we should be able to stack these, because they're very short depositions.

MR. FERRARIO: They are short. And I know Ellen Cotter -- we've talked to her about -- because she's the 30(b)(6), and that's a two-hour depo, and she's, you know, as flexible as she can be running the company and all. And then we do have to accommodate her when she's in the trust litigation. But Mr. Krum's client has that same issue. So there's a couple days, I think the 14th, 15th, 16th they may be in trial down there. We can make all that happen.

THE COURT: Okay. So you get those depositions done say by -- you're done with that by Thanksgiving.

MR. FERRARIO: Yes.

THE COURT: Best of all possible worlds.

MR. FERRARIO: Best of all worlds.

THE COURT: And then you've got the experts. How long is that going to take? Because the experts are harder to schedule.

MR. FERRARIO: How many are left to be set? I know my schedule had somebody in Palo Alto next week; right?

MR. TAYBACK: He hasn't accepted those dates.

MR. FERRARIO: Oh.

MR. TAYBACK: So we've offered dates for ours. We were waiting for dates from his. I think two weeks. Same time period.

MR. FERRARIO: I think we can do it.

THE COURT: You can't do them at the same time. So then how much longer is it going to take to finish up those five depos, five expert depos?

MR. FERRARIO: Well, we did five in like a week, so --

THE COURT: I heard the schedule that Mr. Krum just recited. And, yes, that was a tough schedule, but I'm glad you guys did it.

MR. FERRARIO: Right. I don't see why we can't have them done -- when's Thanksgiving, the 24th, 25th?

THE COURT: So that means you in the best of all

possible worlds would be done the week after Thanksgiving, maybe by the 9th of December.

MR. FERRARIO: Yes.

THE COURT: I don't call in juries over the Christmas holiday, so there's no way given when you'd be finished I could try you on this stack even if I wasn't in my capital murder case.

MR. FERRARIO: Oh. What if we -- what if we were done by the beginning of December? I know you don't want to -- I agree, none of us want to be here having the jury glare at us over Christmas.

THE COURT: You're not going to be ready. You can't do it. I mean, you just can't physically do it.

MR. FERRARIO: Well, you know, when I said that to you in CityCenter when you told me to look at 3 million documents, I think you said, just do it.

THE COURT: I set five tracks of depositions in that case --

MR. FERRARIO: That's true, you did.

THE COURT: -- and I haven't done that in this case.

MR. FERRARIO: You haven't. If we got done -- but it is possible to get it done by the beginning of December. I mean, I'm not being facetious, because the depos haven't been as long as we thought. And if they've got control over -- well, they do have control over all the witnesses. So does

Mr. Krum. We can finish Mr. Cotter, Jr., in a half day.

THE COURT: So let me go to another issue. So you know you took a writ; right? Or no. Mr. Krum took a writ, and there's a stay related to some documents that he has. Are you worried about those documents being available prior to you starting trial?

MR. FERRARIO: We've talked amongst ourselves, and if we can get the trial date, we're prepared to proceed with that writ pending and the stay in place.

THE COURT: Okay. So you're not really worried about those documents anymore.

MR. FERRARIO: No. I mean, we're worried about them, but it's not worth forgoing the trial and having this linger.

THE COURT: Okay. Mr. Krum --

Mr. Ferrario, was there anything else you wanted to say before I hear from Mr. Krum again?

MR. FERRARIO: No. I know Mr. Searcy had some things he wanted to say, Your Honor.

THE COURT: I've been grilling him when he's been sitting there the whole time.

What else, Mr. Searcy?

MR. FERRARIO: Have you got anything else, Marshall?

MR. SEARCY: I don't have much to add, Your Honor. You know, there was an issue that came up that Mr. Krum

brought up concerning production of documents relating to the unsolicited expression of interest from the individual defendants. We don't have any documents. Mr. Krum has told me that his plaintiff doesn't have any documents from the meeting that's at issue. So it shouldn't be a surprise that there are no documents.

MR. FERRARIO: And we gave -- we gave minutes --

THE COURT: But you really hope that Mr. Ferrario and his people will turn over the documents; right?

MR. FERRARIO: Your Honor, I -- Ms. Hendricks -- Kara's here. We did on the --

THE COURT: Wait.

MR. FERRARIO: -- first expression of interest. He has them all. What he's talking about is Ms. Cotter gave a presentation. The presentation related to information that was already in his client's possession. That's the point I'm making.

THE COURT: I understand what you're saying.

MR. FERRARIO: Okay.

THE COURT: I know the issue when people remain on the board and they're still fighting among themselves they get the board information. It's amazing how that actually happens.

MR. FERRARIO: It does. You know, Your Honor, the only -- the only hiccup I see, and I don't think -- I don't

think it's insurmountable, there's no reason we can't complete all of the let's call them fact witnesses that we mentioned here well before Thanksgiving. That's just not an issue. The experts are the only scheduling hiccup that I see. And I don't know how --

THE COURT: Have you taken all the plaintiff's experts, we're just waiting on the defense experts now?

MR. TAYBACK: They've gone back and forth.

THE COURT: So you've got some of each left.

MR. FERRARIO: Yeah. Jumping around.

MR. SEARCY: But I believe they're all in California, all the experts.

THE COURT: All the remaining experts?

MR. SEARCY: That's right.

THE COURT: Mr. Krum.

MR. KRUM: Thank you, Your Honor. Two or three points where I need to correct some misstatements. In fact, with respect to the news article -- not the news article, with respect to the subject matter of the news article that is a renewed revised offer or whatever it supposedly is. Mr. Ferrario and I spoke about that, and he initially suggested to me that he thought hypothetically for purposes of this public discussion today if that had occurred it might moot the discovery you'd ordered them to provide. And he hasn't understood on that position.

Second, if there are any documents with respect to this supposed new offer, the offer described in the news article, they've not been provided to my client. Ellen Cotter has not provided him documents about that. So I don't know whether she -- if there are any documents, whether she's provided them to other directors, but my client has not received any such documents from her.

The other correction is if they produce a single memo in response to your modified order regarding advice of counsel, we will have to meet and confer, and we will be back. As our motion made clear, we cited to I think it was dozens of privilege log entries where the subject matter was identified as advice of counsel with respect to exercise of option, or words to that effect. Those are documents between Mr. Tompkins and Messrs. Adams and Kane that have been ordered produced by Your Honor, among others. So it's not one memo, okay. And I understand the process through which Mr. Ferrario and Ms. Hendricks have to go to confer with a client, and I'm sure they'll do it as diligently as they can, but it's not going to be that next week they produce one memo.

Finally, Your Honor, on the depositions, after a couple false starts we actually did pretty well scheduling percipient witness depositions. I was able to spend week after week in Southern California taking some of those depositions, and hopefully we'll be able to do that again with

the percipient witnesses.

The experts are a different issue. The subject isn't -- the issue isn't how long the depositions go, it's travel to the cities in which no one except Angelinos live and then to the next city and so forth that turns what might be a three-hour deposition into not less than a two-day exercise.

And the other half of that, of course, is, as I mentioned earlier, these folks seem to be tremendously successful and terribly busy, because as to most of them they came up with one or two or three days or half days in a period of a month. But, you know, counsel will do what they can subject to the preexisting obligations of those experts. But to assume we're going to get those by done by December 1st or 9th or whatever is I think in all likelihood wishful thinking. Thank you.

THE COURT: So when do you really think it's going to be done, Mr. Krum?

MR. KRUM: Given the intervening Thanksgiving holiday, I think our goal should be before the year-end holidays. I can see some reasons that might not happen. When we actually suggested the end of January there were reasons for that. And the reasons were the kind of considerations we've discussed today, the intervening holidays, the schedules of all the people, the uncertainties that I've addressed. So if you want a date by which I'm reasonably confident it will

be done, it would be approximately the end of January. The best-case scenario I think is the Christmas-New Year holiday.

THE COURT: Okay. Anything else?

Are there more documents than this one memo you've talked about?

MR. FERRARIO: There are documents on the directors privilege log I think is to what you're speaking; correct?

MR. KRUM: Correct.

MR. FERRARIO: And I thought that his motion was aimed at the memo that was prepared and I think given to Kane and Adams.

THE COURT: It was.

MR. FERRARIO: That's what I thought. I mean --

THE COURT: And I granted it.

MR. FERRARIO: As I'm sitting here, Your Honor, I don't know what's on the directors privilege log in terms of what may have gone back and forth. I know the memo of which he speaks. I actually think our office did it, quite frankly. That was what I was speaking to. I'm not conversant with these other --

MR. KRUM: The document to which Mr. Ferrario just referred is the document to which they referred in their proposed order. Your order obviously is different than their proposed order. Our motion was different than their proposed order. And, you know, the documents in the privilege log are

either responsive or they're not. They're either covered by the order or they're not. Candidly, as I understand the facts, including the GET memo to which Mr. Ferrario refers, that's not it, as I understand.

THE COURT: My ruling only relates to the legal opinion that Mr. Kane and Mr. Adams got from GET.

MR. KRUM: No, Your Honor. If you look, you referred --

THE COURT: Mr. Krum, don't correct me.

MR. KRUM: I'm sorry.

THE COURT: And to the extent there are other communications related to that issue they're not necessarily precluded from production because I did not specifically address those. So what I'm trying to say is the work papers the Greenberg Traurig folks did are not part of what I've ordered produced, unless, of course, they were provided to Mr. Kane and Adams. You're now on a separate subject, which is the email communications by Mr. Tompkins; right?

MR. KRUM: Correct.

THE COURT: That's a different issue.

MR. KRUM: Well, that's not how we read your order. so perhaps we'll have to look back at that.

THE COURT: Well, it's a different -- it is a very different issue.

MR. KRUM: And I repeat nor is that how the motion

was framed.

THE COURT: I understand how you framed the motions, Mr. Krum.

MR. KRUM: Okay.

THE COURT: So I'm not saying that Mr. Tompkins's memo may not have to be produced, but --

MR. KRUM: Right.

THE COURT: I haven't granted that relief to anybody at this point related to that memo. I haven't ruled one way or the other. You guys need to have that discussion, because that was not part of the advice of counsel issue that I ruled on.

MR. KRUM: We did not understand that, Your Honor. So we'll have to have another conversation.

MR. FERRARIO: We will.

MR. KRUM: And the discussions we just had about the timetable are now going to be more optimistic, I suspect. In other words, we're likely back before you on those issues.

THE COURT: Maybe not. Maybe they'll produce them.

MR. FERRARIO: Judging from what you're telling us and who knows how long your capital case goes --

THE COURT: It's only got three more days.

MR. FERRARIO: Oh, that's all?

THE COURT: And then they decide whether I go to a penalty phase. So it's only a week or week and a half more.

But the problem is I have to do this evidentiary hearing for a week before I can resume the trial, and then it may or may not include death, but I still have to have a penalty phase if they find him guilty of first degree murder.

MR. FERRARIO: So how long does all that take? Because I'm not --

THE COURT: Well, I'm doing the week of -- I have it written down in this handy chart here. The week of November 28th is when I'm doing the evidentiary hearing on intellectual capacity. And then the week of the 25th [sic] I resume the trial, and we anticipate being done with that and to the jury on the guilt phase by December 9th.

MR. FERRARIO: Okay. So --

THE COURT: And then if there's a penalty phase, it's like punitive damages.

MR. FERRARIO: Right.

THE COURT: You take a break, you start again, you do some more evidence.

MR. FERRARIO: So we're not -- well, it doesn't sound to me like you've got any time on the November stack anyhow given --

THE COURT: Well, if that case goes away, I do. But I don't know if that case will go away or not. And I won't know if that case goes away until close to December 1st.

MR. FERRARIO: Well, I think we will do -- I can say

on this side of the table we'll do everything we can to get everything wrapped up by December 1st. So in the event you do have a slot open, that's fine. But I guess what we're afraid of is kind of getting caught in, you know, the regular flow of your cases and getting pushed way down the road. And again, I've said this, I sound like a broken record, we need to get this case resolved.

THE COURT: We all know that.

MR. FERRARIO: It's a significant matter to the company, it's significant to the individuals, it's significant to Mr. Krum's client. We've worked hard to achieve this trial date. There's very little left to be done, quite frankly. Again, the depos haven't been going as long as we thought, and even the expert depos, Your Honor, I mean, they were -- Mr. Searcy took Mr. Steele's depo. It was less than three and a half hours, I think. You know. So everybody's being efficient, everybody's going after it. What's the next date you could give us where we could have a block of three weeks?

THE COURT: I can't tell you that right now. I can tell you that I will see you for a status check on December 1st, and you may appear by phone if you are out and about taking depositions. We can do a telephonic appearance to find out where you are on the deposition trail, where you on finishing, and what it looks like both from my side and from your side about that issue. But I can't tell you right now

what I'm going to be able to do for you. I'll be able to tell you on December 1st.

MR. FERRARIO: All right. We understand. I mean --

THE COURT: So, I mean, if you -- I can't call a jury in over the holidays.

MR. FERRARIO: We understand that.

THE COURT: And I'm not going to have a jury start two weeks before Christmas and then take a break for two weeks before we finish. I'm not going to do that, either.

MR. FERRARIO: I don't think anybody here would want that.

THE COURT: And you're not going to be done until the first week of December, it sounds like, even on the best-case scenario.

MR. FERRARIO: Well, I think that depends on what you do with the next batch of motions.

THE COURT: Well, I'm ready to go to those in a minute. Are you ready?

MR. FERRARIO: I think we are.

THE COURT: Okay. So, Mr. Krum, your motion is granted to the extent you have sought a motion to compel and received relief or not related to that, to the extent it relates to the Tompkins information that is currently on the directors privilege log, and to the extent you need to complete the depositions of Kane, Cotting, Adams, McEachern,

Tompkins, the 30(b)(6), and the five experts.

MR. KRUM: I think I understand, Your Honor.

THE COURT: And the goal is to get them done ASAP. I am hopeful you have them done by December 2nd, but I'm not issuing that order, because I don't have enough information about the schedules of the folks, and I don't want to force people who have availability problems to be available that quick. Okay. So we're going to have a status check on resetting your date for December 1st at 8:30.

So that means I can go on to motion Number 3 on my list, which is the claims related to the purported unsolicited offer. And you guys can tell me when you're ready for a break, since we don't have a jury and we have a lot of flexibility. You just tell me, and I'll take a break.

MR. TAYBACK: We will, Your Honor. On our side we will.

Our motion for partial summary judgment on the unsolicited offer I think is pretty straightforward on the briefing, which is to say -- and this is -- this is one of the curiosities of this case which Mr. Ferrario referred to. It's a case that's moving and being litigated in real time. So we are seeing actions and events that --

THE COURT: Every M&A case I have with offers is like this. Now, this is a little different, but, you know, it happens all the time. We deal with it.

MR. TAYBACK: It's a little different --
THE COURT: I know.
MR. TAYBACK: -- but it's also not really a true M&A case.
THE COURT: I know.
MR. TAYBACK: This is a letter that was received unsolicited that is not even in and of itself an offer. And as -- that is to say, it couldn't be accepted. It was an invitation to negotiate, to do due diligence, and to meet. But it's not the valid -- it's not a valid legal basis for a claim. And you don't I think need to look any further than the argument that was just made by Mr. Krum about the other things that he wants, referring to the public article and the idea that there's an additional letter and he has not -- his client has not received it. The fact is that if there is a dialogue, even if it's a subsequent letter following on the heels of what is clearly not an offer that could have been accepted, there's no way to stake out a claim that it's a breach of fiduciary duty by any director to have done something different, to have not done something more.

We'll start with the fact that there's certainly no obligation to have purported to accept something that couldn't be legally accepted. And the letter isn't terribly long or terribly complicated, but it isn't an offer. It's an invitation to have a discussion about an offer that they hoped

they might be able to make at some point in time. That in and of itself can't be a basis for a breach of fiduciary duty claim, period, hard stop.

The other kind of what I'll call the collateral allegations for breach of fiduciary duty that he has surrounding that unsolicited letter are things like, gee, you know, the board didn't go out and hire an investment banker to do an analysis or study. There's no case cited by anybody, especially plaintiff, that stands for the proposition that a company has to do that, has an obligation to do that. The board knows what it knows about the value of the company. And it makes the decisions it makes about that. And when you have -- to add another layer to this, when you have a controlled company, that is to say a company where the majority, in this case a significant majority of the shares reside in -- with a controlled group, the fact is there is nothing that you can do that could require the sale of a company.

So that begs the question what is it that would be the damages, what would be the component of the wrong even if it was a breach, even if you could articulate that it was a breach of some fiduciary duty to have done something more with this offer -- this alleged offer. What's the harm to the company? Well, you can't say that there's harm to the company, because there's no obligation to have done anything. So there is no harm to the company. And if you were to say,

well, damages per se aren't a requirement, because I know he's made that argument and he's talked about the right to seek equitable relief for breaches of fiduciary duty. If you get to the point where you say this is a breach of fiduciary duty, even though I believe there's no basis for it to be so, and you get to the point where you say damages are not required and it's a question of equity, what is that you would be compelling the board to do, to negotiate, to have a further conversation? That's not the role, really, of the Court. And, not surprisingly, you don't see cases where that takes place. You don't see courts compelling boards to hire investment bankers, to consider a letter, to respond in some particular manner. That essentially divests the whole responsibility of the board with respect to dealing with any kind of an inquiry like this to courts. And there's not a single case that does that. And that's for good reason, because that's the domain of the board. When and if something happens down the road when this runs its course, however that may be, and it has not, whatever that may be, if and then there's an issue, that would be perhaps arguably ripe for something then. But that's not here now. And, as a result, this claim is, A, premature and baseless under the law.

THE COURT: So would it be fair to say that your group of motions the have been filed that are all set today are attacking individual aspects of the alleged breaches of

fiduciary duties?

MR. TAYBACK: Yes.

THE COURT: So you're picking every potential alleged breach they could have made and you want me to separate them out and decide which ones the jury will hear about and which ones they won't, as opposed to letting the jury hear and make a decision as to which rise to the level of the breach of fiduciary duty?

MR. TAYBACK: That's not exactly what I would say I'm asking Your Honor to do. What I'm saying --

THE COURT: Yeah, it is. That's exactly what you're asking me to do.

MR. TAYBACK: No, no. What I would say is -- I would certainly characterize it differently. I would say -- I'm not saying take it out, I'm saying it's not a breach. And if it's not a breach, then it's not a basis for a breach of fiduciary duty claim. It's different to say, we're going to litigate everything the company has done over the span of several years and we'll let the jury pick and choose what might or might not be a breach. He has articulated what he alleges are breaches, and we have filed motions for partial summary judgment saying that they are not. And we have attacked every single thing that he says is a breach on different grounds. But --

THE COURT: And so you don't think they're evidence

of a breach whether they are in and of themselves a breach. See, there's a different concept that I'm trying to deal with as a trial judge than I think you're dealing with in your motions, which it's your job.

MR. TAYBACK: There's two issues. One is could it be a breach as a matter of law. And my answer to that question is no. The second question is is there evidence that it's a breach. And the answer to that is no, as well.

THE COURT: That's not what I said, Counsel. Is this activity taken with other activities evidence of a breach of fiduciary duty?

MR. TAYBACK: I understand his argument, plaintiff's argument.

THE COURT: That's not his argument. That's what trial judges think about.

MR. TAYBACK: The question -- it begs the question, though, is what is the breach. There has to be a specific thing that occurred that is a breach --

THE COURT: Uh-huh.

MR. TAYBACK: -- as opposed to saying, this is a course of conduct. And that's the way plaintiff has characterized it. And the course of conduct can be relevant to a breach --

THE COURT: Yes.

MR. TAYBACK: -- but it begs the question what is

the breach, what is the breach. This is not the breach. This is not a breach. It's not a valid basis for a breach claim. And to say it might be relevant evidence of something else, some other breach, that's a decision you could make.

THE COURT: You're not asking me to exclude evidence of this, only to not instruct it or include it on a special interrogatory that it could be found an independent breach --

MR. TAYBACK: That's correct.

THE COURT: -- as opposed to evidence of breaches that have occurred.

MR. TAYBACK: That's absolutely correct.

THE COURT: I just needed you to say that, because that's not what your motion says.

MR. TAYBACK: I believe it's not -- I believe ultimately it wouldn't be relevant perhaps. But that's a different question. That's a different question. And that's not our motion. Our motion is to summarily adjudicate the basis of this unsolicited offer as being a breach.

THE COURT: There is no -- there is no allegation of the unsolicited offer as the breach of fiduciary duty claim. It is one of many things that are alleged as evidence of breach of fiduciary duty.

MR. TAYBACK: If I'm --

THE COURT: I pulled the complaint to read it again, because --

MR. TAYBACK: I did, too.

THE COURT: Okay.

MR. TAYBACK: And if in fact we misunderstood what his basis of the alleged breach is, then you're right, then it's not an issue, then it's not an alleged breach how we dealt with the -- how the company dealt with this unsolicited offer. It's merely evidence. But it's only relevant evidence if it relates to a breach. And certainly I think somewhere in our motions we address the thing that he says was actually the breach. But begs the question is what he's saying is the breach. What occurred that breached a fiduciary duty by individual directors, individual directors. For instance, Mr. Wrotniak, who's never even been deposed, who's seemingly collateral to every theory that's being proffered by the plaintiff, was in the room to discuss this particular unsolicited offer. What, if anything, did he do to breach any duty, and what is the relevance, I suppose, to address Your Honor's question, of how he did it to some other breach that is alleged but unspecified at least in our conversation right now as to what it is that plaintiff is saying breached a fiduciary duty to the company.

THE COURT: Okay. Anything else?

MR. TAYBACK: Only if you have questions, Your Honor.

THE COURT: I don't have any more. I asked you

them.

MR. KRUM: Your Honor, as I see this motion, the partial issue is the one you identified. And it's not just this motion, it's arguably all of them. But it's certainly this one. It's certainly the executive committee motion. And I've said this. I said it when we moved for leave to amend. We pleaded the complaint this way, as you saw it. We haven't alleged 10 or however many isolated acts as individual unrelated fiduciary duty breaches. That's not the nature of the case. And in point of fact the offer issues in some respects sort of close the loop that begun with the seizure of control of the company. So I can go through that whole argument that you've obviously read and you understand better than I do, because you try cases all the time. It's an argument that is a practical, realistic, and legal issue from the perspective of trying a case, it's an argument that has a basis in the law of corporate fiduciaries.

THE COURT: So let me ask you a question. So you've got your couple of breach of fiduciary duty claims and your aiding and abetting claim, and it is your intention, I assume, to submit special interrogatories to the jury.

MR. KRUM: Yes.

THE COURT: What are you going to ask them?

MR. KRUM: Well, I need to finish the discovery. I'm not trying to be nonresponsive, Your Honor, but, for example,

we're talking about the offer. I haven't deposed a single witness, so I can't tell you today whether I'm going to take the position that what transpired with respect to the offer is evidence only or is evidence and independent breach. Your question is a perfectly correct question. I acknowledge that.

THE COURT: Okay. So when after you finish the discovery are you going to be able to answer that question for me? Because that impacts like six of these motions.

MR. KRUM: That, Your Honor, is on our whole list of trial-related activities to perform. So obviously we'll turn to that as quickly as we can after we complete the discovery. Perhaps I can answer it when we speak on December 1st. I'll do my best.

And, by the way, I have all sorts of arguments here on this particular motion, a 56(f) argument about the facts and the law.

THE COURT: I know.

MR. KRUM: But I assume you don't need to hear those from me.

THE COURT: No. The reason I did this one next is because it's the most closely related to the 56(f) issues. And it makes it hard for you to finish when you don't have the last little bit of information, haven't finished the depos. But I was hoping you could tell me what questions you thought you were going to ask the jury.

Okay. What else?

MR. KRUM: Well, Your Honor, so I'm going to skip over the 56(f) issues. You understand those. The facts here are rather curious. The board decided after an oral presentation from Ellen Cotter of information that we've seen only in lawyer-prepared board minutes that the company would not respond to the offer and would continue, according to their press release and 8K, on their independent stand-alone business plan, or words to that effect. But there isn't any. There is no long-term business plan. There's no long-term business strategy. And in fact, you may recall this, in the opposition to our motion to compel discovery regarding the offer the company argued, well, Your Honor, the document requests are overbroad, when they call for a business plan that's everything in the company. And, of course, the reason it was everything in the company is because there is none. And so I'm going to -- I'm going to try to answer the question you asked that I said I couldn't answer. I'm going to have to have some good questions at deposition about that. And other questions. So --

THE COURT: Okay. The request for 56(f) relief on the motion for partial summary judgment on the claims related to purported unsolicited offer is granted because the depositions have not been completed and the document has not yet been produced. I'm going to continue that motion till

December 1st, where I will get an update on whether I need get a supplemental opposition from Mr. Krum related to those issues. I'm going to write 12/1 on here and hand it to John.

Okay. I have written down that I want to go next to -- hold on a second -- the motion on the independence issue.

You've got all of these motions, Mr. Tayback?

MR. TAYBACK: Mr. Krum and I, Your Honor.

The motion we filed on the independence issue we filed because we -- the complaint, the second amended complaint, it's an issue that seems to run like a thread through all of the allegations. And we've identified the many allegations that I think are made in the complaint in the first footnote of our reply brief where we say he's at least thrown out -- plaintiff has at least thrown out there the idea that somehow those actions are wrongful because a director or directors were, quote, unquote, "interested" or not disinterested in what was being discussed. And so as a starting point, though, there is no such thing as a generalized lack of independence as a theory under which one says that they breached fiduciary duties. The plaintiff -- and this really goes back to the question that we were just discussing and the question that you asked Mr. Krum when he stood up here, which is for the plaintiff to survive summary judgment he has to put forward specific evidence that shows that a specific board action -- and it's usually a transaction

-- was affected by a specific board member's interest in that transaction to get -- to raise that as an issue that would get him to a breach of fiduciary duty and that it caused harm to the company. And here the plaintiff cannot do that. And he's had certainly ample opportunity, put aside the grant of a 56(f) motion with respect to the unsolicited offer.

With respect to the issue of independence that he says contaminated a host of board actions he's had ample opportunities to take discovery. And his theory is somewhat simple. His theory is if a board member voted on anything that plaintiff opposed, they lack independence. And you don't need to look very far into the history of this dysfunctional family relationship that permeates the company to know that that is true.

THE COURT: You guys want to try this case to a jury.

MR. TAYBACK: What's that?

You know that because if you look at Bill Gould, one of the board members that I don't represent, Mr. Gould in the vote that is sort of the starting point for plaintiff's attempt at making derivative claims out of a wrongful termination case, Mr. Gould voted not to terminate the plaintiff. Yet he remains a defendant because since then on numerous other board actions Mr. Gould has voted in a manner that plaintiff opposes. So plaintiff's conclusion is not that

Mr. Gould is independent and therefore, you know, just acting in the best interests of the company as he perceives them whether he comes out on the same side or different sides as other directors, his conclusion is, no, Mr. Gould has been co-opted, co-opted and therefore he's not disinterested.

Mr. McEachern, who plaintiff at deposition when asked several different ways, which we quote verbatim in our brief, is asked whether he's independent. Well, plaintiff has no basis to say he's anything other than independent. And yet the whole theory of the case is, oh, Mr. McEachern, his views are tainted because he's also not independent, he's been co-opted somehow because he favors Ellen and Margaret Cotter, the two sisters, over the plaintiff, the brother.

Judy Cotting. She's biased because she's friends with plaintiff's mother and at one point a friend of hers asked for theater tickets from Margaret Cotter. Unclear whether those theater tickets were ever obtained. And she was -- offered to pay for them.

Mr. Wrotniak, again a person who's passingly mentioned in the complaint, though he's a defendant, has never been deposed, never sought to be deposed by plaintiff, says he lacks independence because his wife is friends with Margaret Cotter.

Mr. Kane, called Uncle Ed at various points in time by all of the three Cotter siblings, is biased because even

though plaintiff was endeared to him and called him Uncle Ed, at some point he preferred Margaret and Ellen Cotter, he's biased against plaintiff in their favor.

Mr. Adams, because he had a preexisting business relationship with plaintiff's father which inured to his financial benefit because he earned money that he's still entitled to recover, albeit now through an estate because Mr. Cotter, Sr., is deceased, and therefore he's biased because the executor of the estate is one of his sisters.

These simply aren't valid bases for challenging the independence of the numerous actions that this board undertakes and that's undertaken over the couple years since plaintiff filed this complaint. His theory in short makes no sense, because none of the board votes that is -- that is alleged to be contaminated by alleged lack of independence of one or more of these directors actually matters; that is to say there are ample board members who took actions that in fact were indisputably independent. Mr. McEachern, Mr. Gould, you could go on, Ms. Cotting, Mr. Wrotniak. Except the termination claim. And I'll address that, as well.

Second, the things that the plaintiff points to as not being, you know, independent simply are insufficient as a matter of law. You know, the kind of family relationships. There's an email that we quote from Mr. Kane --

May I just grab my other binder?

THE COURT: Sure.

MR. TAYBACK: -- dated May 27th. And this is -- the tone of the communications tell you all you need to know about whether or not -- whether or not the plaintiff really has a basis for contending that Mr. Kane lacks independence in making the decision he made, both to terminate and every subsequent board action on which he's voted. The plaintiff wrote to him on May 22nd, and -- him, Mr. Kane, and says, "Thank you for not pulling the trigger yesterday. I know I have lost your support. You are the most thoughtful director and the one with the most heart and emotion. I've made mistakes with my sisters and mother, they've made mistakes. It is now time for us to try to heal, and I need your help." He goes on to say, "I would like to sit down with you in San Diego for breakfast, lunch, or dinner Saturday, Sunday, Monday, whatever works. You are the only one I have now who can broker peace with the company and the family's interest in mind respecting what my dad would have wanted. There is a balance. If not, we will have war, and our company and family will be forever destroyed over the next week. I know I have one last shot and would like your help and thoughts." That's a -- to use a pun, a plaintiff plea from the plaintiff to Mr. Kane, who, because he ultimately voted the way he did, has now lost his ability to be independent.

The fact is the same is true when you look at the

undisputed evidence regarding Mr. Adams. Mr. Adams worked with the plaintiff at the Cotter Family Farms for years. Plaintiff well knew Mr. Adams had business relationships with his father at the Cotter Family Farms and elsewhere. His net worth is almost a million dollars as a man of retirement age. Puts him in the top 1 percent of net worth earnings for a person of his age. The fact is there's no rule that says you have to have some liquid value in order to sit on a board. He gets paid board fees. Case after case says those aren't enough. His prior business relationships with the father, case after case says those kind of tangential relationships are not enough to challenge the independence of somebody.

There's no evidence, none that the plaintiff has put forward, that Mr. Adams stood to gain -- and this is really the key point, that Mr. Adams or any of the other directors stood to gain from the way in which they voted on the termination or on any other issue.

THE COURT: That's not the standard in Schoen, Counsel.

MR. TAYBACK: That's not the standard in Schoen, which is a pleading case that does not --

THE COURT: Schoen has like three cases that come from it. They call it different things at different times, but there's actually a trial part, trial decision.

MR. TAYBACK: There is. But the standard is whether

or not -- when you're talking about the standard for -- with respect to get past the business judgment rule and whether or not that's the issue. There's a different question about what you get past -- there's a different question, rather. You don't have to decide whether or not you even get past the business judgment rule, whether independence has been adequately alleged. The question is has the plaintiff introduced any evidence, any admissible evidence that would allow you to find that he's not independent, as opposed to pleading. That is the standard for summary judgment, whether Schoen or any other. And that evidence is simply missing in this particular instance.

And when we go on and discuss specific decisions as we've done already with respect to the unsolicited offer and we'll do again with respect to our first motion on the termination, there are separate reasons independent of the question of independence and the business judgment rule for why those aren't actionable claims. But when we're looking at whether or not the plaintiff has introduced sufficient evidence to challenge the independence, whether you're talking about Mr. McEachern, Mr. Kane, Mr. Adams, Mr. Gould, Ms. Cotting, Mr. Wrotniak, those are separate questions that all need to be decided separate. And the evidence the plaintiff has put forward is nonexistent for some and simply virtually nonexistent for the rest.

I have nothing else unless you have questions, Your Honor.

THE COURT: Hold on. I'm looking at my list. So has Mr. McEachern, Mr. Storey, and Mr. Gould had their depositions be completed, since they're not on my list of people who remain?

MR. TAYBACK: Yes. Mr. McEachern I believe there is a brief -- needs to be reopened, Mr. McEachern.

THE COURT: Okay. So my spelling of that name and what I wrote down on my Post-It note are not closely related. I'm now going to fix that. Okay. Thank you.

MR. TAYBACK: Anything else? No other questions?

THE COURT: Those are all my questions for you.

MR. FERRARIO: Your Honor, can I just -- we joined in that, I just want to point out a couple --

THE COURT: You want to say something, Mark?

MR. FERRARIO: Just very briefly.

MR. KRUM: Your Honor --

THE COURT: They're absolutely allowed to. They joined. They're a separate party.

MR. KRUM: They're a nominal defendant.

THE COURT: Mr. Krum.

MR. KRUM: Point of fact, we've gone through one's list. So I understand, Your Honor.

MR. FERRARIO: I can tell you that --

THE COURT: Mr. Ferrario, don't be snippy. Just go.

MR. FERRARIO: I'm not.

I just would call to the Court's attention the caselaw we cited on page 4 of our brief and also the point we made on page 5 of our brief where -- and this goes to Mr. Tayback's point. May 8th, 2015, Cotter, Jr., certified that Director Adams himself was independent. The -- you know, the problem we have here, Judge, quite frankly, is trying to find some framework that you can analyze this case. Because -- and this will come up in other motions that are going to be argued. We can't find a derivative case that parallels this anywhere.

THE COURT: There are very few publicly traded dysfunctional family cases.

MR. FERRARIO: But my point is -- no, not very few. There are none --

THE COURT: Yeah. I know. It's --

MR. FERRARIO: -- that parallel this. None. As a matter of fact, you're going to hear this in the motion that's --

THE COURT: Because most of them aren't publicly traded. They keep them in the family and they hold them privately, and then when they don't get along it's not as big a deal with the SEC.

MR. FERRARIO: I don't know why it doesn't happen,

but I'm going to tell you that I'm sure that -- well, actual, we got a case the other day from my partner in New York that deals with a controlled company, and it may find its way into the briefing here. But an interesting ruling where in the context of an offer of I think it was like $17 a share for stock, the controlling [unintelligible] says, we're not going -- we're not selling, we're not sellers. So they ended up doing a transaction at $13 a share. And you know what, the Delaware Chancery Court let that stand. And it was an interesting -- an interesting dynamic.

THE COURT: So here's the issue. In your case, which is different than any other case any of us have seen, it's not the controlling members who are a family who are fighting the outside world, it's the controlling members who were the family who were fighting amongst each other. That's the distinction here.

MR. FERRARIO: Well, that's interesting that you say that. And what happened here was there was a dispute between the controlling shareholders, no question about that, everybody knows that. But --

THE COURT: I'm including Mr. Cotter, Jr., as a controlling shareholder. He is.

MR. FERRARIO: No, he is. He's part of the family.

THE COURT: He's part of the family.

MR. FERRARIO: Just say the Cotters. There's a

fight between the Cotters. What's not in dispute is it was impacting -- and this goes to the other motions, quite frankly, it was impacting the operation of the company. And in reply that we just filed in response to the motion regarding termination under no set of circumstances that I'm aware of or any case anywhere could you criticize this board for choosing two people over one when those two people had I think 25 years, maybe 30 years of experience. That -- in its most basic form, and it goes to the email that Mr. Tayback just cited. There's another email where Mr. Storey, who, you know, was the one who voted against it, says, we have three choices, we could fire one, we could fire two, we could fire all three. The board's faced with the situation they have to deal with. In an effort to get around this very basic decision that is central to the board's obligation, how do we get this company to run smoothly, that's embedded in Nevada law -- and we'll get to this -- in the bylaws, in the employment contract. How does he try to get around it? By creating a faux issue regarding independence. And that's kind of what I want to get to, and that's the purpose of this motion.

Look at the caselaw that we cite. You have to show something more than what he said. It has to be more than two women calling an 80-year-old man Uncle Ed. It has to --

THE COURT: So is it like sleeping on the blow-up

couch or blow-up mattress in somebody's apartment in New York when they go to visit?

MR. FERRARIO: No.

THE COURT: It's not like that?

MR. FERRARIO: No.

THE COURT: Not like sharing pictures of the kids when they --

MR. FERRARIO: Absolutely not.

THE COURT: Okay.

MR. FERRARIO: You're talking sharing pictures with the kids. That's not material. There has to be something more than what we have here.

THE COURT: Don't you remember that other case we had?

MR. FERRARIO: I'm trying to think of which one that is.

THE COURT: Never mind. Keep going.

MR. FERRARIO: You know, Judge, again, we have scoured between all the firms all the cases we could find. There's nothing that parallels this. As the authorities --

THE COURT: No. Because usually the family sticks together. Usually the family does not let it devolve to this level where the publicly traded company is potentially at risk because they can't get along. I'm not saying the public is at risk here, because there's been a settlement with the T3 [sic]

plaintiffs that resolved most of those claims.

MR. FERRARIO: Well, that's interesting, too. You get to that point, the people that theoretically were independent and wanted to take a look are not here. But the caselaw that we cite, a plaintiff seeking to show that a director was not independent must meet a materiality standard and show that the director in question's material ties to the person whose proposal or actions she is evaluating are sufficiently substantial that she cannot objectively fulfill her fiduciary duties. That is a high standard. It hasn't been met here.

And then there's cases applying Nevada law. The authorities we cited on the same page, it is well settled that a director's independence is not compromised simply by virtue of being nominated to a board by an interested stockholder. There's tons of cases, and we cited them. That friendship doesn't disqualify you.

So at the end of the day -- and it'll become crystallized in -- Mr. Krum is arguing this independence thing to then try to get to a doctrine that isn't even applicable in Nevada, the entire fairness doctrine. And it just doesn't apply here. And he gives you no cases, none, not one that says on these facts you can call into question a director's independence. And, you know, I get the fact that this man who was appointed to this position by his father, okay, who then

gets fired is angry. He had an employment contract. He's got a separate arbitration going on over that decision. But here he's a derivative plaintiff saying that decision caused harm to the company. That is a much different dynamic. He's entitled to invoke whatever rights he has under the employment contract, which he has. But we're losing sight of the fact --

THE COURT: That's a different case. I'm not dealing with that. It's in arbitration.

MR. FERRARIO: This is a derivative case. He is speaking for all shareholders, saying, you caused -- this decision caused damage.

THE COURT: I'm aware of that.

MR. FERRARIO: And we'll get to that. There is no damage. Having said that, I wanted to point out those authorities. It's a high standard. He hasn't met it. Calling somebody Uncle Ed doesn't get it. And all of this stuff about Guy Adams, as Mr. Tayback said, he knew long before.

THE COURT: Anything else?

Mr. Krum. And after we finish this motion I think we're going to take a break.

MR. KRUM: Your Honor, I'm just going to speak to this motion.

THE COURT: Yes.

MR. KRUM: I'm not going to do as prior counsel did

and argue other motions, as well.

As among the erroneous legal arguments in their seven summary judgment motions, this one, including the one Mr. Ferrario just articulated, is perhaps the most erroneous, this whole discussion about independence. But on Motion Number 2 it's procedurally deficient. You can move for summary judgment on a claim, you can move for summary judgment on an element of a claim. Independence is neither. Independence is a factual question that arises where directors seek to protect their conduct by invoking the business judgment rule.

Now, to illustrate how wrong they are I'm going to talk about something they raise in another point, another motion, which is that, according to them, the business judgment rule is actually not a presumption, it's a rule, because, of course, presumption is rebuttable. And we argue that it's rebuttable and we argue that one of the ways it's rebutted is to show a lack of independence or a lack of disinterestedness on the part of the decision maker.

THE COURT: Gosh, that's what the Nevada Supreme Court says.

MR. KRUM: Well, that's right. Mr. Ferrario obviously didn't have an opportunity to read our reply brief. And, you know, in fairness, I'm not so sure I got right [unintelligible] myself. So --

THE COURT: It was a lot of material. It was very well briefed. Whoever your support staffs were, and I include this for all the different firms, they did an amazing job putting together the appendices and supporting information.

MR. KRUM: Thank you, Your Honor.

So it's not -- the subject of independence is not properly the subject of a motion for summary judgment as a procedural matter. Now, Mr. Tayback said there is no such thing as a generalized lack of independence. Well, if that's correct, that's another reason this is not a proper motion for summary judgment.

Now, here's what the law is. "Independence is a fact specific determination made in the context of a particular case." And how is it made? Ordinarily it's made when the finder of fact assesses all the evidence and determines whether in a particular set of circumstances a director had the requisite disinterest in this and the requisite independence. And they can take into consideration, for example, the kind of things that Mr. Ferrario says don't matter and are legally insufficient, which the cases may well say are legally insufficient in and of themselves. But when we present this case to the finder of fact, they may think it's significant that the Kane family and the Cotter sisters have holiday dinners together and that sort of thing. And so to suggest that they can somehow say to you because on a

single discrete issue the close personal relationship between Cotting and Wrotniak, for example, and Cotter family members is in and of itself legally deficient doesn't acknowledge what the nature of this case is and what this motion is. It's a summary judgment motion. And I haven't deposed Ms. Cotting yet. We have statements from Mr. Cotter in his declaration about what she has said to the effect that as far as she's concerned nobody other than a Cotter family member should ever be running this company. Excuse me? What kind of decision is that? To whom does she owe fiduciary obligations? Is it the Cotter family, or is it all of the shareholders? And so perhaps while their cases may say that that relationship alone is insufficient, how can you adjudicate this on summary judgment?

And so I want to talk just briefly about a couple of matters that Mr. Tayback raised. So he read this email that Mr. Cotter sent to Mr. Kane in the middle of this series of events where Mr. Cotter had been told, you need to resolve your disputes with your sisters on terms satisfactory to them or you're going to be terminated. And so he wrote this email that Mr. Tayback read to Mr. Kane, and it sounded like he was making a personal plea. He was. In point of fact Mr. Kane's emails throughout and his testimony that we've included in this motion show that's how he acted. Mr. Kane consistently and repeatedly acted as a 50-year friend of the deceased James

J. Cotter, Sr., and interacted with everyone else, the Cotter siblings and the board members, and made his decisions based on what he thought his 50-year friend, his lifelong friend wanted him to do. So of course plaintiff interacted with him, because that's how he acted. So I say rhetorically is that how a director of a public company acts, is that the basis on which you make decisions in the interest of the company and all of the shareholders? Well, you know, we think it shows a clear and compelling lack of disinterestedness. But I understand that you may think that matter goes to the finder of fact on this motion and Number 1, as well.

Mr. Adams. Now, I was prepared to make this argument without talking about any numbers, because I've been told to treat that information as confidential. So here's how I'm going to do it. There was a number mentioned about his supposed net worth. You saw our papers. He's 65 years old. He has no income, effectively no income other than the income from RDI and other companies controlled by the Cotter sisters. And if you'll look, Your Honor, for example, at our Exhibit 16, which is his sworn declaration from his Los Angeles Superior Court divorce, and you'll see on the appendix page 261 -- I'm very proud of my team for this; I will convey your comment, thank you -- and 262 it shows aggregate expenses of Mr. Adams and his then wife. Now, I acknowledge you have to go through those and try to figure out what he took and what

she took, but just for ease of illustration, if you divvy up those expenses 50-50 and if he had no income from companies that the Cotter sisters controlled, he wouldn't make it to 75 before he was out of money. A man of 65 years of age in this country by actuarial standards is going to live beyond that. And a man with a financial background like Mr. Adams isn't going to live that way.

So, you know, Mr. Gould -- oh. And there was a statement made that everybody knew about Mr. Adams's financial dependence on the Cotter family. That is absolutely false. In point of fact what happened is that the morning session of the May 27th board meeting -- May 29th, I guess it was, Mr. Cotter, Jr., raised the issue because he'd learned facts in the preceding week or two, I think it was. So what was Mr. Adams's response? Did he say, sure, folks, here's my financial situation, and he told everybody? No. He refused to speak to it. Director after director acknowledged that in their deposition, that on the 27th of May the plaintiff said, Mr. Adams is financially dependent or he may be financially dependent on my sisters and he may not be independent for the purposes of this vote. Nobody, including Mr. Gould, required Mr. Adams to answer that question. They didn't do a thing. And Mr. Adams didn't answer it. He testified that, well, later he called some of the directors and talked about it. In, of course, as you saw from the papers, including Mr.

Gould's summary judgment motion, when Mr. Gould actually apparently learned from Mr. Adams's deposition testimony in this case Mr. Gould offered the conclusion which he shared with I believe it was Ellen Cotter and Mr. Tompkins that he didn't view Mr. Adams as independent for the purpose of making any decision about Cotter family compensation. And Mr. Adams coincidentally resigned from the compensation committee.

So, Your Honor, the facts are at least material disputed facts, if not compelling facts, which I'll argue on Number 1, but the notion of independence, including with respect to Cotting and Wrotniak, is one that cannot be tested on an incomplete record.

THE COURT: Okay.

MR. KRUM: And so --

THE COURT: So those depositions are ones that are going to be scheduled to be completed prior to the deadline I've given you; right?

MR. KRUM: Ms. Cotting is, yes, correct, Your Honor.

THE COURT: Anything else?

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

THE COURT: Briefly, please.

MR. TAYBACK: Briefly, yes.

THE COURT: Just because I don't have the timer on doesn't mean I --

MR. TAYBACK: I understand. I don't intend to

repeat myself.

The lack of independence is the sole basis to rebut the business judgment rule for plaintiff with respect to a whole bunch of allegations that are set forth in Footnote 1 of our reply. Summary judgment is proper where that's the case, where independence is the sole basis to rebut that presumption.

THE COURT: It's not summary judgment, but, yeah, I understand you're asking for a pretrial ruling or pretrial determination. But it's not supposed to be summary judgment on that kind of fact.

MR. TAYBACK: I would point Your Honor to the Khan case, which is from Delaware, and it's cited in our reply at page 3 along with several other cases where it is decided on summary judgment.

THE COURT: It's not summary judgment, Counsel.

MR. TAYBACK: The facts here with respect to what Mr. Adams's situation is, I believe we respond to those. The company applied the NASDAQ standards, that's undisputed, with respect to making a determination of independence. What happened subsequently in terms of what committees he sat on or didn't sit on, that's irrelevant to the question of whether independence existed for the specific board action that was contemplated and with respect to the question about depositions. And that is to say that each of those board

actions needs to be determined independently from each other as to whether they are protected by the business judgment rule.

THE COURT: They absolutely do need to be done individually, which is problematic, since the depos aren't done. Don't you think?

MR. TAYBACK: Well, Mr. Wrotniak has never been deposed and has never been scheduled to be deposed and has never been asked to be deposed. And most of the depositions, honestly, are complete. So with respect to those individual defendants and with respect to those allegations that pertain to those defendants the matter is ripe for determination. And there's really been nothing with respect to say, for example, Mr. Wrotniak, although not exclusively him. But he's the most egregious example.

THE COURT: All right. Thank you.

Because of the request for 56(f) relief and the depositions that have not been concluded, I'm going to set the matter over to December 1st. I anticipate we will discuss whether I need a supplemental brief at that time.

It is my belief that the independence issue needs to be evaluated on a transaction- or action-by-action basis, because you have to separately evaluate the independence as related to each. And while there may be facts that overlap between different actions that apply to others, I can't

evaluate it in a vacuum. So you're going to give me more information like I've asked for, Mr. Krum, okay, following the completion of that.

So we're going to take a short break. When we come back we are going to go to the one on the executive committee.

(Court recessed at 2:54 p.m., until 3:06 p.m.)

THE COURT: Okay. I said we were going to talk about the executive committee next; right?

MR. TAYBACK: Yes.

THE COURT: Let's talk about the executive committee.

MR. TAYBACK: I was going to start with Nevada Revised Statute 78.138(7) and say there's no evidence that can support a claim for the formation of an executive committee, because there's no misconduct. Now, in light of some of the earlier arguments I'm anticipating that maybe Your Honor and certainly plaintiffs will say, well, that's not an independent claim for the formation of an executive committee.

THE COURT: It's not pled as an independent claim.

MR. TAYBACK: I'm happy to have that be true. But that's not entirely the way we read the complaint. I don't think it's entirely clear. And in fact I will say when you asked, Your Honor, what is the question you're going to put to the jury --

THE COURT: Not the question, questions.

MR. TAYBACK: Questions.

THE COURT: Because I anticipate there would be more than one special interrogatory submitted to the jurors.

MR. TAYBACK: And I anticipate -- well, I would like to anticipate that there wouldn't be any, but what I can certainly anticipate is that this would not be one, since he's apparently conceding that. However, where he can't identify one I do feel like we are reasonably prudent in attacking them all. Because as we stand here now virtually on the close of discovery he couldn't have articulated for you one of the things that he thinks he's going to ask the jury at the end of the close of evidence at a trial. And he wasn't very committal about whether or not the unsolicited offer would or would not be one of them. So at that point I feel like I do need to address the executive committee, because I don't know whether he's going to say it may or may not be one of them. If it's not, then it's not, and it'll be dealt with as a piece of evidence that may or may not be relevant to some other alleged breach of fiduciary duty, which is as yet unidentified.

But the fact is it's neither an independent claim, nor is it actually relevant evidence of any other wrong. And here's why it can't be that, can't be either. The fact is it's specifically authorized by Nevada law, the existence of an executive committee, and its specifically authorized by the

Reading bylaws. You can't take actions and say, oh, this is an entirely legal, entirely compliant organization that exists and is endorsed by Nevada law and endorsed by the company's bylaws, which set the parameters under which it must act. You can't say it's evidence -- its existence is evidence of some other, again unspecified, breach of fiduciary duty. And when you go further and say, well, what about the actions that that executive committee took, well, we then look at what is the evidence. And the discovery on the executive committee is closed. There is nothing -- we've done all of the depositions on that. And what are the actions? Well, they're setting the annual meeting date, they're effectively administrative. Plaintiff can't and has not identified one thing that it's taken action on that could possibly be a basis for a breach of fiduciary duty or relevant to a breach of fiduciary duty. So notably, understanding that, the simple fact is it's something that should be either adjudicated or conceded as not a part of this case.

With that I can sit down.

THE COURT: Because it's authorized by the bylaws, so everybody was acting within the scope of the bylaws. Whether it was utilized appropriately is a different issue. But the creation of it or the reestablishment of it, your position is since it's authorized by the bylaws it's not inappropriate.

MR. TAYBACK: The bylaws and Nevada law. And the law. And I would also say that as it was utilized my point is the only things that there are evidence about how it was utilized is the setting of the annual meeting date. And that simply isn't enough. Plaintiff may stand up here and say something else, but it'll be the first time we've heard that.

MR. FERRARIO: I just have just a couple points to add on. 78.125 is the Nevada law in this. It can't be any clearer. "Unless otherwise provided in the articles of incorporation, the board of directors may designate one or more committees which to the extent provided in the resolution or resolutions or in the bylaws of the corporation have and may exercise the powers of the board of directors in the management of business affairs of the corporation." The bylaws permit this. This committee was in existence -- we've all come to know a new term called "repopulated." You know, to be honest with you, Judge, I don't even know why we're talking about this executive committee; because when Mr. Tayback asked plaintiff what his gripe was and what decisions they had made he couldn't even articulate any. And Mr. Tayback spoke to -- when you asked Mr. Krum what questions are you going to ask the jury, that brought back, you know, on this one in particular, what are you going to ask the jury, what's the complaint here. And when Mr. Krum couldn't answer that question on your previous inquiry regarding the

expression of interest it brought to mind a seminar given by one of your mentors, Mr. Jemison. I remember going to Rex's seminar, and he said, after you assess your case, your client tells you what you have, you look at the facts, the first thing you do right when you --

THE COURT: [Inaudible].

MR. FERRARIO: There you go. I didn't have to say it, did I?

THE COURT: Oh, you know, I knew what you were going to say.

MR. FERRARIO: All right. So --

THE COURT: Because I heard it as a young lawyer.

MR. FERRARIO: Yeah. And it's actually good advice. And the fact that you can't articulate now after discovery what you're going to ask the jury, whether it be through a special interrogatory or in the way -- or what you're going to put to the jury in terms of jury instructions really I think undercuts the validity of much of what Mr. Krum is arguing. But here, you know, there really just can't be any issue regarding the formation, repopulation, call it whatever you want, the existence of the executive committee.

THE COURT: Now Mr. Krum.

MR. KRUM: Well, Your Honor, we've actually covered this in some respects in terms of talking about trial and evidence and discussion and so forth. But this is an

opportunity for me to speak to one of the other recurring mistakes in these motions, which is the assertion that because something is legally permissible it therefore cannot give rise to a fiduciary breach. And you obviously understand that, because you talked about the difference between the formation and the utilization of the executive committee. And so, you know, there's -- I've been doing this long enough, perhaps too long. The other day I dictated something about a 1979 case and noted to the assistant that I'd worked on the case. But one of my favorite quotes is from a '71 case, and I didn't work on that. "Inequitable action does not become permissible simply because it is legally possible." That's Shelby-Chris Craft. And we didn't -- we cited elsewhere, you know, the fairly fundamental legal precept, and that is there are two tests, is the act legally permissible, one, and, two, is it inequitable, is it actionable as a breach of fiduciary duty.

There's no claim here that the existence or formation, because it already existed, so I've said the same thing twice, the existence of an executive committee constitutes a fiduciary breach. And the reason the word "repopulate" has been used in this case is because it leads into the factual question of why did they activate and repopulate the executive committee. And there's claim that there's no evidence and I didn't ask some question. Well, I've been to these depositions. I asked lots of questions.

And the answer to that question at the time as evidenced by contemporaneous emails from Mr. Storey was that the executive committee was a means to effectively preclude him from functioning as a director. I took his deposition in this case. His testimony was his view was that the purpose and effect of the executive committee was to preclude him and plaintiff as functioning as directors.

So we cited the law on page 18 of this particular opposition for the proposition that the right of a board of directors to delegate is not unlimited and that delegation by a board may give rise to a claim for fiduciary duty. Of course, this isn't delegation so much as it is appropriation. And so the issue raised by the executive committee is very much a factual issue unique to this case. I omitted to say, Your Honor, that the executive committee didn't just come out of the blue in the ordinary course of business here. This repopulation and activation of the executive committee was part of the seizure of control. It was part of the decision to terminate plaintiff to appoint Ellen Cotter interim CEO and to repopulate and activate the executive committee. The factual context makes perfectly clear that the utilization of the executive committee here was done for the purpose of excluding Storey and plaintiff. And we have the emails between Gould and Adams before the very first meeting talking about who's going to make what motion, who's going to second

it. And Adams says, the other motion, and Kane says, what motion, and Adams says, the motion to appoint executive committee or interim CEO. It was all prearranged plan to seize control of the company.

Now, the facts also show that in October of 2014 Ellen Cotter made a proposal to some of the outside directors, and the proposal included an executive committee to which they would report instead of reporting to their brother as CEO. And that somehow didn't get traction and didn't come to pass then. But by the time of April, when they had Kane and Adams and McEachern lined up, would pick their side in the family dispute the executive committee came to be so that it could exclude plaintiff and Storey. And they say, well, they don't complain about anything they did. Well, first of all, Your Honor, it is sufficient to have misused the structure of an executive committee to exclude other directors. And second, the executive committee did do things. It set the annual shareholders meetings and the record date, unbeknownst to plaintiff. And the point of that was -- this was at the end of 2015, and they were still concerned -- in fact, they were more concerned that the intervening plaintiffs and Mark Cuban, who has something like 14 percent of the Class B voting stock were going to make a run for control of the company.

So the answer, Your Honor, is it's a factual question whether it gives rise to a fiduciary breach, and we

will have to, as discussed, decide what exactly the special interrogatories are going to be. But it is absolutely, positively compelling evidence of what transpired here. It was a whole exercise to seize and perpetuate control. So it's not -- it's not -- you know, it's legal and therefore everything is copacetic is just wrong as a matter of law.

I don't have anything unless you have questions for me.

THE COURT: Thank you.

The motion related to the executive committee is granted in part. As to the formation and revitalization of the committee the motion is granted.

As to the utilization of the committee it's denied.

MR. KRUM: Point of clarification, Your Honor. By revitalization are you referring -- is that something different than -- that's activation? Is that what that is?

THE COURT: Activation. I think you called it repopulation, putting people on it. I'm not including utilization, which is the activities of the executive committee afterwards.

MR. KRUM: And utilization includes the purposes for which these other activities were done?

THE COURT: No. Formation and revitalization include a decision by the company, whether it's a decision by the company to make use of their previously dormant executive

committee and to put people on that executive committee. What the committee did and the activities it did are still issues that remain for you to discuss whether those are breaches of fiduciary duty. Do you understand what I'm trying to say?

MR. KRUM: I think so. Last question on this. In the first half of that, the activization and whatever the other verb was, I could still introduce evidence of that in support of other claims?

THE COURT: Absolutely.

MR. KRUM: Very well.

THE COURT: Right. But it won't be one of the questions --

MR. KRUM: Understood.

THE COURT: -- you submit to the jury. Because I'm trying to narrow the questions you will eventually submit to the jury.

MR. KRUM: Understood.

THE COURT: All right. Did you have any questions?

MR. TAYBACK: No, Your Honor. I understand.

THE COURT: Okay. That takes me to the issue related to plaintiff's termination and reinstatement claims.

MR. TAYBACK: Sure. There are cross-motions on this issue.

THE COURT: I know.

MR. TAYBACK: Would you like to hear from one side

or the other first?

THE COURT: I don't care.

MR. TAYBACK: I'll start.

THE COURT: Okay. I carried one box that only included briefs, not exhibits, home. The box was fairly full. I read almost every page that was in the box. Not every page. There were some declarations I skipped over.

MR. TAYBACK: You can mind the fact that I know Your Honor's very familiar and has read it. And in fact I'll say --

THE COURT: I mean, I agree with you that I read it all.

MR. TAYBACK: Well, I mean, I'm going to tell you why I hope you would agree with me, which is I'm going to start with -- I'm going to say there are three bases upon which I think this motion should be granted, Nevada law, the policy that underlies Nevada law, and the undisputed material facts that are presented in both motions. But I'll start by saying, though, when this case began I think we came before you and we said that the case appeared like an effort to turn a disgruntled terminated executive claim by -- with certainly an undercurrent of familial disharmony into a -- into a derivative case. And -- but we have the derivative case. That's what we're looking at right now. We're not looking at the Trust, we're not looking at the estate, we're not looking

at -- as you pointed out, not looking at his employment arbitration. And I will say after however much discovery you've taken or how many documents it remains the same thing. It's an effort to turn something that's not a derivative case into a derivative case.

In Nevada law nothing comes close to a case that finds that there's a breach of fiduciary duty for terminating an officer. How could it violate a duty to the corporation when the termination of an officer is specifically authorized by Nevada law, specifically authorized by the bylaws, specifically authorized by the contract with that executive? In point of fact the -- given that there's no such case and in fact the termination for no cause is specifically contemplated and allowed at the discretion of the board, it can never -- terminating an officer can never meet the standard of liability for a director under the Nevada Revised Statute 78.138(7). All of that, all of those arguments, those legal arguments why it's just not actionable are totally 100 percent independent of the business judgment presumption. As a matter of law it's just not actionable.

And there's good reason for that. The policy that underlies those statutes and give rise to the bylaws and give rise to a contract that says you can terminate it at will for good cause or for no cause at all is because all CEOs -- almost all CEOs, at least in my experience, own some stock in

the company. Wrongful termination would be converted into a potential derivative suit in the case of every single termination of an executive. And how would that be remedied? We were -- preparing for the hearing we were talking about amongst ourselves so what would be a remedy here if one could come up with the equitable remedy that Mr. Krum says on occasion at least he's seeking. Would it be for the Court to reinstate the plaintiff as the CEO? That is to say, would it be contemplated that the current CEO would be ordered to be fired? And what remedies, if any, would there be there, and what would be the terms of the continued management of a CEO restored who says that they were terminated and they shouldn't have been? The fact is it doesn't make sense when you start thinking about it. There's no way for that to work. And there's good reasons why there are in o cases, although there are surprisingly many cases where such a claim has been asserted or attempted. They're all dismissed out of hand either at a motion to dismiss or on summary judgment or for different reasons, either because there is no such basis for a claim or because in fact they invoke the business judgment rule or for other reasons, such as there's no damage, there's no harm to the corporation, it can never be proven that there's harm to the corporation of one executive being terminated versus another.

The third point here goes to the undisputed facts.

And if you had to get there, and I suggest you do not even need to get to the question of the business judgment rule and the presumption under Nevada law, but the fact is it hasn't been rebutted and really can't be rebutted on these facts. There's arguments that have been made about Mr. Kane's alleged bias because he likes -- he preferred one sibling over another, there's arguments about Mr. Adams's alleged bias because of what they contend is a perception of where he would do better, with what executive in office. But the fact is that there's no basis for going beyond the nonexistence of a claim for a breach of fiduciary duty for the termination of an officer.

What the plaintiff wants to do and what they've made an effort to do is to try to say, hey, the business judgment rule gets thrown out the window and we should look at some other test that I will submit is one of the plaintiff's own making, an entire fairness test that does not exist in Nevada law. He uses the term "entire fairness." There is a term "fairness," which is used in some respects within Nevada, but it's limited, limited to instances where there's a transaction, for example, where a director is on both sides. Because the kinds of things you look at when you determine fairness in those settings are things like price and objective criteria that you can evaluate, not an operational decision, a subjective judgmental decision, the kind that is entrusted

entirely to boards like the hiring or firing of a CEO.

And in fact I'll take it one step further. On the undisputed facts not only would you say that the defendants should prevail on partial summary judgment with respect to the termination claim, because there's no harm, it's not actionable, and there's no equitable way to actually accomplish what the plaintiff contends should be accomplished; but when you get to the facts -- in fact, even if you were to apply such a fairness evaluation, the facts are it was fair to the plaintiff. He understood the process. The process existed. If this were an employment case, that process would be more than adequate for the plaintiff to know he was on notice of what his deficiencies were and that in fact he did not -- did not rectify them and the board acted well within its discretion to terminate him, especially where the law, the bylaws, and his employment contract gave him the undisputed right and absolute right to do so for no cause at all.

The fact is the undisputed facts, the ones that the plaintiff cites and rely upon, support that decision. This family could not get along. There was a quote earlier about the communications between plaintiff and Mr. Kane, and there was a reference to an email with Mr. Storey, as well, where Mr. Storey says exactly as Mr. Ferrario said, look, I'm not sure we necessarily solve the problem by virtue of -- I'll say it's Exhibit 13, I'm not sure we necessarily solve the problem

by terminating the plaintiff, we could terminate all three. And in fact that was a not unreasonable thing to contemplate. But contemplating something, contemplating alternatives and then making a decision is exactly what you entrust to boards. And this is the, the prototypical decision that a board must be entrusted with, that is to say, the decision to terminate a CEO. The fact is they can do it. Their agreements and the law say they can do it. The caselaw all says it can be done. And there's no analysis, no fairness evaluation, no determination about it being a question of fact for the jury, because there is no question of fact for the jury. It's permissible. And it's permissible for very good reasons.

THE COURT: Thank you.

Mr. Ferrario.

MR. FERRARIO: Very briefly, Your Honor.

NRS 78.130 speaks to this issue, refers the Court to the bylaws. And, as Mr. Tayback said, the bylaws here make it very clear that -- and even Mr. Cotter in his deposition acknowledged that he served at the pleasure of the board. You know, sometimes you get in cases like this and, you know, I appreciate that the Court at the beginning of the case when you were hit with a flurry of motions, one I filed to say this was an appointed matter, I don't know how your ruling would have been --

THE COURT: An emergency motion for a hearing on the

probate case that we never had.

MR. FERRARIO: Emergency motion, probate case, Mr. Krum's initial request for injunctive relief, they didn't happen. You know, the intervention of T2, they're no longer here. And I appreciate that you -- you know, I may have disagreed with your rulings, thinking maybe you should have forced Mr. Krum to make a demand upon the board. But, having said that, you gave Mr. Krum every opportunity to develop his case. You gave him every opportunity to do discovery. You gave him every opportunity to try to find some law to support his position. And here we are theoretically on the eve of trial and he has found no law to support his -- I'm not aware of any case, I haven't seen a case from him that says you can disregard 78.130, you can disregard the bylaws of the company, and you can disregard the pleasure that the board included in the employment contract to fire him without cause. So that's something he signed up for. He can be fired for any reason or no reason at all.

And, Your Honor, you're aware of the law in Nevada. We're probably the most employer-friendly state in the country. You're familiar with the at will employment doctrine here. This isn't a situation where Mr. Cotter was fired because he's in a protected class or like Ponsock where he's a month away from getting his retirement in whatever that case was with Kmart.

THE COURT: That was Ponsock. Good memory. Yeah.

MR. FERRARIO: It was Ponsock. So, you know, again, when we step back from this you're talking about the most significant decision that a board can make. I sit on a board of directors. I say that all the time, the most important decision we're going to make is hiring our CEO. There's no case that says a court should invade that province that's delegated to the board. None. And this gets to a point I wanted to make. These things that we're talking about have policy implications. They're broader than just this case. You know, we should be able to walk out of here as lawyers and, you know, learn from this and advise our clients. You know, I would always tell a board of directors when I'm talking to them, you have the discretion, the sole discretion to decide whether this CEO serves on this -- you know, in that capacity. I might be constricted by an agreement, there may be consequences that if he or she's terminated they might get severance, those types of things. But it's the board's decision on these bylaws pursuant to 78.130 to decide whether or not Mr. Cotter served in the position of CEO. And the board made the decision to terminate him, nothing more, nothing less. And if the sole reason the board decided to terminate him was because they thought by terminating him it would ease tensions within the company, that's okay. There's nothing that says you can't do that. And you can't morph this

case into an entire fairness case where you have to evaluate price and all sorts of other things by simply touting lack of independence and all of a sudden jump into a doctrine that simply has no application. There's no case that's ever applied it.

We took the deposition of Justice Steele, who was opining on nothing but Delaware law, which befuddles me how he would even be an expert in Nevada. You know what, he's not aware of any case like this.

THE COURT: He's very well informed on Delaware law --

MR. FERRARIO: Delaware law.

THE COURT: Because he used to be a chief justice.

MR. FERRARIO: He did. And he had some --

THE COURT: He was on the Business Court before then -- the Chancery Court before them.

MR. FERRARIO: He was. And he had a young associate that did a good job of preparing a memo on Delaware law, which is like -- unlike any expert report I've ever seen. Because I'm sure your law clerk could probably go out and probably replicate that if you were so inclined to look to Delaware law. But we're in Nevada, we're not in Delaware.

So the point here is this. This decision that was made by the board was a decision vested solely in them. And you can't come up here and say, well, we need to look into

their mindset and we need to -- independence and all to sidestep, you can't come in and start saying we've got to invoke the entire fairness doctrine, which I don't even know how it would work. And there's -- you have to have some basis to do that. There is no basis.

And I want to now end with what Mr. Tayback said. We're sitting there, and I said, what would be the remedy Your Honor would fashion, would Your Honor now become the board and fire Ellen, would Your Honor then say, Mr. Cotter, you're back in, and then are you going to then negotiate his contract. Or if you put him back in other his other contract where it says he could be terminated without cause, then the next day they just call him in and say, Mr. Cotter, terminated without cause, are we back here again? So I think when you're looking at these things you ought to look at the remedy. Because most of the time remedies make sense. The doctrine that leads to the remedy, it all kind of fits. It never makes sense here. The reason is courts don't go here.

And so, Your Honor, this motion should be granted.

MR. RHOW: Your Honor, I don't know if you're taking Mr. Gould's position on termination now, but he did have a brief on it. It wasn't --

THE COURT: But I thought his brief related to his motion. Does he have a separate brief on this issue?

MR. RHOW: Correct. You're right. I just wanted to

make sure when you said the --

THE COURT: No. I've got his motion down as a separate number to hit.

MR. RHOW: Understood.

THE COURT: Is that okay?

MR. RHOW: That's fine, Your Honor.

THE COURT: If you want to chime in, you can.

MR. RHOW: If you have it somewhere else, I'm happy to address it then.

THE COURT: I do have it someplace else.

MR. RHOW: Understood, Your Honor.

THE COURT: Okay.

MR. KRUM: Mr. Ferrario said that the board's decision with respect to a chief executive is the most significant decision a board can make. Mr. Tayback said the same thing a different way. And yet, Your Honor, they're telling you that the board can never -- or directors can never be liable for breach of their fiduciary obligations in making that decision. Well, that's a non sequitur. Makes no sense logically, and it's flat wrong as a matter of law.

Mr. Ferrario said that Chief Justice Steele didn't identify a case, and I think Mr. Tayback argued that we didn't identify a case, a breach of fiduciary duty case like this. Chief Justice Steele in a somewhat self-deprecating and humorous way when asked that question said, well,

notwithstanding the characterization of Delaware as having a -- I think it was a rich body of law, and he says, I don't know of a case like this, but there's always a case that is a case of first impression. Doesn't follow that the case hasn't been litigated before that that is because directors in making the most important decision they make cannot breach their fiduciary duties.

The business judgment rule is a rebuttable presumption, I said that earlier, where the decision of a board and any action qualifies as a transaction, where a decision is made by less than a majority of disinterested and independent directors there's a different standard. That's not inconsistent with Nevada law. We've covered that already. There's Nevada law on it, and in fact it's consistent with the statute they miscite, 78.140, which is not a definition of interestedness, it's not a limitation on 78.130. .140 is Nevada's statutory codification of a common exemption, common meaning prevailing among jurisdictions. It's a statutory carve-out of a common-law rule that interested transactions and decisions are void. But it sets out how you can make them fit that exception. And oddly enough, Your Honor, .140 comports exactly with what I said. One of the ways is to have the decision approved by a majority of disinterested and independent directors.

So when the business judgment rule is rebutted, as

we've argued in this and several other briefs, the burden shifts to the defendants with respect to that particular set of circumstances to show the fairness, the entire fairness of two things, the process and the result, the objective entire fairness, not what somebody thought on the board, the objective entire fairness. And the reason for that is very simple and very logical. It's because a majority of the people who made the decision lacked disinterestedness, lacked independence, or both.

The facts here are incredible. The undisputed facts show that Adams, Kane, McEachern, Ellen and Margaret Cotter threatened plaintiff with termination as president and CEO of a public company if he didn't settle Trust and estate disputes with his sisters on terms satisfactory to them. The undisputed evidence shows they executed that threat when he failed to acquiesce.

We've talked about this a little before, and I'm going to refer to it. I'm not going to through all the evidence. The undisputed facts show that Adams is financial dependent on income from companies Margaret and Ellen Cotter control. That puts him squarely into the beholden category at a minimum with respect to any transaction or action that is of any import personally to Margaret and Ellen Cotter. Clearly getting rid of their brother was. In fact, the interested director defendants' opposition concedes that for the purposes

of these motions they do not argue that Ellen and Margaret Cotter were independent. And we've talked about the facts with respect to Mr. Kane, and on this decision -- you know, I know you've read the briefs, so I'm going to resist the urge to go through his testimony about what he thought about who should control the voting trust, except to say he testified unequivocally that he understood what the deceased wanted, his understanding was the deceased wanted Margaret to be the sole trustee of the voting Trust and he acted accordingly. He acted to effectuate the wishes of his lifelong friend. And the point of that is two of the three people that voted to terminate Mr. Cotter are shown to lack disinterestedness, independence, or both. We only need to show one, Your Honor, because then it's a 2:2 tie. And under the law as we've briefed it and I've described it, the defendants in response to our motion and in support of theirs have to show the entire fairness of the process and the result.

I'm just going to take a couple minutes and just go through the short outline of the facts. In March 2015 the five non-Cotter directors appointed Director Storey as the ombudsman. You're familiar with that. On May 19th, two days before the first board meeting, the May 21 board meeting, special board meeting, supposedly, Ellen Cotter sent out an agenda, the first item of which was, quote, "status of president and CEO." And this isn't clear from our papers, I

don't think, but you'll see when we get there, to the evidence, there were other items that talked about status of this executive and status of that executive. But as it turned out, the only one that was -- "status" meant "terminate" was the plaintiff.

Prior to the 19th, prior to her sending out that agenda, Kane, Adams, and McEachern had communicated with Ellen Cotter and with each other and reached agreement to vote to terminate plaintiff. So no vote happened at that meeting. That's the meeting where plaintiff raised the issue of Mr. Adams's independence, which nobody investigated, nobody insisted that Adams disabuse them of -- disabused plaintiff of a notion that Mr. Adams was financial dependent on the Cotter sisters. They just let him vote later, on June 12th.

So the meeting continues to May 29th. What happened between May 21 and May 29th? The lawyer representing the Cotter sisters in the California Trust action sends a document to the lawyer representing plaintiff in that action, here's a document your client needs to accept to avoid being terminated. So on the morning of May 29th plaintiff tries to discuss the document and negotiate terms with his sisters. They say, no, just take it or leave it. The supposed board meeting reconvenes. Lots of talk, it concludes early in the afternoon of the 29th. According to the contemporaneous handwritten notes of Tim Storey, which he confirmed in his

testimony in this case, the three of them, Adams, Kane, and McEachern, told Jim Cotter, Jr., that, you have to go settle your disputes with your sister and if you don't we're going to reconvene at 6:00 o'clock tonight, the Friday before Memorial Day, telephonically, and proceed with a vote to terminate you.

So when they get on the phone at 6:00 o'clock Ellen Cotter reports that they have an agreement in principle, the lawyers will do documents and so forth. And then, of course, the next thing is on June 8th Jim Cotter, Jr., says, I can't agree to that. Ellen calls a board meeting on June 12th. They do what they threatened to do. They terminate him.

Now, their whole brief talks about what supposedly happened at that meeting. You know, these 13 hours of deliberation or some utter fiction of that nature. The undisputed evidence shows that prior to the first meeting those five people, the two Cotter sisters, Kane, Adams, and McEachern, had agreed to vote to terminate plaintiff. There's no process here, Your Honor. This was executing on taking control of the company and resolving a family dispute when the plaintiff would not acquiesce to doing so by agreeing to a document that, among other things, by the way, resolved the matters being litigated in the California Trust action and made Margaret Cotter the sole trustee of the voting Trust, one of the biggest points of contention.

So, you know, the briefing was somewhat like ships

passing in the night. I wrote far less when I listened to the arguments than I normally did, but I do have one more thing. And that's on the remedy. This is on page 27 of our reply brief, and we've briefed it before. You've seen it. Courts may fashion any form of equitable relief as may be appropriate. When they aborted the CEO search and made Ellen Cotter the CEO I was dumbfounded, Your Honor. If I was -- you know, it was a good thing for the company that they were going to do a CEO search, they're going to bring in a CEO, they're going to act like a public company. And then they didn't do that. And as a practical matter it's no big deal. As a legal matter the Court absolutely can provide that equitable relief. Chief Justice Steele was asked about that, and he said the saying in equity, for every wrong there is a remedy. And with respect to this he said, it is void the action and order reinstatement.

And so the last thing on this particular motion to which I want to speak is the contention that, well, no, you can't order -- you can't or at least you shouldn't provide equitable relief because, you know, the Cotter sisters are controlling shareholders, they'll just undo it. Your Honor, that is a very, very telling statement. Because what it is is an unequivocal announcement that the Cotter sisters don't view themselves as having an fiduciary obligations as controlling shareholders. That's wrong as a matter of law, but clearly

the manner in which they've conducted themselves throughout.

And, yes, the answer is were they to do that we'd be back and we'd be entitled to relief again. It's not a matter of the board substituting its judgment, it's a matter of the -- excuse me, the Court substituting its judgment for the board, it is a matter of protecting the interests of all RDI shareholders, the minority shareholders, who obviously don't exist in the decision-making minds of Kane and Adams and Margaret and Ellen Cotter. And that the brief says, well, you know, we're going to act like they don't exist again, simply confirms why it is equitable relief can and should be ordered. Thank you.

THE COURT: Thank you.

MR. TAYBACK: There are no other shareholders who are seeking to have the plaintiff reinstated or undo his termination. And to answer the question -- that's telling, by the way, and we make an argument about the plaintiff's inadequacy of understanding for this case based in part on that. But I'll say -- I'll start with this. If everything that Mr. Krum said is true were true, this motion should still be granted. And it's not --

THE COURT: I disagree with you, Counsel. Anything else?

MR. TAYBACK: Well, I would say yes. I would say why I think that that's true, which is to say that as -- from

the first principles it's true that if it's the -- if it's the -- just because it is the -- one of the most important powers that a board has, it is one that there is a long record of allowing boards the entire latitude to terminate for no reason at all. And how it can ever be a breach of fiduciary duty when the law provides unequivocally that right to boards of directors is the reason that there is no case that supports the plaintiff's claim. The best case that he cites concludes with the language, "Plaintiffs have neither articulated a theory as to how the plaintiff's removal as president and director could be a basis for fiduciary duty claims, nor proved any such breach." And that's the best case they cite. The fact is the law is clear and unequivocal that there is no basis for a breach of fiduciary duty claim in Nevada and frankly or any other jurisdiction for this action.

MR. FERRARIO: Your Honor, just very quickly.

The bylaws parrot the employment contract, clearly states that Mr. Cotter held the position at the pleasure of the board of directors, could be terminated with or without cause at any time by a vote of not less than the majority of the entire board at any meeting thereof by written consent. This whole nonsense about process that we've been hearing is inconsistent with the bylaws. I don't know what process Mr. Krum thinks should be invoked. We haven't been able to get that from him. When we asked Mr. Storey what he was talking

about in terms of process he was saying, well, he thought that the -- this mentoring process that had to be employed by the board prior to Mr. Cotter's termination should have been allowed to run its course. The fact that you have to mentor a CEO or ombudsman a CEO kind of tells you what was really going on there. And this is before the May event.

But I think the thing that's missing from Mr. Krum's argument -- and he talks about this unprecedented effort by the board to try to resolve this familial dispute, and he talks about that, but he doesn't go to the next step. The familial dispute was impacting the operation of the company. When that happens the board then has to deal with that. And that's what they did here. But he doesn't say that. He acts like the board came in as mediator for no reason to try to settle the Trust case. That's not what happened. He concedes that this familial dispute was impacting the operation of the company. So the board looked at its options and then what is in the record happened. And at the end of the day the board made a very basic decision, I'm going -- because the family dispute would not resolve despite the parties' best efforts, despite Mr. Krum's client at once agreeing to the terms of the deal and then reneging, despite his client enlisting the services of Uncle Ed and trying his damnedest to get this thing resolved, he couldn't do it. So the board then is left with the same situation that occurred before all of these

meetings, three siblings who are fighting. And the board picks two Cotters over one. That's it. And that -- there's no case that he's -- he always talks about law, law. Where's the law that that decision could ever be challenged? And then what's the remedy he says that the Court could fashion? Because no matter how you cut it you would be substituting your judgment for the judgment of the board there, who is sitting there living with this day to day. And they look at it and because the underlying dispute doesn't resolve, they cannot afford, consistent with their fiduciary duties, to let that dispute impact the operation of this company. Had they done that, they would have probably gotten sued by T2 or by other folks, because then you would have heard the claim, you should have taken action. The only action that's left when the parties can't voluntarily resolve it is you have to do what they did, fire one, fire two, or fire all three. I submit they made the prudent decision. They took the ones with the most experience.

So matter how Mr. Krum wants to sidestep the bylaws, no matter how he wants to sidestep Nevada law, no matter how many times he's says there law to support this and then doesn't cite it, the simple fact of the matter is the board could have done this by simply calling a meeting and saying nothing other than, Mr. Cotter, you're terminated without cause, we don't have to have a reason to do it.

And so the only way this claim could survive is for this Court to rewrite the bylaws, rewrite Nevada law, and import a doctrine into this case, the entire fairness, that has no application -- I can't find a case in Nevada, and I argued this in a case in front of Judge Scann a couple years ago, whether that doctrine even has any application in Nevada. It's an open question. He cites to 78.140 that deals with restrictions on transactions involving interested directors. What he doesn't say, that even in that context in Nevada if those holding a majority of the voting power approve or ratify the interested transaction, it's good. Nevada's adopted that statute. So even if this was an interested party -- even if there was lack of independence, the majority of those controlling the voting power voted to ratify that act. So there's just nowhere for him to turn here.

So, you know, again, Judge, these decisions have to apply just beyond this case. And, you know, of all the things that he's alleged here, from the beginning we've been saying this isn't a derivative case, there's no case he cites. Justice Steele certainly didn't come up with any. I don't remember Justice Steele saying for every wrong there's a remedy, because I don't know what the wrong is here. You got fired. You signed a contract that said they could fire you. That's not a wrong. And if he thinks it's wrong, he's got a remedy. Go to the arbitration. Here he's a derivative

plaintiff. There's no wrong to the company for the company following the bylaws, following Nevada law, following the terms of the contract, and on these facts, taking them as he said, where people are fighting and its infecting the operation of the company for the board to say, I'm picking these two over that one. It's literally that simple.

THE COURT: Okay. Are you done?

MR. FERRARIO: Yes.

THE COURT: All right. The motion's denied, as there are genuine issues of material fact and issues related to interested directors participating in a process.

If I could go to the motion in limine related to plaintiff's experts.

So, for the record, in September of 2013 I spoke on a panel called Multijurisdiction Case Management Litigation Being Pursued in Multiple Forums with Chief Justice Myron Steele. I don't think it affects my ability to be fair and impartial, but I make that disclosure to you just in case you need it.

MR. SEARCY: Thank you, Your Honor. I'll try and go through the four experts that were touched upon in our motion in limine fairly briefly, because it's getting late.

THE COURT: And I've got to find them in the book. So you keep going.

MR. SEARCY: Okay. If the Court has any questions,

please --

THE COURT: You keep going. No. There are no Post-It notes on this one.

MR. SEARCY: All right. I'll start --

THE COURT: I went through the Post-It notes already.

MR. SEARCY: I'll start with Justice Steele. His name has come up a couple of times today. I took the deposition of Mr. -- of Chief Justice Steele, the former chief justice.

THE COURT: They get to keep their titles when they retire here in Nevada.

MR. SEARCY: And by his own admission Chief Justice Steele agreed that he was submitting a legal opinion. It's not meant to assist a jury. What Chief Justice Steele did is he took the facts that were given to him by plaintiff and he assumed that they were true, and then he provided a legal analysis under Delaware law as to how he thought that might come out in a Chancery Court. He didn't look to Nevada law, he doesn't claim any expertise in Nevada law, he didn't conduct any research of Nevada law. His opinion in short, Your Honor, is really a research memo that's aimed to assist you, the Court, and not the jury. And because of the fact that Chief Justice Steele in a prior opinion simply assumed the facts, didn't have any expertise on the facts, didn't

offer any opinion on the facts, didn't even go to ultimate facts, another court has already excluded an opinion just like the one he submitted here.

Now, Your Honor, if I may, from his deposition testimony Chief Justice Steele wrote -- or he said -- he testified about his opinion, "I'm definitely not impertinent enough to suggest what the Nevada court should do, nor am I suggesting that they would follow this pattern that's used in Delaware, just that this opinion is designed to be helpful to the court should the court choose to look at it and understand how the analysis would occur in Delaware. That's all. That's all I was asked to do." So, Your Honor, he's not providing anything that would be helpful to a finder of fact, and he's not providing anything to the Court that the Court can't do on its own. That's Chief Justice Steele.

THE COURT: So let's do all of them together.

MR. SEARCY: Okay.

THE COURT: Okay. Because then I'm going to ask Mr. Krum questions. Because I was wrong. I did have a Post-It note. Luckily, I found it.

MR. SEARCY: Moving now to the damages expert that plaintiff has put forth, that's Dr. Duarte-Silva, Dr. Silva -- or Duarte-Silva has literally just thrown out numbers. He's thrown out two numbers to say that the EBITDA of the company and the share price of the company haven't risen as much as he

thought that they might if you compare them to what he considers to be the comparable companies. He doesn't engage in any sort of statistical methodology here, Your Honor. But more importantly, he doesn't seek to opine on any causal connection between the numbers that he throws out and what is being examined, namely, that is the term of Ellen Cotter as CEO. And when he was asked at his deposition, do you have any opinion on causation, he said, no. Do you agree that your opinion is not statistically significant; he agreed with that, Your Honor. So he has literally just thrown out large numbers without any causation connecting those numbers to any allegations in this case that will have no other purpose than to prejudice the jury. And, Your Honor, for those numbers to be presented to a jury plaintiff has to show that they encompass, they involve some sort of causation of damages. Otherwise it's just prejudicial. Otherwise it's irrelevant. And, Your Honor, that's Dr. Duarte-Silva. Do you have any questions on Dr. Silva?

THE COURT: Nope. So let's go to Spitz.

MR. SEARCY: Spitz. He's the expert on the CEO search. Mr. Spitz does not provide anything more in his opinion other than a subjective opinion. He doesn't cite to any literature about CEO searches, he doesn't cite to any standards, he doesn't even cite to his own personal experience, other than the occasional anecdotal way about how

a CEO search would be conducted. Instead, what Mr. Spitz does is he provides credibility determinations, questioning the motives of various persons on the CEO search committee, various persons on the board, of Ellen Cotter that he's -- he has no expertise and shouldn't be able to provide those types of opinions anyway about the credibility of witnesses for a jury. He wasn't there, he wasn't involved in the CEO search. That's completely inadmissible. And in terms of what he opines on for the CEO search, notwithstanding his prior experience at Korn Ferry, he doesn't provide you with any standards, any methodologies, anything that shows a basis of expertise by which to judge the CEO search that was conducted.

Finally, Your Honor, that's expert Nagy. He was offered as a rebuttal expert. He is clearly, however, just a late-submitted report. His opinion went to the qualifications and salary of Margaret Cotter. That's not anything that was submitted in Mr. Osborne's report that he is supposedly rebutting. Mr. Osborne's report was instead confined to a one-time payment that was made to Margaret Cotter. Mr. Nagy's report clearly is not a rebuttal to that, and therefore should also be excluded as untimely. Thank you.

THE COURT: Are we still talking about Mr. Finnerty?

MR. SEARCY: Mr. Finnerty -- we've withdrawn our motion with regard to Mr. Finnerty.

THE COURT: Thank you.

For what purpose are you offering Chief Justice Steele's conclusions?

MR. KRUM: The very same purposes for which they are offering two defendants -- two experts, Mr. Osborne and Mr. Klausner. And the difference between Chief Justice Steele on one hand and those two gentlemen on the other is that the analytical framework Chief Justice Steele offers is based on Delaware, and the analytical framework their experts offer is based on, so they say, industry practice. So Chief Justice Steele is not opining about Nevada law, he's not opining about the ultimate facts. The assertion that he was unfamiliar with the facts is incorrect, staggering, because he testified about what he did, which was read depositions, including the four half-day volumes of Mr. Kane and read the summary judgment motions. But, of course, that postdated his initial report. But what he does, Your Honor, is he explains an analytical framework based on Delaware law that could have been used by the director defendants at the time they were engaging in the activities in which they engaged, and could be helpful to the finder of fact, I submit, Your Honor, far more so than some assertion that, the boards on which I haven't done it this way, or, I haven't heard about it, or, this is what industry practice is, which is what Osborne and Klausner are saying.

It's undisputed that Nevada courts, like many other jurisdictions, may and do look to Delaware corporate law and

jurisprudence for guidance in the absence of a Nevada law on point. You're going to -- we're going to have instructions about what Nevada law is, presumably, right?

THE COURT: Yes, we are.

MR. KRUM: And this is in effect opinions with respect to how it might have been done using a framework. But that doesn't go to the instructions, and as our summary judgment papers demonstrated, I hope, Nevada law is consistent with Delaware law insofar as there is Nevada law. It's an issue about which we've disagreed from time to time today.

The motion with respect to Chief Justice Steele also asserts some erroneous legal conclusions that are repeated in the summary judgment motion. And they challenge his opinions that are not about what Nevada law is by erroneous assertions of Nevada law. But the short answer, Your Honor, is he's speaking to exactly the same issues as Osborne and Klausner, which is what should the directors have considered, did they do it in a manner consistent with one case Delaware law and practice and another case industry practice, whatever that is, which I'll find out, I hope, when I take their depositions.

THE COURT: Okay. Anything else?

MR. KRUM: Not with respect to Chief Justice Steele.

THE COURT: Okay. Duarte-Silva.

MR. KRUM: Duarte-Silva. Exact same thing. He analyzed the same set of events, namely, the performance of

RDI stock following the termination of plaintiff and under the guidance of Ellen Cotter as CEO that were analyzed by defendants' expert Richard Roll. The two of them reached different conclusions about what that performance showed. According to Professor Roll, based on his conclusions about that performance, there were no damages, there was no irreparable harm. Dr. Duarte-Silva says otherwise. In point of fact, he comes up with a number, which obviously has troubled the defendants.

So what we have here, Your Honor, is clearly expert testimony that the defendants acknowledge is appropriate, because they're offering the very same testimony but using a different methodology and reaching a different conclusion. And it's not appropriate, I respectfully submit, to make a decision on a motion of this nature that a methodology is unacceptable without hearing the witness himself describe it. And we haven't had that happen. So that's Dr. Duarte-Silva.

Richard Spitz. This is -- this is pretty easy, except for I don't have Mr. Osborne's report here, so I can't cite you to the exact line and page. But I can certainly provide it, because it's highlighted sitting in my office or my litigation bag or perhaps my closet when I unpacked the bag and got on the next plane.

Defendants effectively have invoked NRS 78.138.2(b) with respect to the CEO search by their use of an outside

search firm, Korn Ferry. Setting aside the factual issues about whether they themselves undermine that by effectively firing Korn Ferry and aborting the search, Mr. Spitz is offered to testify about whether the search was conducted in a manner in which he as a search executive, a former Korn Ferry executive, would have conducted it and ultimately as to whether as a search process it succeeded or failed. And, yes, Mr. Ferrario's right, process is important. That's the basis on which the individual defendants are going to claim they fulfilled their duty of care. And in this instance Mr. Spitz is going to speak to the failed process. So he's going to go to the issue of their invocation of NRS 78.138.2(b). And I'm sure they're going to claim -- I know they're going to claim, we've seen it in the briefing, well, we didn't really terminate the process and it was all fine and we just made a decision and so we stopped. Well, okay. He's going to speak to how CEO searches go. We have percipient witness testimony from the Korn Ferry witness, which is, interestingly, pretty consistent with Mr. Spitz's opinions, but he goes to an issue that they're going to raise in this case. They have raised it. That's the point -- that was the very point from the outset of hiring a search firm.

Mr. Nagy -- I misspoke, Your Honor. It's not Mr. Spitz, it's Mr. Nagy who responds to a particular paragraph or two in the Osborne report. Mr. Nagy's an expert on real

estate matters, including with respect to the qualifications of executives with responsibilities for development of real estate. As of March 2016 that's Margaret Cotter.

One of the matters as to which the director defendants' conduct is challenged is their decision to hire Margaret Cotter in March 2016 as the senior executive at RDI, a public company, responsible for the development of its valuable New York state -- New York City real estate. And this is in one of their summary judgment motions, Your Honor, under 6, I think, to compensate her in a manner that apparently reflects those responsibilities. And the Osborne report does in fact have a paragraph or two that refers to hiring Margaret Cotter in that position and paying her the money she's being paid. And the director defendants are going to defend their decision by relying on a third-party compensation consultant that advised the compensation committee regarding salary for the position. They, you know, had committees do it, they had the board approve it, and Mr. Osborne talks at length about this wonderful process. So Mr. Osborne's with Mr. Krum and not Mr. Ferrario about how important process is. And he talks about the process, he talks about the position, and among other conclusions Osborne reaches in his original expert report is that the compensation paid to Margaret Cotter is appropriate.

Well, that's -- what am I going to do, hire somebody

that says the compensation committee exercise was a ruse? No. But how about this? Starting in the fall of 2014 all the way up to March of 2015 when they made the decision there had been discussions about what role, if any, Margaret Cotter would have in terms of the city's [sic] valuable New York City real estate. And from the fall of 2014 through at least the spring of 2015 most, if not all, of the five non-Cotter director defendants had articulated, orally and in contemporaneous emails, the view that Margaret Cotter did not have the qualifications to be the senior person in that role. As a matter of fact, undisputed fact, Your Honor, she has no prior real estate development experience. What is her job? She supervises their live theater operations, which amount to next to nothing. It's not even in the company's description of its two principal businesses. And she was there with her father, now deceased, in the early pre-development stages.

So Mr. Nagy's opinion is that Margaret Cotter is not qualified to hold the position she holds and that the compensation paid to her therefore is not appropriate. And he says, as to Osborne, Osborne neglects to address and analyze her qualifications or lack of qualifications. He says it's industry custom and practice for the two, qualifications and compensation, to be closely linked, it's my opinion that she's not qualified, and because she's not qualified -- I'm paraphrasing -- her compensation is not proper. He directly

disagrees with one of the conclusions of Mr. Osborne.

THE COURT: Anything else?

MR. KRUM: No. Thank you.

THE COURT: Okay. Anything else?

MR. SEARCY: Yes, Your Honor.

A couple of points that lack of foundation raised in their argument just now in just responding to my reply, first there was the statement that Chief Justice Steele, the former Vice Chancellor, was familiar with the facts of the case. The deposition showed otherwise. And if I may also just read to you this portion of his deposition testimony, he assumed simply for this purpose, for his expert analysis that the allegations in the complaint were true. It's Exhibit A to our reply, Your Honor, at page 44, 19, through 45, 2, where I asked him the question, "I take it that in looking at the pleadings you assumed that the allegations contained in the pleadings were true; correct?" Answer, "Yes, that's correct." "As you might on a motion to dismiss, in other words?" "Very similar perhaps in Delaware, not quite as strict as a motion to dismiss, but very similar."

So it's clear that what Chief Justice Steele did is he provided a legal opinion based upon assumed facts about Delaware law. It's not going to assist a jury, and, to be honest, Your Honor, I don't think it will assist you any more than having a clerk do the same research if you're called upon

to look at an issue of Delaware law for this case. So Chief Justice Steele's opinions should be excluded. He should not be able to provide testimony in this case.

With respect to Dr. Duarte-Silva there was never any statement made in the opposition just now or otherwise that Dr. Duarte-Silva has any information about causation. He doesn't show any causation, any connection between the big numbers that he throws out and any of the allegations in this case. And he doesn't even purport to. He admits that he doesn't have any information and not offering any opinion about causation of any damages.

With respect to Mr. Spitz you heard the argument. Mr. Spitz doesn't offer any analysis, he doesn't offer any methodology. You heard Mr. Krum make reference to a failed process. There's nothing, however, in Mr. Spitz's report that would lead you to know what a successful process would be, what's the methodology for that, what's the analysis for how a CEO search under Mr. Spitz's view is supposed to go. There's no comparison there. It's strictly for Mr. Spitz a credibility determination that he's making on the witnesses in this case. That's inappropriate. Mr. Spitz's opinions should also be excluded.

Finally, Mr. Nagy, notwithstanding the fact that plaintiff said he didn't have the papers here to show that it was actually a rebuttal, there wasn't a showing in their

opposition, either, Your Honor, that Mr. Nagy's opinion was anything other than a late opinion and not a rebuttal to anything that was in Mr. Osborne's report. And so, as a result, Mr. Nagy's opinion should also be excluded.

THE COURT: Thanks.

The motion is granted in part. With respect to Chief Justice Steele, he may testify the limited purpose of what appropriate corporate governance activities would have been, included activities where directors are interested. It's on his list of things. He's got it in his list. Let me read it. Because I read it from your motion.

MR. FERRARIO: Did you read his report?

THE COURT: I didn't read his whole report. I read your motion. So here's what you say in your motion. I'm on page -- hold on, let me get there -- the one you did in small type. It's on page 6. To the extent he is talking about the interested and disinterested directors and the process that would be followed based upon the governance of an appropriate company for disinterested and interested directors, that testimony is permitted. And every one of these goes to that. I'm on page 6.

MR. KRUM: That's from his report, Your Honor. That's what they're quoting.

THE COURT: I know it's from his report. That's why I read that. Because it says, "Based on the facts as I

understand them," which I assume to be Chief Justice Steele and not Mr. Ferrario.

MR. FERRARIO: We're lost here, Judge. Sorry.

THE COURT: Okay.

MR. FERRARIO: Where are you at?

THE COURT: So you understand how at least today I've told you that the issues as to whether people are interested or disinterested on particular actions or transactions is a factual issue that we may have to resolve later. The framework of what the appropriate activities for someone who is interested or disinterested are appropriate for Chief Justice Steele to talk about, and they appear to appear here on 1(a), 1(b), 2, 3, and 4. Because every single one of those talks about independent and disinterested or interested.

MR. FERRARIO: What Justice Steele says is if the jury finds that --

THE COURT: That is correct.

MR. FERRARIO: -- then --

THE COURT: "So here's an appropriate corporate governance activity for a corporation to find if directors are interested. You don't have the interested directors participate." Next step. "Okay. So how do you evaluate if they're interested or not?" "You do an evaluation to determine if they have a financial interest, if they have some other binding interest.

MR. FERRARIO: That's under Delaware law, though.

THE COURT: It's under Nevada law, too.

MR. FERRARIO: No. He's only testified under Delaware law.

THE COURT: Then tell me why these conclusions are not the same as what they'd be under Nevada law. I understand your problem and your concern, but the framework is --

MR. FERRARIO: Well, I'll tell you what. There's not a case in Nevada that uses the entire fairness doctrine. Not one.

THE COURT: It doesn't use that term. It says you evaluate the entire transaction.

MR. FERRARIO: What's the transaction?

THE COURT: In this case there are multiple different activities that we may be submitting questions to the jury on.

MR. FERRARIO: What's the transaction? Just speak to terminating the CEO. Is that a transaction?

THE COURT: Yes.

MR. FERRARIO: Then who's on --

THE COURT: It's an activity.

MR. FERRARIO: Who's on what -- wow. Where does activity show in the statute or in a case? This is part of the problem, Judge.

THE COURT: So, Mr. Ferrario, I'm back to the we're

going to give the jury special interrogatories, I'm going to let Chief Justice Steele and your expert testify about what the appropriate activities for a company to use when they are faced with a situation of interested or disinterested shareholders and how they should govern themselves if we get to that point.

MR. FERRARIO: I think the problem I'm having here -- and I listened in for most of Justice Steele -- all of his deposition, quite frankly, and Mr. Searcy took it. It's this Court's role to say what law applies, not Justice Steele, and not an expert.

THE COURT: So do you want me to exclude your experts who are talking about industry practices? Because it's exactly the same thing on what appropriate corporate governance is.

MR. FERRARIO: Ah. No, that's different.

THE COURT: No, it's not different.

MR. FERRARIO: It's a completely different inquiry, because Justice Steele only opined on Delaware law, not specific practices employed -- Justice Steele's never been on a board. The only board he said he was on was some volunteer board, I think it was a volunteer board for what, a hospital or something?

MR. TAYBACK: Right.

MR. FERRARIO: He didn't come at this from an

industry practice standpoint. He didn't say, I serve on a number of boards. He said, I am giving you --

THE COURT: It doesn't have to be industry practice. What I'm trying to say is I am comparing this to your industry practice experts. If you don't want any of them to testify, then I'm happy to go there. If your position is that I shouldn't let any of those folks testify, then we'll handle it through jury instructions. But that's not the position you're presenting me. You're presenting me in a case where you have experts on industry standards, and am I going to exclude someone who has information that may be of assistance to the jury in a limited framework, not the entire framework, not the memo, not what the law is, but what the options for a board are under the law.

MR. FERRARIO: But, again, the threshold issue there is what's the law. That's Your Honor's job.

THE COURT: Absolutely it's my job.

MR. FERRARIO: Okay. So he -- not Justice Steele.

THE COURT: I understand that.

MR. FERRARIO: So Your Honor has to say what the law is, then Justice Steele would then have to give his opinion. We're not there yet. That's what I'm saying. That was the problem with his --

THE COURT: No. Let me see if I can say it a different way. Boards and companies have certain corporate

governance structures that they're supposed to follow when they have a --

MR. FERRARIO: I read the bylaws to you earlier.

THE COURT: Yeah. Well, okay. And when we are faced with a situation where a board has interested members, whether they're directors or shareholders participating in a vote, there are certain things that need to happen.

MR. FERRARIO: Depending on what the deal is.

THE COURT: Sometimes.

MR. FERRARIO: I mean, we have NRS 78.140 that talks about interested party transactions.

THE COURT: Yes, there are some --

MR. FERRARIO: That Justice Steele never read, by the way.

THE COURT: There are some interested-party transactions that are permissible under bylaws, but they have to be disclosed interested-party transactions; right?

MR. FERRARIO: 78.140 dictates exactly what --

THE COURT: Right.

MR. FERRARIO: -- has to happen, and they can become void or voidable.

THE COURT: Right. But --

MR. FERRARIO: I agree that that's Nevada law. He didn't even read this.

THE COURT: But let's go back to the Schoen case,

okay. The Schoen case we have interested parties who may not be interested in a way that people would find under NASDAQ or SEC reporting requirements. But the Nevada Supreme Court found that for purposes of us discussing that case, at least at the pleading stage, those individuals were interested or at least were alleged to be interested, where it was very different than what you would see in a publicly traded case. You have a similarities here with people being called Uncle Ed, you have similarities in the way people are receiving their primary compensation. There are similarities here that lead me to believe that there are factual issues on interested-disinterested which may cause many of the activities that have occurred to be drawn into evaluation by an ultimate finder of fact.

My position is that they need to have expert opinions if they're going to evaluate what an appropriate board would do when they're faced with those interested-disinterested conflicts in making a decision. We can either have experts testify, or you can not have experts testify. If you don't want to have experts testify, then I won't let Justice Steele testify, and we won't have your guys testify. If you want experts to testify, he's going to testify, too; but he's going to be limited to appropriate corporate governance options when faced with interested-disinterested transactions, because that's what he talks about in his

report.

MR. FERRARIO: I followed you all the way --

It's their experts, so they'll decide whether they want to call these other fellows.

-- until you got to the point of [unintelligible]. If you're saying that the actions of the board will now be evaluated under 78.140 --

THE COURT: I didn't say that.

MR. FERRARIO: I know. But that's where -- that's where -- I'm with --

THE COURT: You're making me pull out books. Because, see, I don't remember numbers. Hold on.

MR. FERRARIO: I was with you up to the point where what law is going to govern here. Because if it's 78.140, I have a framework of which I can look and we can then argue that.

THE COURT: Hold on a second. Let me go to 78.140 so you and I are talking about the same thing.

78.140 is not exclusive. Remember, the Schoen case goes beyond that. It's not exclusive. Or Americo or whatever we call it in the second or third case.

MR. FERRARIO: Americo, Schoen, whatever. I don't think --

THE COURT: Whichever decision of the group of multiple decisions it is.

MR. FERRARIO: But that was a completely -- that was a different fact pattern. It had --

THE COURT: Absolutely.

MR. FERRARIO: It had nothing to do with hiring and firing of a CEO.

THE COURT: It was a very different fact pattern. I'm not saying it's the same. I don't have a lot of law in Nevada. I have to be instructed on the law I have, and then I've got to make a jump to where I'm going to get based on the law I have. And --

MR. FERRARIO: Well, actually, I mean, you could take another contrary position. I know you heard this in the Wynn-Okada case, but Nevada actually does have a pretty robust statutory scheme that was put in place to be more protective than Delaware, to actually shield decisions from courts, you know, back in '91 and I think '97.

THE COURT: Uh-huh. We did.

MR. FERRARIO: So we actually do have a robust body of law here, and it's called NRS 78. So that's why I point to 78.140. If we're talking about --

THE COURT: Mark, we all look at that, because that's what we look at. That's what governs our corporations. That's our corporate --

MR. FERRARIO: I agree.

THE COURT: But we have case decisions from our

Nevada Supreme Court that supplement the statutory language.

So I've made my ruling on that. If there's something else you want to talk about, I can talk about it as soon as I finish my 4:30 conference call with whichever group of folks needs to talk to me.

MR. SEARCY: Your Honor, if I may, we did have an additional point on Chief Justice Steele. However, I don't believe you rendered an opinion or gave a ruling on any of the other experts.

THE COURT: It's denied on all the other experts.

MR. SEARCY: Denied on all the others. All right.

THE COURT: So did you want to ask me another question on Justice Steele?

MR. SEARCY: No. But go ahead.

MR. RHOW: I was just going to say we -- actually, Mr. Gould, on Mr. Gould's --

THE COURT: You joined in that motion.

MR. RHOW: I know. But he also has his separate motion for summary judgment.

THE COURT: I'm not on your motion for summary judgment yet. It's still on my list.

MR. RHOW: Okay. I'm just making sure. You're asking if there's other things.

THE COURT: Well, yeah. There's a lot of other things.

MR. RHOW: Understood.

THE COURT: But I'm running out of time.

MR. KRUM: Your Honor, what's going to be next? I'm running out of gas. I need to prepare.

THE COURT: I'm going to go to the Ellen Cotter appointment as CEO and compensation motion.

MR. KRUM: Okay. Thank you.

(Court recessed at 4:27 p.m., until 4:40 p.m.)

THE COURT: So we're on the issues related to appointment of Ellen Cotter, compensation of Ellen and Margaret Cotter, and those issues. And I think there's two or three different motions that are all interrelated on these.

MR. TAYBACK: These would be Motions 5 and 6, and there is a number of issues that are all interrelated.

THE COURT: Okay.

MR. TAYBACK: So I'll --

THE COURT: I'm not big on numbers, I'm big on subjects.

MR. TAYBACK: I understand. And I'll --

THE COURT: So it's hard for me on numbers.

MR. TAYBACK: I'll address them. There's probably four or five issues.

THE COURT: Okay.

MR. TAYBACK: Our motion that we entitled Number 5 was the CEO search and appointment ultimately hiring of Ellen

Cotter. You know, I'll be relatively succinct here, which is to say it's the -- it's the tag-along to the firing of Jim Cotter, Jr. Like that, there's no case which finds a board liable for hiring a long-time executive who runs -- who has run for 16 years at the time of her hiring one of the primary two business lines of the company and had served as an interim CEO such that the board actually saw how she performed. And every director, excluding the plaintiff and Ellen Cotter herself, supported her hiring. The only attack on that decision is this kind of ongoing what I'll call amorphous and shifting claim that directors lacked independence. He hasn't articulated, other than the general claims of lack of independence, that a majority of the directors had some specific interest in the hiring of Ellen Cotter or lacked independence.

THE COURT: It's the majority of directors participating in --

MR. TAYBACK: Yes.

THE COURT: -- in a process, whether it's a decision or an action, that I have to evaluate --

MR. TAYBACK: Correct.

THE COURT: -- not the majority of all the directors.

MR. TAYBACK: Correct.

THE COURT: Okay.

MR. TAYBACK: And so you're excluding only plaintiff and Ellen Cotter. The remainder of the directors -- okay. And the question, though, is what's the allegations that say that the vote of Michael Wrotniak, to take an example, or any director on any issue -- and now I'm going to look at this particular issue -- amounted to a breach of fiduciary duty. And there just isn't -- there isn't fact -- there aren't facts that have been proffered that say, you know what, with respect to this decision this director was -- lacked independence because of this. We've heard the generalized allegations that Guy Adams supported Margaret and Ellen Cotter because he thought that he might get paid, we've heard generalized allegations about some of the others, Uncle Ed Kane; but those generalized allegations of interest don't relate to the transaction that is being looked at. And I'll call it a transaction even though it's not a transaction, it's a decision.

THE COURT: And that's why I tried to use all sorts of different words, and I don't know which word to use, but it's an activity of some sort.

MR. TAYBACK: I agree with that. I do think that there's a difference, and so I've tried to be careful to not call it a transaction, because I think the law --

THE COURT: Yeah. Because they're not really transactions.

MR. TAYBACK: Because they're not. And I think the law is different when it's a transaction, because the framework for evaluating interestedness, frankly, has more applicability when it's a transaction. That's what I say. And I see you shaking your head, but I do --

THE COURT: Yeah. I agree with you. It's a hard issue. That's why we're having this long afternoon and I didn't make you come on a motion calendar where you had 10 minutes to argue all 40 or so motions you filed.

MR. TAYBACK: The second point that I would make, and really the last point I would make, on the identification and hiring of Ellen Cotter is that the -- that the nature of the claim really only sounds, I think, in corporate waste. And the standard for determining corporate waste, that is to say, the decision I think is really I think inarguable that there's the kind of latitude one would have on these undisputed facts given who she was and her connection to the company that that's a reasonable decision.

The only question is this hiring and then termination of the external search firm, Korn Ferry. And there's an argument that's --

THE COURT: In mid search.

MR. TAYBACK: In mid search -- well, not mid search. At the point of which they made the decision.

THE COURT: Near the end of the search, yeah.

MR. TAYBACK: At the point at which they made a decision. And whether there's -- I mean, I don't -- haven't seen any case or I haven't seen any theory where a company ever has an obligation to hire a search firm or to conclude the search once they've identified a candidate that they want to hire. The fact is that happens all the time. But whether it does or doesn't doesn't matter. Because, if you look back even to the plaintiff's hiring, there was no search. There wasn't a search firm at all. He was hired because he was the son of the founder. And he doesn't seem to be complaining about that. And so I don't know that the legal term is a pot-kettle issue, but it's definitely the pot calling the kettle black. The fact is they engaged an indisputably reputable search firm, they engaged in a search, and they decided on the sitting CEO, who they always are going to know better than an external candidate. That's not something that can be second guessed. And I don't think on these facts it should be second guessed. And to the extent it's a corporate waste claim the standard, as you well know, is quite high for that.

Do you want me to address the other issues, as well, while I'm up here?

THE COURT: Yeah. Because they're all interrelated.

MR. TAYBACK: Okay. The I'll call them the other four issues which are really the subject of our Motion Number 6 is the estate's exercise of options, the appointment

of Margaret Cotter, compensation for Ellen Cotter and Margaret Cotter, and the -- there was an additional compensation voted for Margaret Cotter and Guy Adams.

Just to take them in order, with respect to the exercise of the -- the estate's exercise of options plaintiff really cites zero evidence. There's additional evidence that he's seeking regarding the advice of counsel upon which two directors sought. I don't know whether Your Honor's ruling with respect to 56(f) is going to apply here, but it would seem logically that your prior rulings probably dictate how you're going to come out on this one.

THE COURT: Maybe.

MR. TAYBACK: So I'm not going to spend much time on that -- or any more time. But I think that in fact the evidence, the undisputed evidence that's proffered supports summary adjudication of that as an issue.

With respect to the appointment of Margaret Cotter if you now say that it's the board's ultimate fiduciary duty to shareholders, including in this case this one shareholder who's been the terminated CEO, to not only evaluate the board's exercise of its fiduciary duties with respect to the hiring of the CEO or firing of a CEO, but now to subordinate executives, I think you're really entering the realm of micromanagement of a company.

The challenge here is she wasn't qualified because

she hadn't engaged in sufficient real estate-related activities. The fact is, and the undisputed facts are, she'd been affiliated with the company as a consultant through her own -- her own consulting entity that was by contract with the company had been running their live theater business for years, for 15 years, I think. Even though he just -- said in a prior motion plaintiff's lawyer said, well, the live theater business isn't even one of the two main lines, the fact is when he tried to go around or fire Margaret Cotter because he believed she mismanaged other litigation related to a show called "Stomp," the fact is he described -- plaintiff describe it as one of the most significant lines of business that the company had, which was why he was so agitated with how he perceived she handled that litigation, which ultimately came out successful and vindicated her position all along.

THE COURT: And that was the litigation over the lease of the theater; right?

MR. TAYBACK: Exactly.

THE COURT: Okay.

MR. TAYBACK: My point is with respect to the hiring of Margaret Cotter she -- the record shows and we identified in our motion three or four relevant documents and facts that show she had ample qualifications to be responsible for the real estate side of the business. It's a reasonable decision. The generalized attacks on the independence of the directors

who voted on that, who approved that don't warrant piercing into the facts to justify, you know, this decision is right or this decision is wrong at that level of decision making. It's a reasonable decision under the circumstances. It doesn't rise to the level of corporate waste, and it definitely does not satisfy -- based on the evidence that the plaintiff has proffered satisfy the high standard for director liability. And that's true for all of these.

With respect to the compensation decisions obviously the argument is the same. These are decisions made by and endorsed by a subdivision or subcomponent compensation committee, and it's done through ordinary channels. The undisputed evidence is with respect to Ellen Cotter and Margaret Cotter's compensation they hired an external firm, Towers Watson. Willis Towers Watson is actually the full name. And they came in they do a study and they say, we've looked at these companies and we think that for this purpose they are comparable and they should be -- kind of give you a guide for what range you fall within. And they fall well within that range. I think it's the 25th percentile. Just objectively looking at that determination and the process in which it made, the general allegations that a director was more or less favorable to one of them on that issue doesn't say that everything that happened then goes to a trial. I think the undisputed facts on that issue, the compensation

decisions, warrant summary judgment.

The same is true with the one-time payment of $200,000 the Margaret Cotter which was intended and identified in the minutes, undisputed and not debated -- or rather debated, but not disputed, to compensate her for work that she did outside the consulting arrangement. She did work for a period of time with respect to -- ironically, given the plaintiff's contention that she didn't have experience -- with the land entitlements to one of the historical buildings that's being redeveloped in New York under her oversight.

And the same is true with respect to the single payment to Guy Adams. Interestingly, plaintiff himself approved a single payment to all the directors based on the extraordinary work they had done up to a point in time while he was the CEO. He approved that, including $75,000 to Tim Storey and $25,000 to the other directors because the tumult within the company and the family upon the death of the father warranted the directors frankly spending a lot more time on the business of the company than they had ever had to so before, and it justified that payment. Not extraordinary, well within the board's discretion. The generalized allegations that he's put forward about people be interested don't warrant overturning that. And the fact is this payment to Mr. Adams, who undertook a lot of other activities later on, the only difference between this one the one that he

previously approved is, oh, yeah, he'd been terminated. So if there was anybody who was interested in that transaction that had an axe to grind, it was the plaintiff.

I believe that addresses all of the outstanding issues on the motions. So unless you have a specific question --

MR. FERRARIO: Your Honor, I think Mr. Tayback started off by saying --

THE COURT: Yes, I'm probably going to grant 56(f) relief if Mr. Krum asks it.

MR. FERRARIO: Okay. And that's -- because then otherwise we'll just come back and argue this, because --

THE COURT: I have that note here. I'm waiting for Mr. Krum to say it, and then I'm going to wait for him to say it and then once he says --

MR. FERRARIO: Fine. Then I'm going to be quiet. I would point out, though, that if you listen to the dialogue here -- and we'll -- I'll shut up after this.

THE COURT: No, you won't.

MR. FERRARIO: I will. It shows you why courts don't get involved. These are discretionary, because this isn't like --

THE COURT: Mr. Ferrario, I know why I don't get involved in management. I've managed them in settlement conferences as part of the resolution process of these things.

I got stuck helping manage one, so I don't ever want to do it again.

MR. FERRARIO: Because this is not --

THE COURT: But I do want parties to be accountable and perform in a manner that appears to be consistent with Nevada law. So there may be something the parties decide to do between now and when I see them next.

MR. FERRARIO: It's the Nevada law we're waiting for, though.

THE COURT: But the Nevada law is the Nevada Supreme Court. And I keep telling you what I think the Schoen case says when you have interested directors.

MR. FERRARIO: Well, we're going to go back and read that. This isn't --

THE COURT: Interested directors, lots of -- you lose a lot of protections.

MR. FERRARIO: I think we'll be back.

THE COURT: And interested directors is a very intense factual analysis.

Go.

MR. KRUM: Thank you, Your Honor.

THE COURT: Are you going to ask for 56(f) relief?

MR. KRUM: Yes, Your Honor.

THE COURT: All right. It's granted on Motions 5, 6, and there was one other one related to --

MR. TAYBACK: It's 3, Your Honor. It was related to the unsolicited offer I believe is the one you identified previously.

THE COURT: No. 5 and 6 were the only two we're talking about right now; correct?

MR. TAYBACK: Oh. Yes. Got it. Yeah. 5 and 6.

THE COURT: Okay. So 5 and 6. So there. It's 4:54.

So here's the question. What do you want to do with the rest of them? Is everybody agreeable the motions to seal that are on calendar today can be granted because they include confidential and significant financial information that needs to remain protected given the company's activities?

MR. FERRARIO: Yes, Your Honor.

MR. KRUM: Yes.

THE COURT: Okay. So all the motions to seal are granted. Or redact. Seal and/or redact.

So what do you want to do next? Because I've got through in almost four hours not much.

MR. RHOW: Everyone's looking at me. I would love to. I hope we're last and least in terms of liability.

THE COURT: Well, it's 4:55.

MR. RHOW: Yeah. So, look, I want it to be heard and I do want to argue it, but --

THE COURT: Okay. Well, but you're not the last

one.

MR. RHOW: I understand. So --

THE COURT: I mean, I've got tons of them.

MR. RHOW: -- I don't want to be squeezed in --

THE COURT: But I am breaking at 5:00 o'clock, so you've got five minutes.

MR. FERRARIO: Do you want just come back on the 1st when we're going to come back anyhow?

MR. KRUM: I can't come back on the 1st.

MR. FERRARIO: Of December?

MR. KRUM: Oh. December.

MR. FERRARIO: I think that's when she reset --

MR. KRUM: Yes. Of course.

THE COURT: 12/1. 12/1.

MR. FERRARIO: We're going to get all this done, read, supplement, and come back on the 1st.

THE COURT: That was the hope. But I wasn't sure you were physically going to be here on 12/1. And here's the reason I'm not sure you're physically going to be here on 12/1. I don't have the same hope and security that you do in believing that everyone will appear for deposition in the fashion that you guys think they will. I just as a person who practiced in complex litigation with lots of people, I could never get them all to show up when they were supposed to. So -- as a judge I can't get them to show up when they're

supposed to. I don't know if you heard the conference call I just had with my trial I finished two months ago. They still can't figure out when to come back for the post-trial motions.

MR. FERRARIO: We're going to get it done.

THE COURT: I don't believe you. So do you want to have a status conference where you guys together tell me whether you want to argue anything on 12/1, or not? Will you all get together and tell me that a couple days ahead of time so I can at least re-read what needs to be read before 12/1?

MR. FERRARIO: Yes.

MR. KRUM: Of course.

THE COURT: And if there are going to be supplemental briefs, that I can pull the supplemental briefs and read them?

MR. FERRARIO: Yes.

THE COURT: So when are you going to tell me that?

MR. FERRARIO: Three weeks out set a status conference?

THE COURT: No. I don't want you to -- I want you to do depositions. I don't want you coming back here. I don't want to see you for a long time.

MR. FERRARIO: What do you want, a week before the hearing?

THE COURT: I would like a few days, at least a few days before the hearing you to say, yes, Judge, we're coming

and we're arguing A, B, and C --

MR. FERRARIO: Okay.

THE COURT: -- or, no, Judge, we're not coming, can you give us a new date.

MR. TAYBACK: I think a week before --

THE COURT: Well, let's see what you guys negotiate. I don't really care what it is as long as you do it a couple of days before.

MR. FERRARIO: We'll know by the 23rd.

MR. KRUM: What day is --

MR. FERRARIO: That's the day before Thanksgiving.

THE COURT: And you all will send an email copied on each other to my people saying, Judge, we're either coming on December 1 and here's what we're doing, or, we're not coming on December 1 and can you give us a different date.

MR. KRUM: Yes.

THE COURT: Plan.

MR. KRUM: Thank you, Your Honor.

THE COURT: Good luck on your discovery.

MR. KRUM: Thank you.

THE PROCEEDINGS CONCLUDED AT 4:56 P.M.

* * * * *

CERTIFICATION

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

AFFIRMATION

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

FLORENCE HOYT
Las Vegas, Nevada 89146

Florence M. Hoyt

FLORENCE M. HOYT, TRANSCRIBER

10/31/16

DATE

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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

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

Coordinated with:

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

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

Jointly administered

PLAINTIFF JAMES J. COTTER, JR.'S MOTION TO RECONSIDER THE COURT'S ORDER APPROVING SETTLEMENT AND DISMISSING THE T2 COMPLAINT

Hearing Date:
Hearing Time:

McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, CRAIG TOMPKINS, and DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

Plaintiff James J. Cotter, Jr. ("Plaintiff"), by and through his attorney Mark G. Krum submits the following Motion to Reconsider and Clarify Order Approving Settlement. Pursuant to Rule 2.24(b) of the Rules of Practice for the Eighth Judicial District Court, Plaintiff requests this Court reconsider and clarify its Order of October 21, 2016,[1] approving the settlement of the claims filed by the Plaintiffs in Intervention in this Action, and dismissing those claims. This Motion is based upon the pleadings and papers on file, the exhibit attached hereto, the following memorandum of points and authorities, the attached Exhibit, and any oral argument.

DATED this 4th day of November, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum
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[1] Although this Court entered an Order on October 20, 2016, that Order did not contain the settlement terms forming the basis of the Order. As a result, this Motion pertains to the corrected Order containing those terms, which was entered on October 21.

NOTICE OF MOTION

PLEASE TAKE NOTICE that Plaintiff will bring the foregoing PLAINTIFF JAMES J. COTTER, JR.'S MOTION TO RECONSIDER THE COURT'S ORDER APPROVING SETTLEMENT AND DISMISSING THE T2 COMPLAINT will come on for hearing before Department XI at the Regional Justice Center located at 200 Lewis Avenue, Las Vegas, Nevada 89155 on the 09 day of DECEMBER, 2016, at the hour of CHAMBERS a.m./p.m. or as soon thereafter as counsel may be heard.

DATED this 4th day of November, 2016

LEWIS ROCA ROTHGERBER CHRISTIE LLP

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Attorneys for Plaintiff
James J. Cotter, Jr.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

This Court's Order approving the settlement between Plaintiffs in Intervention and Defendants should be reconsidered, or at least clarified. As this Court previously found, no consideration supports the release contained in the settlement agreement, and the modified settlement agreement does not correct that. As a result, no release that affects any shareholder(s) other than the so-called "T2 Plaintiffs" is properly approved, as a matter of law. In addition, the Order and Judgment as written suggests that it dismisses claims of shareholders who are not parties to the settlement. Even Defendants have conceded that should not be the effect of the settlement. As a result, the October 21 Order and Judgment should be reconsidered or clarified.

II. BACKGROUND

On July 12, 2016, Defendants and Plaintiffs in Intervention submitted a proposed settlement reflecting a broad release of all of the claims submitted by the so-called "T2 Plaintiffs" in this Action. [Joint Motion for Preliminary Approval of Settlement, filed July 12, 2016 (the

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"Joint Motion").] Conspicuously absent, however, was any consideration provided to Nominal Defendant Reading International, Inc. ("RDI") or the ("Company"). As pointed out by Plaintiff and others objecting to the Joint Motion, there was no benefit to the Company from the Settlement Agreement the Court was asked to find fair, reasonable and adequate.

RDI repeatedly has advised this Court that the settlement and order should not impact other potential claims against Defendants. RDI opposed further discovery in part by affirmatively stating that "T2 Settlement has no Bearing [sic] on Plaintiff's Claims." [RDI Opposition to James Cotter Motion to Vacate and Reset, filed August 11, 2016, at 16] Defendants at a prior hearing took the same position in successfully opposing a motion brought by Plaintiff:

> I want to clear something up. We thought we were clear in the T2 settlement papers that it wasn't going to affect plaintiff's claims. This idea that we're somehow sandbagging or laying in the weeds and then we're going to -- if the settlement gets approved we're going to come back with a motion to dismiss, that's not going to happen, and I want to state that for the record. We thought we said that in our pleadings. I don't have them here with me, but I just spoke to Mr. Searcy and Ms. Hendricks, and my recollection is there's an express carve-out. But to the extent there's any doubt, none of that's going to happen. So I want to put that to rest.

[Transcript of Proceedings, August 12, 2016, at 9:4-15]

During the hearing on the Joint Motion, Defendants affirmed their position that any claims Plaintiff may have or bring against Defendants, including in particular derivative claims, would survive any order entered by this Court granting the Joint Motion:

> I understand the Court may have some questions about the breadth of the release, and we're prepared to answer that. We addressed Mr. Krum's concern at the last hearing. We specifically carved out his clients' claims. They can proceed on. And to the extent shareholders benefit from those claims then so be it.

[Transcript of Proceedings, October 6, 2016, at 10]

After oral argument on the Joint Motion on October 6, this Court ruled that the settlement lacked adequate consideration to support a release:

> The request for settlement is denied given the language that is contained in paragraph 21. It does not appear that there is sufficient consideration to support any release of this type.
>
> That does not, however, preclude the T2 plaintiffs from dismissing their claims voluntarily.

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[Transcript of Proceedings, October 6, 2016, at 18]

Defendants and Plaintiffs in Intervention then submitted a Modified Settlement Agreement. That Modified Settlement Agreement did not provide for any new or additional consideration, and it contained a "narrowed" release that still provided for a broad release of all claims brought by the "T2 Plaintiffs" against Defendants. Nevertheless, this Court entered an order approving the Modified Settlement Agreement, which contained a broad dismissal of claims with prejudice:

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

[Order, October 21, 2016, at 3 (emphasis supplied).]

After this Court entered the October 21 Order, Defendant RDI issued a press release suggesting that the claims had been released as to all stockholders:

> LOS ANGELES--(BUSINESS WIRE)-- Reading International, Inc. (NASDAQ: RDI) announced today that the District Court of the State of Nevada entered its Final Judgment on October 20, 2016, dismissing with prejudice all claims against our Company's directors (the "Derivative Claims") contained in the derivative lawsuit brought by various funds managed by Messrs. Whitney Tilson and Jonathan M. Glaser (the "Plaintiff Stockholders"). The parties modified the terms of the Settlement Agreement and Release of Claims previously filed by the Company in its Form 8-K filed with the Securities and Exchange Commission on July 13, 2016, to address concerns expressed by the District Court as to the scope and extent of certain releases. As modified, the District Court found the settlement agreement to be "fair, reasonable, adequate and in the best interest of stockholders." The Court's Order provided that all parties will be responsible for their own legal fees and expenses. No compensation was paid to the Plaintiff Stockholders in connection with the settlement.
>
> Ellen Cotter, Chair, President and Chief Executive Officer, commented, "We are pleased to have resolved this matter. We remain focused on driving long-term value for all Reading stockholders and appreciate the support of stockholders like Messrs. Glaser and Tilson as we pursue this important objective."

[Press Release, attached as Appendix A]

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III. ARGUMENT

A. This Court Should Not Approve Any Release.

In approving a settlement agreement and entering an order or judgment on that settlement on shareholder derivative claims, a court has an obligation to ensure that settlement is fair and reasonable, weighing in the interests of shareholders who are not parties to the agreement and whose rights may be affected by any order or judgment entered by the Court. *See Strategic Asset Mgmt., Inc. v. Nicholson*, No. Civ. A. 20360-NC, 2004 WL 1192088, at *2 (Del. Ch. May 20, 2004). Thus, a court should not approve a proposed settlement unless the court has sufficient information to responsibly "conclude that the consideration proposed to be paid and in consideration of the claims to be settled and release[d] is fair and adequate." *In re Republic Am. Corp. Litig.*, Civ. A. No. 10112, 1989 WL 31551, at *1 (Del. Ch. Apr. 4, 1989).

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

Here, the settlement provides no consideration to or for RDI. As this Court correctly recognized on October 6, 2016, the settlement lacks adequate consideration to support a release of claims, as distinct from a voluntary dismissal. Indeed, the only consideration any of the Defendants or the Plaintiffs in Intervention could suggest was that a loan would be paid back to RDI. That, however, is no consideration at all, as the obligation to pay the loan already exists independent of any settlement. As noted above, the modified settlement agreement contains no new consideration to support any release. As a result, the settlement cannot be approved with any release in it, much less any release of claims that could be brought by any RDI shareholder(s).

B. The Scope of the Dismissal is Overly Broad.

In addition to ensuring that a settlement release is supported by adequate consideration, in approving a settlement and entering an order based upon it, this Court is required to scrutinize the scope of the proposed final order and/or judgment. *In Re Lousiana- Pacific Derivative Litig.*, 705 A.2d 238 (Del. Ch. 1997).

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This Court rejected the settlement and Order based upon the fact that there was not adequate consideration to support a broad release of all claims by all RDI shareholders (and as pointed out above, that is still the case), and it was correct to do so. And, as pointed out above, Defendants have conceded that none of Plaintiff's derivative claims against Defendants were intended to be or should be impacted by the settlement.

Nevertheless, the Order entered by this Court is broadly worded such that it could be argued all derivative claims made by the "T2 Plaintiffs" have been dismissed with prejudice. Indeed, that is exactly what RDI stated in a press release. (See Ex. A attached hereto.) The Order should be clarified to specify that the order of dismissal is entered only as to the "T2 Plaintiffs" and does not alter any claims brought by Plaintiff or any other RDI shareholder who was not a party to the Settlement Agreement. If, on the other hand, this was an intended result, the Order is contrary to law and should be reconsidered for the reasons stated above.

IV. CONCLUSION

For the foregoing reasons, this Court should reconsider or clarify its Order of October 21, 2016, to permit Plaintiff and RDI shareholders who are not parties to the settlement to pursue any and all claims against Defendants.

DATED this 4th day of November, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum
Mark G. Krum (Nevada Bar No. 10913)
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5958

Attorneys for Plaintiff
James J. Cotter, Jr.

Lewis Roca ROTHGERBER CHRISTIE
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CERTIFICATE OF SERVICE

I hereby certify that on this 4th day of November, 2016, I caused a true and correct copy of the foregoing **PLAINTIFF JAMES J. COTTER, JR.'S MOTION TO RECONSIDER THE COURT'S ORDER APPROVING SETTLEMENT AND DISMISSING THE T2 COMPLAINT** to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

/s/ Dana Provost
An employee of Lewis Roca Rothgerber Christie LLP

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EXHIBIT A

READING INTERNATIONAL

Reading International Announces Final Judgment Dismissal of Derivative Lawsuit With Prejudice

October 26, 2016 08:00 AM Eastern Daylight Time

LOS ANGELES--(BUSINESS WIRE)--Reading International, Inc. (NASDAQ: RDI) announced today that the District Court of the State of Nevada entered its Final Judgment on October 20, 2016, dismissing with prejudice all claims against our Company's directors (the "Derivative Claims") contained in the derivative lawsuit brought by various funds managed by Messrs. Whitney Tilson and Jonathan M. Glaser (the "Plaintiff Stockholders"). The parties modified the terms of the Settlement Agreement and Release of Claims previously filed by the Company in its Form 8-K filed with the Securities and Exchange Commission on July 13, 2016, to address concerns expressed by the District Court as to the scope and extent of certain releases. As modified, the District Court found the settlement agreement to be "fair, reasonable, adequate and in the best interest of stockholders." The Court's Order provided that all parties will be responsible for their own legal fees and expenses. No compensation was paid to the Plaintiff Stockholders in connection with the settlement.

Ellen Cotter, Chair, President and Chief Executive Officer, commented, "We are pleased to have resolved this matter. We remain focused on driving long-term value for all Reading stockholders and appreciate the support of stockholders like Messrs. Glaser and Tilson as we pursue this important objective."

As reported in our July 13, 2016 press release, Messrs. Glaser and Tilson advised our Company in connection with the settlement of their Derivative Claims: "We are pleased with the conclusions reached by our investigations as Plaintiff Stockholders and now firmly believe that the Reading Board of Directors has and will continue to protect stockholder interests and will continue to work to maximize shareholder value over the long term. We appreciate the Company's willingness to engage in open dialogue and are excited about the Company's prospects. Our questions about the termination of James Cotter, Jr., and various transactions between Reading and members of the Cotter family - or entities they control - have been definitively addressed and put to rest. We are impressed by measures the Reading Board has made over the past year to further strengthen corporate governance. We fully support the Reading Board and management team and their strategy to create stockholder value."

About Reading International, Inc.

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

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

Reading manages its worldwide business under various brands:

- in the United States, under the
  Reading Cinema brand (http://www.readingcinemasus.com);
  Angelika Film Center brand (http://www.angelikafilmcenter.com);
  Consolidated Theatres brand (http://www.consolidatedtheatres.com);
  City Cinemas brand (http://www.citycinemas.com);
  Beekman Theatre brand (http://www.beekmantheatre.com);
  The Paris Theatre brand (http://www.theparistheatre.com);
  Liberty Theatres brand (http://libertytheatresusa.com);
  and Village East Cinema brand (http://villageeastcinema.com)
- in Australia, under the
  Reading Cinema brand (http://www.readingcinemas.com.au);
  Newmarket brand (http://readingnewmarket.com.au);
  and Red Yard brand (http://www.redyard.com.au)
- in New Zealand, under the
  Reading Cinema brand (http://www.readingcinemas.co.nz);
  Rialto brand (http://www.rialto.co.nz);
  Reading Properties brand (http://readingproperties.co.nz);
  Courtenay Central brand (http://www.readingcourtenay.co.nz);
  and Steer n' Beer restaurant brand (http://steernbeer.co.nz).

Contacts

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or
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Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR.,

Plaintiff,

v.

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

Defendants.

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Plaintiff,

v.

MARGARET COTTER, et al,

Defendants.

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

Coordinated with:

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

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

READING INTERNATIONAL, INC.'S STATUS REPORT RE: DISCOVERY

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READING INTERNATIONAL, INC. ("RDI") hereby submits a status report regarding the above referenced matter because it is compelled to respond to the misrepresentations made in the status report submitted by James J. Cotter, Jr. on November 23, 2016.

Plaintiff submitted his "status report" without attempting to confer with the other parties in this matter, despite this Court's request that the parties do so. Plaintiff's report provides the Court with an inaccurate overview of what has occurred, attempting to blame RDI and the Individual Defendants for delays in discovery. Putting aside its inaccuracies, however, Plaintiff's report is accurate when it states that discovery is not complete and the parties are not in a position to submit supplemental briefing on motions that the Court has continued pursuant to Nev. R. Civ. P. 56(f), or to proceed with a hearing on those motions on December 1, 2016.

The Court is well aware of the issues raised in this case and the limited discovery that remains to be completed. The status of key components of discovery are set forth below:

1. **Expert Depositions**: The parties are still attempting to complete expert depositions. Counsel for Plaintiff had limited availability in November, and thus several depositions remain to be completed including the depositions of Albert Nagy, Michael Klausner, Richard Spritz, and Alfred Osborne (started but not complete).
2. **Fact Witness Depositions**: Plaintiff has refused to schedule any of the remaining fact witness depositions. The depositions that RDI understands remain to be completed are: Judy Codding, Craig Tompkins, Doug McEachern (started but not complete), James J. Cotter, Jr. (started but not complete), Guy Adams (started but not complete), Ed Kane (started but not complete) and the PMK of RDI regarding the unsolicited expression of interest.
3. **Documents and Issues Related to the Unsolicited Expression of Interest:** Contrary to Plaintiff's assertions in his status report, RDI has produced relevant documents relating to the May 31, 2016 unsolicited expression of interest to purchase RDI stock. RDI made its initial production of such documents on September 15, 2016 and subsequent to the last hearing made supplemental productions on November 17, 2016 and November 18, 2016. Additionally, RDI formally responded to

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Plaintiff's written requests for such documents on September 15, 2016 and on November 18, 2016.

The documents produced by RDI include board minutes, email correspondence, other written correspondence, documents relating to RDI's business plan and documents relied on by Ellen Cotter in making her presentation to RDI's board in June of 2016. Ms. Cotter had limited availability for deposition in November, but will make herself available in December as RDI's designated Person Most Knowledgeable regarding the unsolicited expression of interest.

To the extent Plaintiff is not satisfied with the productions made by RDI in this regard he should initiate the meet and confer process to address his issues.

4. **Documents and Issues Related to the advice of counsel provided to Messrs. Kane and Adams regarding the 100,000 share stock option**: RDI circulated a draft order relating to the advice of counsel issue to all parties on November 10, 2016. The parties were unable to agree on the parameters of the same and competing orders were submitted to the Court for consideration and approval on November 15, 2016. As evidenced by Plaintiff's status report, there are very different opinions regarding the scope of the order and what needs to be produced. RDI believes that Plaintiff is attempting to expand the order beyond the limited issues raised in his motion and at the respective hearings.[1]

5. **Other issues raised in Plaintiff's status report**: Interestingly, Plaintiff's status report also makes reference to a supplemental production made by RDI on November 2, 2016. The production has no impact on current discovery and RDI promptly produced documents that appear to have been hidden by Cotter, Jr. before he left RDI. The bulk of such documents relate to Cotter, Jr. acknowledging his inability to effectively lead the Company by hiring a third party to provide him guidance and

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[1] RDI does not believe a status report is a proper forum for rearguing Plaintiff's initial motion and/or the motion for reconsideration and reserves all rights associated with the same. Indeed, it appears Plaintiff is attempting to use the status report as a vehicle to ask for reconsideration of an order he thinks may issue.

direction as RDI's CEO at a price of $20,000 a month to the Company. Since the use of predicative coding to identify documents for production was primarily based on searches and terms proposed by Cotter, Jr., it is not surprising such documents were not identified earlier. This is especially true given that RDI requested from Plaintiff documents referring or relating to any meetings or other efforts to collaborate with any person regarding his business strategy for RDI during his tenure as CEO of RDI[2] and Plaintiff refused to produce the same or acknowledge they even existed. It appears he resisted discovery in this area as it would demonstrate his inability to effectively run company and undermine his claims regarding his termination.

In summary, the parties were unable to complete the discovery discussed at the October 27, 2016 as quickly as RDI would have liked. RDI is committed to moving this case forward, but does not believe the pending motions can be fully resolved at the December 1, 2016 hearing. To the extent there are discovery issues that need to be resolved, RDI remains willing to "meet and confer" with Plaintiff regarding his concerns and address the same in the normal course.

DATED: this 28th day of November, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
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KARA B. HENDRICKS, ESQ.
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[2] RDI's Request for Production of Documents No. 10, propounded on December 15, 2015, specifically requested that Plaintiff: "Produce all documents evidencing, referring or relating to any meetings or other efforts to collaborate with any person regarding your business strategy for RDI during your tenure as CEO of RDI." Plaintiff objected to the request and refused to produce such documents.

CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing **READING INTERNATIONAL, INC.'S STATUS REPORT RE: DISCOVERY** to be filed and served via the Court's Wiznet E-Filing system on all registered and active parties. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED: this 28th day of November, 2016.

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

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

Coordinated with:

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

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

Jointly administered

PLAINTIFF JAMES J. COTTER, JR.'S STATUS REPORT RE: DISCOVERY

TOMPKINS, and DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

Pursuant to this Court's direction of October 27, 2016, Plaintiff James J. Cotter, Jr. ("Plaintiff"), by and through his counsel of record, submits the following Status Report concerning the progress of outstanding discovery in this above caption Action, as discussed during the October 27, 2016, hearing.

I. INTRODUCTION

Unless the Court wishes to hear argument of Plaintiff's motion in limine, there is no matter appropriately heard by the Court on December 1, the date set for a status check. Due to Defendants' continued failure to produce documents the Court ordered produced, Plaintiff is not in a position to prepare any supplemental summary judgment briefing and the end of fact discovery is neither in sight nor subject to a date certain. In particular, Defendants have not produced a single advice of counsel document; much less the many documents the Court ordered them to produce. Separately, Defendants did not make a supplemental production regarding the Offer until November 18, 2016, and that that production remains incomplete. Although all but two expert depositions will (or should be) completed by December 1, none of the remaining percipient witness depositions have been (or could be) completed.

II. DISCUSSION OF DEVELOPMENTS SINCE OCTOBER 27, 2016

A. Production of Advice of Counsel Materials

As the Court directed at the October 27 hearing, Defendants are required to produce all "advice of counsel" documents the Court ordered produced on August 30, as reflected in the Court's October 3 Order, with the sole clarification of October 27 being that the October 3 Order does not include documents or communications that the Defendants Kane or Adams did not see or

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receive. [Transcript of the Court Proceedings, October 27, 2016, at 9:17-10:3 & 17:2-5] Although Defendants on October 27 advised the Court that they would produce those documents within one week of the hearing [Transcript of Proceedings, October 27, 2016, at 36:6-7], they have produced nothing to date.

Nor have Defendants disclosed when they will produce such documents. On November 4, 2016, counsel for Plaintiff wrote to counsel for Defendants and requested that they advise when they would produce the documents ordered produced by this Court. [Correspondence, attached as Appendix A] Counsel for Plaintiff on November 7, 2016 wrote again and reiterated Defendants' obligation to produce documents pursuant to this Court's orders. [*Id.*] Counsel for Defendants did not respond.

Instead, just as they did following the August 30 hearing, Defendants have sought to subvert the Court's Orders by submitting a proposed order that is inconsistent with this Court's Order and directions. In particular, under cover of letter dated November 15, 2016, Defendants submitted a proposed order that states "that to the extent Messrs. Kane and Adams testified that they relied solely upon the advice of counsel in making their decision relating to the approval of a request by Cotter, Sr.'s Estate to exercise a 100,000 share stock option, Defendants are to produce the written legal opinion, relating to such exercise, that was provided to Messrs. Kane and Adams." This language contradicts the October 3 Court's order and October 27, hearing in two respects.

First, it changes the Court's finding that Adams and Kane relied solely on the advice of counsel to what amounts to an option for counsel for Defendants to decide whether Adams and Kane did so ("to the extent Messrs. Kane and Adams testified that they relied solely …"). Respectfully, that ship has sailed, as the Court made clear at the October 27, hearing. Adams and Kane so testified; there is to be no cherry picking by counsel of the documents the Court ordered produced, which is exactly what the language of their proposed order will empower them to do.

Second, Defendants attempt to change the Court's October 3 Order, which refers to several categories of documents and communications to a single document. That was never this Court's ruling. The October 3 Order identified communications from three different sets of lawyers

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(including Tompkins) and ordered them produced. The motion to clarify was granted only in one respect, to specify that the October 3 Order did not include attorney work product that was not communicated to Kane and Adams. The Court's comments on October 27 made clear that the Court intended for those categories of items listed in its October 3 order to remain.

As this Court stated during the October 27 Hearing:

- If any of that stuff was provided to Mr. Kane and Adams for their ability to review and rely upon, it needs to be produced. If it wasn't provided to them and it's simply the basis of counsel's work product, that's a different issue. [Transcript of Proceedings, October 27, 2016, at 9:21-25]

- That's why I said the legal opinion referenced by them as having been relied upon shall be produced by defendants. And then I listed a whole bunch of things that could have been provided to them for them to review as part of their reliance upon that attorney's opinion. [Transcript of Proceedings, October 27, 2016, at 11:12-17]

- Mr. Ferrario, I'm not going to talk to you about a hypothetical case. I am talking about the facts in this case where I have two witnesses who testified that their sole basis was they relied upon the representations or the opinion of counsel in making a determination. That's this case. That's the one I'm deciding. [Transcript of Proceedings, October 27, 2016, at 13:10-15]

- The motion for clarification is granted in part. If document or information was not provided to Mr. Kane and Adams, it does not fall within the delineated items that are included on the October 3rd order, okay. [Transcript of Proceedings, October 27, 2016, at 17:2-5]

- So let me cut to the chase. When are you going to produce the rest of the documents that we discussed this morning and resolve the issue with Mr. Krum about whether he believes your last production pursuant to the order compelling you was sufficient or not? [Transcript of Proceedings, October 27, 2016, at 32:12-16]

As observed above, this is the second attempt by Defendants to subvert the Court's ruling (the prior one followed the August 30, 2016 hearing). Likely they will take a writ if they are unsuccessful. To the point for present purposes, nothing has changed since October 27 (or August 30). Defendants still have not produced the "advice of counsel" documents the Court ordered produced.

B. Late and Incomplete Production of Offer-Related Documents

As discussed during the October 27 Hearing, another outstanding issue is documents relating to an offer to purchase all of the outstanding stock of RDI at a premium to the price at which it traded in the market (the "Offer"). [Transcript of Proceedings, October 27, 2016, at

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19:10-20:6 & 60:24-61:8] Because discovery had not completed on that issue, among others, Court granted Plaintiff Rule 56(f) relief, including with respect to Defendants' Motion for Summary Judgment concerning the Offer. [*Id.* at 62:21-63:3]

On November 11, 2016, Plaintiff made a supplemental production of 81 documents regarding the Offer, including information he received from news outlets and Defendants in the last two months. [Correspondence, attached as Appendix B]

On November 18, 2016, apparently in response, Defendants made a supplemental production of documents pertaining to the Offer. That production, however, was incomplete. For instance, Defendants still have not produced the documents prepared for and used by Ellen Cotter to give her oral presentation regarding the value of RDI at the June 23rd Board meeting concerning the Offer.

C. Late Production of Communications

Despite Defendants repeated insistence that discovery was complete and that they had produced all discoverable documents [*see e.g.,* Transcript of Proceedings, October 27, 2016, at 33:3-17], on November 2, 2016, Defendants made a supplemental production of documents apparently retrieved from James Cotter, Jr.'s Company computer. These documents could and should have been produced prior to the initial discovery deadline. Plaintiff inquired why they were produced at all and, separately, why they were not produced previously. [Correspondence, attached as Appendix C] Defendants did not response. Plaintiff reserves its rights to seek appropriate relief with respect to documents.

D. Depositions

As discussed October 27 Hearing, the parties then needed to complete depositions of Doug McEachern, Guy Adams, Ed Kane, Craig Tompkins, James Cotter, Jr., Judith Codding, Ellen Cotter as RDI's designated Rule 30(b)(6) witness, as well as five expert witnesses. [Transcript of Proceedings, October 27, 2016, at 31:18-32:7, 34:18-24 & 37:12-13] As to the fact witnesses, those depositions could not be completed until Defendants produced the document the Court on August 30, 2016 ordered produced, namely, documents related to advice of counsel and to the Offer. [*Id.*]

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

Assuming depositions proceed as scheduled on November 29 (Orange County California) and 30 (northern California), by December 1, all but two expert depositions will have been completed. One was commenced but not completed and presently is not scheduled. The other is set for December 7, 2016.

None of the fact witness depositions have been scheduled, much less completed. Nor can they be until Defendants produce the documents the Court on August 30, 2016 ordered produced. Thus, Defendants continue to delay the completion of fact discovery.

III. CONCLUSION

As to summary judgment motions, none of the discovery to which Plaintiff is entitled has been completed and, except for one supplemental production of documents by the Company on November 18, none has occurred. Rule 56(f) discovery therefore has not occurred. Nor has the other outstanding discovery been completed. Therefore, there is no point in wasting the Court's resources having summary judgment argument on December 1, 2016. The only matter not heard on October 27 that the Court may wish to hear on December 1 is Plaintiff's motion in limine.

As was the case at the October 27 hearing, because discovery has not been completed (and there is not even an anticipated date on which it will be completed due to Defendants' continued delays in document production), this matter has not reached a point at which a trial date reasonably can be scheduled due to the unknowns of what Defendants will do (e.g., take a writ, fail to produce documents ordered produced, etc.). Only if and when Defendants satisfy their discovery obligations and produce documents and communications as directed by this Court multiple times, can depositions may be scheduled and completed, following which summary judgment briefing can be completed and trial scheduled.

DATED this 23rd day of November, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum
Mark G. Krum (Nevada Bar No. 10913)
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5958

Attorneys for Plaintiff
James J. Cotter, Jr.

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

CERTIFICATE OF SERVICE

I hereby certify that on this 23rd day of November, 2016, I caused a true and correct copy of the foregoing **PLAINTIFF JAMES J. COTTER, JR.'S STATUS REPORT RE: DISCOVERY** to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

/s/ Dana Provost
An employee of Lewis Roca Rothgerber Christie LLP

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

INDEX

APPENDIX A

From: Provost, Dana
Sent: Friday, November 04, 2016 12:08 PM
To: 'ferrariom@gtlaw.com'; 'marshallsearcy@quinnemanuel.com'
Cc: Krum, Mark; Story, Kirstin A.; Foley, Erik
Subject: James J. Cotter, Jr. v. Margaret Cotter, et al. - Case No. A-15-719860-B
Attachments: 2016.11.04 ltr to Ferrario & Searcy (Final).PDF

Counsel:

Please find the attached letter directed to you from Mr. Krum.

Dana Provost
Legal Secretary
702.949.8202 office
702.949.8398 fax
dprovost@lrrc.com

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Mark G. Krum
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Nevada and New York
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702.216.6234 fax
mkrum@lrrc.com

November 4, 2016

VIA ELECTRONIC MAIL

Mark E. Ferrario
GREENBERG TRAURIG, LLP
3773 Howard Hughes Pkwy.
Suite 400 N
Las Vegas, NV 89169
ferrariom@gtlaw.com

Marshall Searcy
QUINN EMANUEL URQUHART & SULLIVAN, LLP
865 South Figueroa Street, 10th Floor
Los Angeles, CA 90017
marshallsearcy@quinnemanuel.com

Re: *James J. Cotter, Jr. v. Margaret Cotter, et al.*
Case No. A-15-719860-B

Dear Counsel,

This letter is to follow up on your client's obligation to disclose attorney-client communications received by Messrs. Kane and Adams regarding Ellen and Margaret Cotter's exercise of the supposed 100,000 share option, as discussed at the hearing that took place on October 27, 2016.

In particular, as you are aware, Judge Gonzales reaffirmed her October 3 order directing the production of communications to and from counsel and Messrs. Kane and Adams concerning the supposed 100,000 share option, in particular:

1. Any and all documents or communications to or from Tompkins concerning the 100,000 share option, and EC's and MC's right or ability as executors of the Estate to exercise the option;

2. Any and all communications to or from and Ellis concerning the 100,000 share option, and EC' s and MCs right or ability as executors of the Estate to exercise the option;

3. Any and all communications to or from any attorney or employee of Greenberg Traurig concerning the 100,000 share option, and EC's and MC' s right or ability as executors of the Estate to exercise the option;

4. Any and all documents, communications, materials, or information relied upon or referred to in any advice, opinion, or communication from Tompkins concerning the 100,000 share option, and EC's and MC's right or ability as executors of the Estate to exercise the option;

5. Any and all documents, communications, materials, or information relied upon or referred to in any advice, opinion, or communication from Ellis concerning the 100,000 share option, and EC's and MC's right or ability as executors of the Estate to exercise the option; and

6. Any and all documents, communications, materials, or information relied upon or referred to in any advice, opinion, or communication from any attorney or employee of Greenberg Traurig concerning the 100,000 share option, and EC's and MC's right or ability as executors of the Estate to exercise the option.

As Judge Gonzales clarified, this does not include internal attorney work papers that were not provided to Messrs. Kane and Adams.

Although Mark indicated at the hearing he believed that there is only one responsive document, the privilege logs indicate otherwise. In particular and without limitation, we have identified entries 5-20, 24-29, 49-56, 59, 64-67, 69-86, 88-92, 94-96, 106-111, 117, 119-124, 126-127, 129-134, 138, 140-144, 147-168, 170-171, 175-185, 188-189, 195-196, 202-204, 206, 211, 214-251, 254-268, 271-279, 281-286, 289-296, 303, 306-309, 318, 320 of the Kane privilege logs; entries 194-197, 202, 205, 209, 211-212, 215, 218-219, 227, 229, 231-233, 237-243, 246-258, 260-264, 267, 271-274, 673, 692-693, 696, 699, 701, 707, 715-719 of the Adams privilege logs; and entries 625-631, 635, 640, 722, 732, 1291-1292, 1339, 1343, 1347, 1351, 1578-1580, 1582, 1603, 1613-1614, 1617, 1846, 1858, 1894, 1928, 2061, 2072 of Ellen Cotter's privilege logs as potentially responsive communications.

Please advise when we may expect the communications ordered produced pursuant to the Court's October 3, 2016 to be produced.

Very truly yours,

LEWIS ROCA ROTHGERBER CHRISTIE LLP

Mark G. Krum

MGK:dkp

2011482511_1

From: Krum, Mark
Sent: Monday, November 07, 2016 11:57 AM
To: Noah Helpern
Cc: Marshall Searcy; ferrariom@gtlaw.com; Story, Kirstin A.; Foley, Erik; hendricksk@gtlaw.com
Subject: RE: James J. Cotter, Jr. v. Margaret Cotter, et al. - Case No. A-15-719860-B

Noah:

The entries for Kane and the Cotters refer to their respective logs produced in May 2016.

The Adams Log entries break down as follows:

October 2015 Log	194-197, 202, 205, 209, 211, 212, 215, 673, 692-3, 696, 699, 701, 707, 715, and 719
May 2016 Log	175, 178-180, 218-219, 227, 229, 231-233, 237-243, 246-258, 260-264, 267, 271-274

As indicated in my letter, we provided these as a nonexhaustive list of communications that, as we understand, likely fall within Judge Gonzales' order. It is not intended as a comprehensive list, nor could it be given the limited information provided in the logs. Defendants are the ones in possession of the documents and communications, and are obligated to review the universe of potentially responsive documents and communications to determine what must be produced. To reiterate, if there are any documents or communications that fall within the descriptions provided in Judge Gonzales' October 3 Order, they must be produced. If any such documents or communications are not produced (regardless of whether they are included among the privilege log entries we have suggested), Plaintiff will be required to pursue all available remedies.

Mark

From: Noah Helpern [mailto:noahhelpern@quinnemanuel.com]
Sent: Monday, November 07, 2016 10:45 AM
To: Krum, Mark
Cc: Marshall Searcy; ferrariom@gtlaw.com; Story, Kirstin A.; Foley, Erik
Subject: RE: James J. Cotter, Jr. v. Margaret Cotter, et al. - Case No. A-15-719860-B

Counsel:

With respect to the attached correspondence from Friday, Nov. 4, could you please identify (by date) which specific privilege logs the referenced entries refer to? As you are aware, certain of the defendants (including Mr. Adams, Mr. Kane, and Ms. Ellen Cotter) produced multiple privilege logs on different dates. It is not clear which logs the entries listed in your letter are meant to refer to.

Best,

Noah

From: "Provost, Dana" <DProvost@lrrc.com>
Date: November 4, 2016 at 12:08:08 PM PDT
To: "'ferrariom@gtlaw.com'" <ferrariom@gtlaw.com>, "'marshallsearcy@quinnemanuel.com'" <marshallsearcy@quinnemanuel.com>
Cc: "Krum, Mark" <MKrum@lrrc.com>, "Story, Kirstin A." <KStory@lrrc.com>, "Foley, Erik" <EFoley@lrrc.com>
Subject: James J. Cotter, Jr. v. Margaret Cotter, et al. - Case No. A-15-719860-B

Counsel:

Please find the attached letter directed to you from Mr. Krum.

Dana Provost
Legal Secretary
702.949.8202 office
702.949.8398 fax
dprovost@lrrc.com

From: Krum, Mark
Sent: Tuesday, November 15, 2016 10:51 AM
To: ferrariom@gtlaw.com; hendricksk@gtlaw.com; christayback@quinnemanuel.com; 'Marshall Searcy'; Ekwan E. Rhow (erhow@birdmarella.com); Shoshana E. Bannett (sbannett@birdmarella.com)
Cc: Foley, Erik; Sodorff, Stephanie
Subject: RE: RDI Order re mot to reconsider attorney advice

Mark and Kara,

As we naively awaited the production of documents the Court on August 30, 2016 ordered produced, on Thursday, November 10, 2016 you distributed a proposed order for the motion to reconsider or clarify heard two weeks earlier, on October 28, 2016. You requested a response before Monday and we provided a substantive response the next day, Friday. In it, we asked for a prompt reply, in view of the fact that your proposed order evidenced continuing efforts by defendants to delay if not avoid compliance with the Court's August 30, 2016 order, as our response Friday explained. Monday came and went and we received no reply from you. This effort to delay or change the Court's ruling is the same kind of exercise through which you put us following the August 30 ruling of the Court granting our motion to compel regarding advice of counsel. Respectfully, enough is enough. It had been three and one half months since the Court granted our motion, and defendants have not produced a single document in response. This question needs to be called because, among other things, it is one of the causes of the ongoing delay in completing fact discovery. For example, we cannot complete the depositions of Messrs. Adams, Kane or Tompkins without the documents the Court on August 30 ordered produced. We will send our proposed order—which we sent to you Friday— to the court today. You of course may send your proposed order, as well.

Mark

Mark G. Krum
Partner
702.949.8217 office
702.216.6234 fax
mkrum@lrrc.com

Lewis Roca Rothgerber Christie LLP
3993 Howard Hughes Parkway, Suite 600
Las Vegas, Nevada 89169
lrrc.com

From: hendricksk@gtlaw.com [mailto:hendricksk@gtlaw.com]
Sent: Friday, November 11, 2016 9:33 AM
To: Krum, Mark; marshallsearcy@quinnemanuel.com; christayback@quinnemanuel.com; erhow@birdmarella.com; sbannett@birdmarella.com
Cc: ferrariom@gtlaw.com
Subject: RE: RDI Order re mot to reconsider attorney advice

Here is an updated version of the order. If there are any additional comments please provide them to me before Monday.

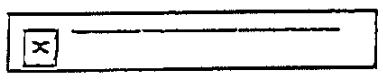
Kara

From: Hendricks, Kara (Shld-LV-LT)
Sent: Thursday, November 10, 2016 10:18 AM
To: Krum, Mark (MKrum@lrrc.com); 'Marshall Searcy'; Christopher Tayback; Ekwan E.Rhow (erhow@birdmarella.com); 'Shoshana E. Bannett'
Cc: ferrariom@gtlaw.com
Subject: RDI Order re mot to reconsider attorney advice

Attached is the draft order relating to the motion to reconsider. Please let us know of any concerns ASAP.

Kara

Kara Hendricks
Shareholder
Greenberg Traurig, LLP | Suite 400 North
3773 Howard Hughes Parkway | Las Vegas, Nevada 89169
Tel 702.938.6856
hendricksk@gtlaw.com | www.gtlaw.com



APPENDIX B

From: Sodorff, Stephanie
Sent: Friday, November 11, 2016 3:07 PM
To: 'coburnl@gtlaw.com'; 'ferrariom@gtlaw.com'; 'godfreyl@gtlaw.com'; 'sjohnson@cohenjohnson.com'; 'christayback@quinnemanuel.com'; 'marshallsearcy@quinnemanuel.com'; 'dlattin@mclrenolaw.com'; 'crenner@mclrenolaw.com'; 'eer@birdmarella.com'; 'arobertson@arobertsonlaw.com'; 'aanderson@pslrfirm.com'; 'bdm@birdmarella.com'; 'sheffieldm@gtlaw.com'; 'hendricksk@gtlaw.com'; 'sbannett@birdmarella.com'; Noah Helpern (noahhelpern@quinnemanuel.com)
Cc: Krum, Mark; Story, Kirstin A.; Foley, Erik; Provost, Dana
Subject: Cotter v. Cotter - JCOTTER015 Production

Dear counsel,
The link below will direct you to our secure file transfer site which contains our client's supplemental production of documents.

Please click on the following to download the production:

Please click on the following link to download the attachments:
https://sft.lrlaw.com/message/g6Rv5CGPxCQgh9jHpGHeXX

Volume ID: JCOTTER015
Document Count: 81
Page Count: 458
Bates range: JCOTTER017829 through JCOTTER018286

Stephanie Sodorff
Paralegal
Project Manager
602.262.0234 office
602.734.3815 fax
ssodorff@lrrc.com

Lewis Roca
ROTHGERBER CHRISTIE
Lewis Roca Rothgerber Christie LLP
201 East Washington Street, Suite 1200
Phoenix, Arizona 85004-2595
lrrc.com

APPENDIX C

From: "no-reply@tylerhost.net" <no-reply@tylerhost.net>
Date: November 2, 2016 at 5:28:45 PM MST
To: "Story, Kirstin A." <KStory@lrrc.com>
Subject: Service Notification of Filing Case(James Cotter, Jr., Plaintiff(s)vs.Margaret Cotter, Defendant(s)) Document Code:(Service Only) Filing Type:(SO) Repository ID(8755356)

This is a service filing for Case No. A-15-719860-B, James Cotter, Jr., Plaintiff(s)vs.Margaret Cotter, Defendant(s)

This message was automatically generated; do not reply to this email. Should you have any problems viewing or printing this document, please call (800)297-5377.

Submitted: 11/02/2016 04:04:45 PM
Case title: James Cotter, Jr., Plaintiff(s)vs.Margaret Cotter, Defendant(s)
Document title: Reading International, Inc.'s 24th Supplemental NRCP 16.1 Disclosure
Document code: Service Only Filing Type: SO
Repository ID: 8755356
Number of pages: 14
Filed By: Greenberg Traurig, LLP

To download the document, click on the following link shown below or copy and paste it into your browser's address bar.
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H. Stan Johnson, Esq.
Sarah Gondek

Fish & Richardson PC
Andrea Sager
Rebekah Graham
Scott C. Thomas, Esq.
Thomas M. Melsheimer, Esq.

Greenberg Traurig, LLP
6085 Joyce Heilich
7132 Andrea Rosehill
KBD Kara Hendricks
LVGTDocketing
MNQ Megan Sheffield
WTM Tami Cowden
ZCE Lee Hutcherson

Lewis Roca Rothgerber Christie
Mark Krum
Stephanie Sodorff

Lewis Roca Rothgerber Christie LLP
Dana Provost
Jessie Helm
Kirsten Story
Luz Horvath

Maupin, Cox & LeGoy
Carolyn K. Renner
Donald A. Lattin
Jennifer Salisbury
Karen Bernhardt
Katie Arnold

McDonald Carano Wilson
Aaron D. Shipley
Leah Jennings

Patti Sgro Lewis & Roger
Andrew D. Sedlock
Nelson Achaval
Stephen Lewis

Quinn Emanuel Urquhart & Sullivan, LLP
Christopher Tayback
Lauren Laiolo
Mario Gutierrez
Marshall M. Searcy III
Noah Helpern

Reading International
Craig Tompkins
Ellen Cotter
Kenneth Tucker
Margaret Cotter
Susan Villeda

Royal & Miles LLP
Ashley Andrew

Santoro Whitmire
Asmeen Olila-Stoilov
James M. Jimmerson
Jason D. Smith
Kristen Capella
Nicholas J. Santoro
Rachel Jenkins

Shepard, Mullin, Richter & Hampton LLP
Adam Streisand

Sheppard, Mullin, Richter & Hampton LLP
Dolores Gameros

SOLOMON DWIGGINS & FREER, LTD.
Alan D. Freer, Esq.

Troy Gould
William Gould

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SO $3.50

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APPENDIX D

From: Krum, Mark
Sent: Monday, November 07, 2016 12:14 PM
To: Marshall Searcy; Shoshana E. Bannett; Noah Helpern
Cc: Christopher Tayback; Ekwan E. Rhow; ferrariom@gtlaw.com; hendricksk@gtlaw.com; Sodorff, Stephanie
Subject: RE: RDI

Marshall,

I do not know to what dates you are referring, unless it is the dates that were offered without the documents the Court on August 30 ordered produced in response to (i) our motion to compel regarding the Offer and the response to it, and (ii) our motion to compel regarding advice of counsel.

Of course, that situation is effectively unchanged. The production of documents regarding the Offer and the response to it is incomplete and the production of documents regarding advice of counsel has not commenced.

Insofar as you are suggesting that your clients are not going to produce responsive documents in their possession, we obviously disagree with that, and will take such steps as are necessary to receive the documents to which we are entitled.

Until those productions are complete, I cannot conclude the remaining depositions. It would serve no purpose for me to ask you for dates or to propose dates until those productions have been completed, and it would be nonsensical for me to travel to LA to take depositions I cannot complete because documents the court ordered produced have not been produced.

I do not expect even your retired clients to be available at my beck and call. I do expect you to eventually offer dates for them that are not dates that you know pose a conflict for me.

Mark

From: Marshall Searcy [mailto:marshallsearcy@quinnemanuel.com]
Sent: Monday, November 07, 2016 10:26 AM
To: Krum, Mark; Shoshana E. Bannett; Noah Helpern
Cc: Christopher Tayback; Ekwan E. Rhow; ferrariom@gtlaw.com; hendricksk@gtlaw.com; Sodorff, Stephanie
Subject: RE: RDI

Mark, you have repeatedly turned down the depositions dates that I have offered, usually based on nothing more than your own unique view of counting days.

However, in the interest of completing these depositions, 1) if you'd like, we can complete Jim Jr.s deposition on the same day that I have proposed for Doug McEachern's; and 2) we can move the deposition of Judy Codding to Thursday instead of Friday. Plaintiff already has the individual defendants' responses on the document requests set forth in your e-mail.

In addition, you have yet to actually ask for a date for either Mr. McEachern or Ms. Codding. Despite your seeming implication to the contrary, they are not simply at your beck and call. If you wish to take their depositions on alternative dates, then please propose them.

From: Krum, Mark [mailto:MKrum@lrrc.com]
Sent: Monday, November 07, 2016 10:04 AM
To: Marshall Searcy <marshallsearcy@quinnemanuel.com>; Shoshana E. Bannett <sbannett@birdmarella.com>; Noah Helpern <noahhelpern@quinnemanuel.com>
Cc: Christopher Tayback <christayback@quinnemanuel.com>; Ekwan E. Rhow <erhow@birdmarella.com>; ferrariom@gtlaw.com; hendricksk@gtlaw.com; Sodorff, Stephanie <SSodorff@lrrc.com>
Subject: RE: RDI

Marshall,

What is the point of offering McEachern in LA on what amounts to three business days' notice? Likewise, why is Codding offered only in LA on a Friday, which you know is a travel day for me. Both McEachern and Codding are retired.

That aside, the documents the Court ordered produced need to be produced, so that we can conclude these depositions. As I have observed previously, that includes the documentation the Company generated that was used (or reviewed and not used) by Ellen Cotter in making her oral presentation to the board of directors on June 23 and subsequent documentation, including materials distributed late Friday for the board meeting today regarding the renewed offer.

I understand that some of these documents will be produced by the Company. For the convenience of all, the document requests are copied below:

REQUEST NO. 1: All documents relating to the Offer, including in particular but not limited to all documents related to the presentation of the Offer, how the Individual Director Defendants analyzed the Offer, and why they ultimately rejected the Offer.

REQUEST NO. 2: All documents relating to the Offer, including in particular but not limited to all documents related to the presentation of the Offer, how RDI analyzed the Offer, and why it ultimately rejected the Offer.

REQUEST NO. 3: All communications with anyone, including third parties, relating to the Offer, including in particular but not limited to all communications related to how the Offer came about, how the Individual Director Defendants analyzed the Offer, and why they ultimately rejected the Offer.

REQUEST NO. 4: All communications with anyone, including third parties, relating to the Offer, including in particular but not limited to all communications related to how the Offer came about, how RDI analyzed the Offer, and why it ultimately rejected the Offer.

REQUEST NO. 5: All documents relating to the "business plan" referred to in the June 23rd meeting and subsequent press release.

REQUEST NO. 6: All communications relating to the "business plan" referred to in the June 23rd meeting and subsequent press release.

Mark

Mark G. Krum
Partner
702.949.8217 office

702.216.6234 fax
mkrum@lrrc.com

Lewis Roca
ROTHGERBER CHRISTIE
Lewis Roca Rothgerber Christie LLP
3993 Howard Hughes Parkway, Suite 600
Las Vegas, Nevada 89169
lrrc.com

From: Marshall Searcy [mailto:marshallsearcy@quinnemanuel.com]
Sent: Friday, November 04, 2016 3:44 PM
To: Krum, Mark; Shoshana E. Bannett; Noah Helpern
Cc: Christopher Tayback; Ekwan E. Rhow; ferrariom@gtlaw.com; hendricksk@gtlaw.com; Sodorff, Stephanie
Subject: RE: RDI

Mark,
Doug McEachern is also available for deposition on November 10. Please let me know if you want to proceed with Doug and Judy's depositions.

From: Krum, Mark [mailto:MKrum@lrrc.com]
Sent: Friday, November 04, 2016 11:07 AM
To: Shoshana E. Bannett <sbannett@birdmarella.com>; Noah Helpern <noahhelpern@quinnemanuel.com>
Cc: Christopher Tayback <christayback@quinnemanuel.com>; Marshall Searcy <marshallsearcy@quinnemanuel.com>; Ekwan E. Rhow <erhow@birdmarella.com>; ferrariom@gtlaw.com; hendricksk@gtlaw.com; Sodorff, Stephanie <SSodorff@lrrc.com>
Subject: RE: RDI

We will make that work.

Sent from my Verizon, Samsung Galaxy smartphone

-------- Original message --------
From: "Shoshana E. Bannett" <sbannett@birdmarella.com>
Date: 11/3/16 1:26 PM (GMT-05:00)
To: "Krum, Mark" <MKrum@lrrc.com>, Noah Helpern <noahhelpern@quinnemanuel.com>
Cc: Christopher Tayback <christayback@quinnemanuel.com>, Marshall Searcy <marshallsearcy@quinnemanuel.com>, "Ekwan E. Rhow" <erhow@birdmarella.com>, ferrariom@gtlaw.com, hendricksk@gtlaw.com
Subject: RE: RDI

Dr. Osborne is available on November 17 in Los Angeles.

From: Krum, Mark [mailto:MKrum@lrrc.com]
Sent: Wednesday, November 02, 2016 4:40 PM
To: Noah Helpern; Shoshana E. Bannett
Cc: Christopher Tayback; Marshall Searcy; Ekwan E. Rhow; ferrariom@gtlaw.com; hendricksk@gtlaw.com
Subject: RE: RDI

The answer to the first question is no.

The answer to the second is that December 1 also will work. Let me know.

Sent from my Verizon, Samsung Galaxy smartphone

-------- Original message --------
From: Noah Helpern <noahhelpern@quinnemanuel.com>
Date: 11/2/16 12:42 PM (GMT-06:00)
To: "Krum, Mark" <MKrum@lrrc.com>, "Shoshana E. Bannett" <sbannett@birdmarella.com>
Cc: Christopher Tayback <christayback@quinnemanuel.com>, Marshall Searcy <marshallsearcy@quinnemanuel.com>, "Ekwan E. Rhow" <erhow@birdmarella.com>, ferrariom@gtlaw.com, hendricksk@gtlaw.com
Subject: RE: RDI

Mark, given that until late last week we were scheduled to be in trial on November 14, are you able to resolve your conflict on that day so that we can proceed with Prof. Klausner's deposition?

In addition, we have been asking for weeks for you to make Mr. Nagy and Mr. Spitz available for deposition. Are Nov. 29 and 30 their only two days of availability?

Thanks,

Noah

From: Krum, Mark [mailto:MKrum@lrrc.com]
Sent: Wednesday, November 02, 2016 10:07 AM
To: Noah Helpern <noahhelpern@quinnemanuel.com>; Shoshana E. Bannett <sbannett@birdmarella.com>
Cc: Christopher Tayback <christayback@quinnemanuel.com>; Marshall Searcy <marshallsearcy@quinnemanuel.com>; Ekwan E. Rhow <erhow@birdmarella.com>; ferrariom@gtlaw.com; hendricksk@gtlaw.com
Subject: RE: RDI

Confirm Strombom in the 16th. The dates for Osborne (11) and Klausner (14) do not work. Nagy and Spitz can be available November 29 and 30

Sent from my Verizon, Samsung Galaxy smartphone

-------- Original message --------
From: Noah Helpern <noahhelpern@quinnemanuel.com>
Date: 10/31/16 3:43 PM (GMT-05:00)
To: "Shoshana E. Bannett" <sbannett@birdmarella.com>, "Krum, Mark" <MKrum@lrrc.com>
Cc: Christopher Tayback <christayback@quinnemanuel.com>, Marshall Searcy <marshallsearcy@quinnemanuel.com>, "Ekwan E. Rhow" <erhow@birdmarella.com>, ferrariom@gtlaw.com, hendricksk@gtlaw.com
Subject: RE: RDI

In addition, Prof. Klausner can be available on Nov. 14 in the Palo Alto area.

Best,

Noah

From: Shoshana E. Bannett [mailto:sbannett@birdmarella.com]
Sent: Monday, October 31, 2016 11:04 AM
To: Noah Helpern <noahhelpern@quinnemanuel.com>; 'Krum, Mark' <MKrum@lrrc.com>
Cc: Christopher Tayback <christayback@quinnemanuel.com>; Marshall Searcy <marshallsearcy@quinnemanuel.com>; Ekwan E. Rhow <erhow@birdmarella.com>; ferrariom@gtlaw.com; hendricksk@gtlaw.com
Subject: RE: RDI

Mark –

Dr. Osborne is available on November 11 in Los Angeles. Please let us know as soon as possible if you intend to take his deposition on that day.

Thank you,
Shoshana

From: Noah Helpern [mailto:noahhelpern@quinnemanuel.com]
Sent: Sunday, October 30, 2016 12:43 PM
To: 'Krum, Mark'; Shoshana E. Bannett
Cc: Christopher Tayback; Marshall Searcy; Ekwan E. Rhow; ferrariom@gtlaw.com; hendricksk@gtlaw.com
Subject: RE: RDI

We can make Dr. Strombom available on Nov. 9 or Nov. 16 in Los Angeles.

Best,

Noah

From: Krum, Mark [mailto:MKrum@lrrc.com]
Sent: Friday, October 28, 2016 12:17 PM
To: Shoshana E. Bannett <sbannett@birdmarella.com>; Noah Helpern <noahhelpern@quinnemanuel.com>
Cc: Christopher Tayback <christayback@quinnemanuel.com>; Marshall Searcy <marshallsearcy@quinnemanuel.com>; Ekwan E. Rhow <erhow@birdmarella.com>; ferrariom@gtlaw.com; hendricksk@gtlaw.com
Subject: RE: RDI

We will need a full day for him.

Sent from my Verizon, Samsung Galaxy smartphone

-------- Original message --------
From: "Shoshana E. Bannett" <sbannett@birdmarella.com>
Date: 10/28/16 3:11 PM (GMT-05:00)
To: "Krum, Mark" <MKrum@lrrc.com>, "Noah Helpern (noahhelpern@quinnemanuel.com)" <noahhelpern@quinnemanuel.com>

Cc: christayback@quinnemanuel.com, Marshall Searcy <marshallsearcy@quinnemanuel.com>, "Ekwan E. Rhow" <erhow@birdmarella.com>, ferrariom@gtlaw.com, hendricksk@gtlaw.com
Subject: RE: RDI

Osborne is no longer available on November 2. Will look into additional dates and let you know.

From: Krum, Mark [mailto:MKrum@lrrc.com]
Sent: Thursday, October 27, 2016 5:56 PM
To: Noah Helpern (noahhelpern@quinnemanuel.com)
Cc: christayback@quinnemanuel.com; 'Marshall Searcy'; Ekwan E. Rhow; Shoshana E. Bannett; ferrariom@gtlaw.com; hendricksk@gtlaw.com
Subject: RDI

Noah, please see what dates Klausner can provide other than 11/3. We also need dates for Strombom.

Shoshana, does Osborne remain available on 11/2?

We will revert on Spitz and Nagy.

Mark G. Krum
Partner
702.949.8217 office
702.216.6234 fax
mkrum@lrrc.com

Lewis Roca
ROTHGERBER CHRISTIE
Lewis Roca Rothgerber Christie LLP
3993 Howard Hughes Parkway, Suite 600
Las Vegas, Nevada 89169
lrrc.com

This message and any attachments are intended only for the use of the individual or entity to which they are addressed. If the reader of this message or an attachment is not the intended recipient or the employee or agent responsible for delivering the message or attachment to the intended recipient you are hereby notified that any dissemination, distribution or copying of this message or any attachment is strictly prohibited. If you have received this communication in error, please notify us immediately by replying to the sender. The information transmitted in this message and any attachments may be privileged, is intended only for the personal and confidential use of the intended recipients, and is covered by the Electronic Communications Privacy Act, 18 U.S.C. §2510-2521.

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APEN
Mark G. Krum (SBN 10913)
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.,

Plaintiff,

vs.

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

Defendants.

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Plaintiffs,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO DEFENDANT GOULD'S MOTION FOR SUMMARY JUDGMENT (Exhibits 2, 7, 9 and 12 Filed Under Seal)

2011110106_1

APPENDIX OF EXHIBITS

TABLE OF CONTENTS

DATED this 17th day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Mark G. Krum*
Mark G. Krum (SBN 10913)
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996
Tel: 702.949.8200
Fax: 702.949.8398

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 17th day of October, 2016, I caused a true and correct copy of the foregoing **APPENDIX OF EXHIBITS IN SUPPORT OF PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO DEFENDANT GOULD'S MOTION FOR SUMMARY JUDGMENT (Exhibits 2, 7, 9 and 12 filed under seal)** to be electronically filed and served via this Court's electronic filing system to all parties listed on the E-Service Master List.

/s/ Luz Horvath
An employee of Lewis Roca Rothgerber Christie LLP

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

Exhibit 1

Exhibit 1

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

THURSDAY, APRIL 28, 2016

VOLUME I

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER: 305144

discussed with Mr. Kane the subject of you serving as interim CEO, did you say to him, in words or substance, Have we already concluded that Jim Cotter Junior will be terminated as CEO?

A. There was a notion that we would have a board meeting and the independent directors would discuss this and there would be a vote. And I wasn't -- I wasn't sure how the vote would come out. I didn't know. But there was a -- everyone had concerns. Ed and I had a concern about it, wanted to talk about it.

Q. When was the first time you had a conversation with someone other than Ed Kane about the subject of the termination or possible termination of Jim Cotter Junior as CEO?

A. Bill Gould.

Q. And --

A. First week or so of April.

Q. Was that in person or by phone?

A. In person.

Q. Was anyone else present?

A. No.

Q. Where did that occur?

A. I went to his office. We walked across the street and had lunch. I don't know the name of

the restaurant.

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

A. I told him, We've been down this process with Jim Junior as CEO. We all wanted him to succeed. We all wanted him to take the reins and lead the company forward but there were glaring deficits. And I recounted to him how we formed this committee, if you will, resolution committee or conflicts committee, of which Tim Storey and Doug McEachern were on for the Cotter siblings to meet and talk. And McEachern told me that was -- didn't work that well.

Then we had Tim Storey acting as Jim Junior's coach. And later Tim Storey was promoted to ombudsman for this position and Tim got very involved in working with Jim Junior and coaching him. And Tim Storey was giving every month, glowing, glowing reports about how good things were going with Jim Junior.

And I disagreed with those reports and I told both Ed Kane on the phone and I told Bill Gould in person when I met him about that. And then I told Bill Gould two concerns that I had. The first concern was at some point, and I don't remember the exact date, it could have been

December, it could have been January, but Jim Junior had an analysis of movie theatres in Australia and New Zealand and their margins in Australia, and movie theatres in the USA, their margins, and there was a gap. I don't remember the precise gap but maybe it was -- the margin gap was maybe 16, 18 percent.

And Junior showed me one time in his office the spreadsheet and said, you know, Look at the gap, This is terrible. If the USA theatres operated there and had the same margins, think what the impact that would be on our earnings, et cetera, et cetera.

So there was a board meeting. I came in early for the board meeting and I went into Junior's office. In the board book, they laid out the margins for Australia and the USA. And if you adjusted the margins for the film rental in the USA compared to the film rental in Australia and New Zealand, two different markets, and you adjusted -- made adjustments for the rental, the lease rentals, it wasn't a 16 or 18 percent gap. It was like a 2 percent gap.

And Jim Junior says, Yeah, well, I don't care about that now. And this was something he was

really concerned about, I mean, for months. And then he said, Well, I'm not worried about that now. I'm concerned about the labor. The labor in Australia and New Zealand is a lot less than labor costs in the US. And I said, Well, I don't know anything about that. You're going to have to look into that.

So that was an hour before the board meeting. We went to the board meeting and Jim Junior brought up to the board this thing about the labor costs. USA theatre labor costs versus Australia and New Zealand labor costs.

And Ellen didn't really have an answer at the time. She -- she said she'd look into it, et cetera. And I thought, okay, we'll get to the bottom of it.

And later that week or the next week or the next week, I saw Andrzej Matyczynski, the ex-CFO of the company, and I said, What is this about the labor cost? Why is the labor cost so high for theaters in Australia and New Zealand -- so low in Australia and New Zealand and so high here? And Andrzej says, Well, that's easy. In the USA they allocate the G and A down to the theatre level so the theatre level labor cost looks high,

and in Australia and New Zealand, they allocate a lot of the labor costs up to G and A so the labor cost looks really low.

And I said, Does Jim Junior know this? He says, Yes, I've told him this before. And I said, We're looking at this and the board's -- he's got the board concerned about this. And Andrzej says, Yeah, I wish you all would have called me in. I could explain that.

So I told Bill Gould that -- the following: I like Jim Junior, I want him to succeed as much as anyone, but it's clear, not understanding the theatre margins, I questioned his knowledge about the business he's managing and his management style of bringing to the board this problem about labor costs.

And he hadn't even, in my opinion, properly investigated that himself. I was forming the opinion or had formed the opinion that he wasn't really learning the business and he wasn't leading us forward. And I told Bill that. I said, We've been working with Jim Junior all these months and I don't see progress.

Q. When did you tell Mr. Gould that?

A. At this lunch meeting.

Q. The lunch meeting in April?

A. In April, yes.

Q. And this -- you told him in April about this --

A. These two examples.

Q. These two examples that were raised at the board meeting in December of '14 or January of '15?

A. Yeah.

Q. And let me be clear. What you just described, was that the two concerns you talked about when you prefaced your lengthy answer?

MR. TAYBACK: Object to the -- object to the form of the question to the extent it mischaracterizes his testimony.

You can answer.

BY MR. KRUM:

Q. Let me ask it this way --

A. That's all --

Q. -- you used the term "two concerns" that you described to Mr. Gould, or words to that effect.

A. Yes.

Q. Is there anything else that falls into the category of two concerns beyond what you just

described?

A. There may have been one more concern that I can recall was about the leadership of the company and working on the budget. And Jim Junior complained that Ellen and Margaret weren't getting their budget in on a timely basis and whatnot.

I explained to Bill Gould that for the CEO, getting the division's budget, that's income they expect to receive and expenses they expect to spend. But the vision of where we're going, how we're going to lead -- where is our CEO leading our company, I said, We haven't heard a whiff of this. And I discussed this with Jim Junior several times over the last three months prior to this, and he said he's working on it. Nobody saw it; nobody heard it.

And I told Bill Gould, you know, To be a CEO, you have to lead. And I thought this was another item that raised my concern. There may have been other items we discussed over lunch regarding this matter but I don't remember them at this time.

Q. And what did Mr. Gould say at that lunch?

A. He said -- he agreed with me that Junior wasn't progressing fast. He disagreed with me that

Tim Storey wasn't doing a good job. He thought Tim Storey was doing a great job. He disagreed with me that we should act. He told me let's wait. And I said, Why are we waiting? He said, Well, let the thing be adjudicated and we'll find out how it turns out. And I said, That could take years. I think we need to make a decision what's best for the company now. And he says he wanted to wait. And I said, Bill, you and I have a different opinion about this.

Q. Did you ever tell Tim Storey you disagreed with his glowing reports about Jim Junior?

A. Yes.

Q. When?

A. It was later on. Probably around March, I would say, at a March meeting that -- along that timeline. I don't remember a specific day. But the --

Q. Was it at a board meeting?

A. Yeah, after a board meeting, yes.

Q. Okay. And what did you say and what did he say, generally?

A. I said, Tim, I appreciate your efforts. I know you're doing this with the best of

EXHIBIT 2

(Filed Separately Under Seal)

Exhibit 3

Exhibit 3

DISTRICT COURT

CLARK COUNTY, NEVADA

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

DEPOSITION OF TIMOTHY STOREY, a defendant herein, noticed by LEWIS ROCA ROTHGERBER CHRISTIE LLP, at 1453 Third Street Promenade, Santa Monica, California, at 9:28 a.m., on Friday, February 12, 2016, before Teckla T. Hollins, CSR 13125.

Job Number 291961

Q. Now having looking at this document, does that refresh your recollection of whether there was any discussion at the August 4, 2015 board meeting when Ellen announced the members of the search -- CEO search committee of whether there was any question or discussion about whether she was or might be a candidate?

A. I don't think there was.

Q. Would you have approved a candidate being a member of a search committee?

A. No.

Q. Did you have or do you have any thoughts about whether someone who is an interim CEO might be, likely is, or almost certainly is a candidate?

MR. SEARCY: Objection. Vague.

MR. RHOW: Join.

THE WITNESS: I didn't have any view around that, I don't think.

MR. KRUM:

Q. By the way, you recall at the August 4 board meeting, there was a vote with respect to board minutes from meeting in May and June?

A. Not specifically, no.

Q. Do you recall a board meeting at which you abstained from the vote to approve board minutes?

A. Was that -- I thought I was in L.A. for that meeting.

Q. I believe you were.

A. Okay. So was I at the meeting at August 4th? Because I assumed I hadn't been.

Q. Well, you know --

A. Whichever meeting it was.

Q. Let me correct it. I do not know whether you were there in person.

A. I recollect being at a board meeting in L.A., somewhere around here, where the issue of minutes was discussed, I think.

Q. And what do you recall about that discussion about that issue?

A. About the minutes? We received a series of draft minutes quite well after the meetings that they referred to, and that they were for discussion, as they usually were. And my view was that it was impossible for me to look at those meetings in detail -- I'm sorry look at those minutes in detail, and make any meaningful comment at the meeting.

I had been told, and it was apparent to me, that the minutes had been carefully prepared and reviewed and they were quite long, and it just seemed to me in the circumstances very difficult for me to make any kind of

meaningful comment around changing them to make them what I thought would accurately reflect of what was said.

Q. So did you abstain from the vote?

A. So I abstained.

Q. We're done with that document. Thank you.

Mr. Storey, let me show you what the court reporter has marked as Exhibit 31, and that's a document -- one-page document bearing production number TS 614.

A. I recognize the document.

(Whereupon the document referred to is marked by the reporter as EXHIBIT 31 for identification.)

MR. KRUM:

Q. What do you recognize it to be?

A. It is an e-mail from me to Ellen Cotter, copied to the board, asking for an update on the process to select a CEO.

Q. So does that reflect that between August 4 and September 9, you'd received no information?

A. Yes.

Q. Let me show you what the court reporter has marked as Exhibit 32, a document bearing production numbers TS 615 through 617.

A. Yes.

(Whereupon the document referred to is marked by

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 4

Exhibit 4

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

Complete caption, next page.

VIDEOTAPED DEPOSITION OF GUY ADAMS

LOS ANGELES, CALIFORNIA

FRIDAY, APRIL 29, 2016

VOLUME II

REPORTED BY: LORI RAYE, CSR NO. 7052

JOB NUMBER 305149

re-election?

A. Yes.

Q. Tell us about those communications, please.

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

You can answer.

THE WITNESS: She said they would not -- if we nominated him, that she and Margaret would not vote the shares for him to be elected.

BY MR. KRUM:

Q. And she said that to you and anybody else, or was it just you?

A. To me before -- in the office, she mentioned that to me.

Q. What was your response?

A. Okay.

Q. So --

A. I agreed with her.

Q. You said two or three weeks after the call with Mr. Storey, I believe, that someone suggested a candidate; is that right?

A. Maybe two, yeah.

Q. And who suggested who?

A. I think -- my recollection is, after

Ellen said she had someone in mind, she sent an email with Judy Codding's résumé around for us to speak to and review and consider.

Q. Between the time the special committee voted unanimously not to nominate Mr. Storey to stand for re-election and the however many weeks later Ellen Cotter sent an email with Judy Codding's résumé, what steps, if any, did the special nominating committee take to identify directorial candidates for the slot that was vacated by the decision not to renominate Mr. Storey?

MR. TAYBACK: Objection; form and foundation.

THE WITNESS: We talked about if we knew of anyone. I said I didn't know anyone that would serve on the company in these circumstances, being sued, and who's going to ultimately vote the stock and control it. No one would come aboard that I knew.

And Ed Kane said he didn't know anyone. Doug McEachern said he would think about it; he might have an idea or two. And that's where we were. And then Ellen said, I think I have a name of somebody that will serve.

///

BY MR. KRUM:

Q. Did McEachern ever suggest anyone?

A. I think -- my recollection is that Judy's name came to us while Doug was in the process.

Q. So the answer is, you don't think he did because you received a candidate from Ellen?

A. My answer is, I think he was in the process and he stopped it when he got Judy Codding's résumé.

Q. Did you have any conversations with either Ed Kane or Doug McEachern about a process or trying to create a process to identify directorial candidates?

A. Not at the nominating committee meeting, we did not. It was after the nominating committee we said we should consider this in advance and not do this up against a time -- time constraint.

Q. Well, at the time, the shareholder meeting, annual shareholders meeting had been scheduled; right?

A. I believe so, yes.

Q. So as a practical matter, you did have a time constraint, you had to have a nominee to include in the proxy statement; correct?

A. Yes.

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 5

Exhibit 5

EIGHTH JUDICIAL DISTRICT COURT
CLARK COUNTY, NEVADA

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

vs. Case No.

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

and

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

(CAPTION CONTINUED ON NEXT PAGE.)

VIDEOTAPED DEPOSITION OF 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

Q. So by the time you were terminated, it's not that -- you had not concluded that it was wasteful for the company to have both Mr. Ellis provide services as a general counsel and Mr. Tompkins to be a consulting lawyer to the company? 11:54AM

A. I do think there's a degree of waste having, again, two high-powered lawyers serving as counsel for the company.

And in fact, in terms of just going back to my testimony, that is one of the things I would have done, to have one general counsel representing the interest of the company, not have two. It just was a recipe for disaster. 11:54AM

Q. And by the time you were terminated, that was something that, even though you thought it was wasteful in your view, you hadn't undertaken to do; correct? 11:55AM

A. Correct. I didn't think it was inappropriate, given the timing and the situation. Had we had different circumstances, I certainly would have taken that ac- -- that step. 11:55AM

Q. One of the things you said that you wouldn't -- would not have done is delay -- or use outside lawyers to draft the minutes of board 11:55AM

meetings and delay in their dissemination, and you also said include fabricated information.

What information do you believe reflected in the company's board minutes has been fabricated?

MR. KRUM: Object to the characterization of the testimony. 11:56AM

THE WITNESS: I mean, there were examples of draft minutes that were prepared by Bill Ellis, who was functioning as corporate secretary, and in the first draft he had a set of minutes. 11:56AM

And once it goes to Akin Gump, who was representing the company or Ellen in terms of the -- in terms of my termination, and to Greenberg Traurig, the minutes evolve into minutes that I don't recognize and actions taken in the minutes 11:57AM that I didn't believe reflected what actually happened but that substantiated the positions that Ellen and the company wanted to take.

BY MR. TAYBACK:

Q. And can you think of a single specific statement that you recall seeing in a board minute 11:57AM that you say, that's just false, that's untrue?

A. There were a number of examples that I had related to the company with a number of the minutes.

Q. And when --

A. So I can't tell you today specifically the examples.

Q. When you say "related to the company," you mean in written correspondence; correct?

You said you objected to the minutes in some written form. 11:57AM

A. I think there were examples where I had. I had also objected orally at the meetings, saying these things didn't occur.

Like for example, I think we had discussed at the last deposition where Ellen had said, hey, let's move item No. 10 to item No. 1, and that was just one example of something that did not occur. 11:58AM

Q. And when you made objections orally at the -- to the minutes at the meeting at which those minutes were presented, in fact, your objection was recorded in the minutes; correct? 11:58AM

MR. KRUM: Objection, the document speaks for itself.

You can answer if you know. 11:58AM

THE WITNESS: I can't specifically recall.

BY MR. TAYBACK:

Q. Did you ever have your counsel draft any letters to the company objecting to the minutes that were being disseminated? 11:58AM

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

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

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

IN WITNESS WHEREOF, I have subscribed my name this 19th day of July, 2016.

JANICE SCHUTZMAN

CSR No. 9509

Exhibit 6

Exhibit 6

DISTRICT COURT

CLARK COUNTY, NEVADA

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

DEPOSITION OF TIMOTHY STOREY, a defendant herein, noticed by LEWIS ROCA ROTHGERBER CHRISTIE LLP, at 1453 Third Street Promenade, Santa Monica, California, at 9:28 a.m., on Friday, February 12, 2016, before Teckla T. Hollins, CSR 13125.

Job Number 291961

Q. Now having looking at this document, does that refresh your recollection of whether there was any discussion at the August 4, 2015 board meeting when Ellen announced the members of the search -- CEO search committee of whether there was any question or discussion about whether she was or might be a candidate?

A. I don't think there was.

Q. Would you have approved a candidate being a member of a search committee?

A. No.

Q. Did you have or do you have any thoughts about whether someone who is an interim CEO might be, likely is, or almost certainly is a candidate?

MR. SEARCY: Objection. Vague.

MR. RHOW: Join.

THE WITNESS: I didn't have any view around that, I don't think.

MR. KRUM:

Q. By the way, you recall at the August 4 board meeting, there was a vote with respect to board minutes from meeting in May and June?

A. Not specifically, no.

Q. Do you recall a board meeting at which you abstained from the vote to approve board minutes?

A. Was that -- I thought I was in L.A. for that meeting.

Q. I believe you were.

A. Okay. So was I at the meeting at August 4th? Because I assumed I hadn't been.

Q. Well, you know --

A. Whichever meeting it was.

Q. Let me correct it. I do not know whether you were there in person.

A. I recollect being at a board meeting in L.A., somewhere around here, where the issue of minutes was discussed, I think.

Q. And what do you recall about that discussion about that issue?

A. About the minutes? We received a series of draft minutes quite well after the meetings that they referred to, and that they were for discussion, as they usually were. And my view was that it was impossible for me to look at those meetings in detail -- I'm sorry look at those minutes in detail, and make any meaningful comment at the meeting.

I had been told, and it was apparent to me, that the minutes had been carefully prepared and reviewed and they were quite long, and it just seemed to me in the circumstances very difficult for me to make any kind of

meaningful comment around changing them to make them what I thought would accurately reflect of what was said.

Q. So did you abstain from the vote?

A. So I abstained.

Q. We're done with that document. Thank you.

Mr. Storey, let me show you what the court reporter has marked as Exhibit 31, and that's a document -- one-page document bearing production number TS 614.

A. I recognize the document.

(Whereupon the document referred to is marked by the reporter as EXHIBIT 31 for identification.)

MR. KRUM:

Q. What do you recognize it to be?

A. It is an e-mail from me to Ellen Cotter, copied to the board, asking for an update on the process to select a CEO.

Q. So does that reflect that between August 4 and September 9, you'd received no information?

A. Yes.

Q. Let me show you what the court reporter has marked as Exhibit 32, a document bearing production numbers TS 615 through 617.

A. Yes.

(Whereupon the document referred to is marked by

EXHIBIT 7

(Filed Separately Under Seal)

Exhibit 8

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 Coordinated with: 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

particular candidate?

A. There was a general consensus toward -- toward one -- one candidate in particular. But there was not -- the feedback from the board was, you know, "Now we think we might need more operating company experience." There was a shift.

Q. Do you recall whether Korn Ferry recommended Ellen Cotter for further assessment along with any other candidates?

A. We did -- we rec- -- we encouraged Craig Tomkins to run Ellen through the assessment process.

Q. Okay.

MS. LINDSAY: Can you please mark this as 422.

(Whereupon the document referred to was marked Defendants' Exhibit 422 by the Certified Shorthand Reporter and is attached hereto.)

BY MS. LINDSAY:

Q. Do you recognize Exhibit 422?

A. Yes.

Q. What is it?

A. It is a candidate report.

Q. For Ellen Cotter?

A. Correct.

Q. And what did you do to prepare this candidate report, if you prepared it?

A. We did this at the behest of, I believe, Craig Tomkins and formulated a resume from the internet, did some basic internet research, and then I wrote a brief assessment -- well, it's not an assessment. I wrote a brief overview of her candidacy based on my interaction with her as a search committee member.

Q. So it was based partially on your opinion of her?

A. Yeah. Starting with the professional attributes on page three.

Q. Do you recall when this candidate report was prepared?

A. I think it was just after the new year.

MR. KRUM: Excuse me. Taking Kara's line here, does this document have a production number?

MS. LINDSAY: It was produced by Korn Ferry.

MR. KRUM: Okay. Thanks.

BY MS. LINDSAY:

Q. Directing your attention to -- I'm done

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, ROBERT MAYES, was taken before me at the time and place herein set forth;

That prior to being examined, ROBERT MAYES 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 19th day of August, 2016.

PATRICIA L. HUBBARD, CSR #3400

EXHIBIT 9

(Filed Separately Under Seal)

Exhibit 10

Exhibit 10

8-K 1 rdi-20150618x8k.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): 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 Suite 900 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)).

EXH 347
DATE 6-28-16
WIT Ellen
PATRICIA HUBBARD

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.

EX-99.1 2 rdi-20150618ex991400879.htm EX-99.1

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

Exhibit 11

Exhibit 11

From: Susan Villeda
Sent: Monday, January 11, 2016 2:06 PM
To: US Cinema General Managers; US Projectionists; MarketingGroup; Rod Tengan; Jennifer Deering; ccm@readingcinemas.com.au; ccm@readingcinemas.co.nz; cinemas@readingcinemas.com.au; cinemas@readingcinemas.co.nz; Ellen Cotter; Margaret Cotter; James Cotter (jcotterprivate@gmail.com); Guy Adams; Kane; M.Wrotniak@Aminco.biz; judycodding@gmail.com; 'McEachern, Doug (US - Retired)'; Andrzej Matyczynski; Craig Tompkins; Crystal Huang; Dev Ghose; Doug Hawkins; Erin Shull; Gabriela Sanchez; Gilbert Avanes; John Goeddel; John Sittig; Jorge E. Alvarez; Josie M. Castilho; Ken Gillich; Ken Lee; Kenneth Tucker; Kristine Ngo; Laura Batista; Marcelo Axarlian; Mike Conroy; Robert Carnatz; Susan Villeda; Tara King; Terri Moore; Toni Camacho; Victor Albizures; William Boggan; William Ellis; Andrew Smoker; Denise Hughes; Kate Bost; Kelley Anderson; Linda Hogarty; Rita Samlalsingh; Robert Smerling; Scott Rosemann; Woody Brunson; Ben Deighton; David Orbach; Dominica Walsh; Grace Donald; Jason Griffiths; John Cerrone; Kevin Rispin; Kim Olney; Mark Douglas; Martin Appleby; Matthew Bourke; Ryan Fox; Shane McLaren (Cinema); Wayne Smith; Ajay Ranchord; Anita Parsot; Chris Owen; Colin Urquhart; David O'Hagan; Dawn Logan; Freeman Tong; Ginny Seo; Hadyn Bell-Norris; Jennifer Acabado; Joanne Robinson; Jonathan Rowe; Jonathan Tay; Katie Park; Lindsey Tang; Maria Florendo; Mark Kendrick; Michelle Lai; Paul Mansfield; Ricky Pillai; Robert Provoost; Ryan Santoso; Sarah Carpenter; Sonia Smith; Steve Lucas
Cc: 'wgould@troygould.com'
Subject: Appointment of President and Chief Executive Officer
Attachments: image001.jpg; Letter from Bill Gould to Employees re Appointment of President and CEO dtd 1-11-2016.pdf

Reading Directors, Management and Employees,

Sent on behalf of William D. Gould, the Company's Lead Independent Director, please see the attached letter regarding the Appointment of Ellen M. Cotter as the Company's President and Chief Executive Officer.

Regards,
Susan Villeda
Executive Assistant to CFO
6100 Center Drive, Suite 900, Los Angeles, CA 90045
O: (213) 235-2245 | F: (213) 235-2229
E: susan.villeda@readingrdi.com

EXH 390
DATE 6-29-16
WIT Gould
PATRICIA HUBBARD

READING
INTERNATIONAL

RDI0042976

058

RDI-A08221

READING
INTERNATIONAL

January 11, 2016

Re: Appointment of President & CEO

Ladies & Gentlemen:

I am very happy to announce, on behalf of the Board of Directors of Reading International, that Ellen Cotter has been appointed as our Company's permanent President and Chief Executive Officer.

Ellen has been a part of our Company for 18 years, and has served as the senior operating officer of our Company's domestic cinema operations for more than a decade. She spent a year on our behalf in Australia helping us acquire what are now some of our key assets in that country. And, since June 12, 2015, she has served as our Company's interim Chief Executive Officer.

Ellen is well known and respected in the cinema business. In 2015, Ellen was awarded a Gotham Award at the Independent Filmmaker Project Gotham Awards for her contributions to the independent film industry. She was also inducted into the ShowEast Hall of Fame.

Additionally, while serving as COO of our domestic cinemas, Ellen gained substantial hands-on real estate experience, dealing with landlords and developers while expanding our domestic cinema chain.

Over the past six months, she has effectively managed the disparate elements of our multi-national company, displaying her leadership and commitment to Reading. Furthermore, as a result of her sizable equity interest in our Company, her interests and those of our stockholders are well-aligned. Reading is her passion and her life. She is, in the view of the Board, clearly the best person to take on the duties and responsibilities of our Company's President and Chief Executive Officer.

Please join me in congratulating Ellen on her appointment.

Best,

Bill Gould
Lead Director

Reading International, Inc.
6100 Center Drive, Suite 900
Los Angeles, California 90045

t: 213.235.2240 f: 213.235.2229

www.readingrdi.com

EXHIBIT 12

(Filed Separately Under Seal)

RDI-A08224-8308
Filed Under Seal

ORDR
MARK E. FERRARIO, ESQ.
(NV BAR NO. 1625)
KARA B. HENDRICKS, ESQ.
(NV BAR NO. 7743)
GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway
Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
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ferrariom@gtlaw.com
hendricksk@gtlaw.com

Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR.,

Plaintiff,

v.

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

Defendants.

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Plaintiff,

v.

MARGARET COTTER, et al,

Defendants.

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

Coordinated with:

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

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

ORDER GRANTING SETTLEMENT WITH T2 PLAINTIFFS AND FINAL JUDGMENT

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

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

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

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

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

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

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

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

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

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

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

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

DATED this 10th day of October, 2016.

DISTRICT COURT JUDGE

JWS

Respectfully submitted by:

ROBERTSON & ASSOCIATES, LLP

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

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

GREENBERG TRAURIG, LLP

Mark E. Ferrario (NV Bar No. 1625)
Kara B. Hendricks (NV Bar No. 7743)
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HendricksK@gtlaw.com

Counsel for Reading International, Inc.

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

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

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Telephone: (702) 792-3773
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EXHIBIT 1

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

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

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

RECITALS

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

WHEREAS, that same day, Mr. Cotter, Jr. filed a lawsuit, styled as both an individual and a derivative action, and titled "James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et al." against the Company, Ellen Cotter, Margaret Cotter, Guy Adams, William Gould, Edward Kane, Douglas McEachern, and Timothy Storey in the Eighth Judicial District Court of the State of Nevada (the "James Cotter, Jr. Action").

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

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

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

Director Michael Wrotniak, and Company legal counsel, Craig Tompkins (collectively and without differentiation, the "Individual Defendants" and each an "Individual Defendant"). The Amended T2 Complaint deleted its request for an order disbanding Reading's Executive Committee and for an order "collapsing the Class A and B stock structure into a single class of voting stock." The Amended T2 Complaint added a request for an order setting aside the election results from the 2015 Annual Meeting of Stockholders, based on an allegation that Ellen Cotter and Margaret Cotter were not entitled to vote the shares of Class B Common Stock held of record by the Estate of James Cotter, Sr. and the Living Trust established by James Cotter, Sr.

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

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

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

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

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

TERMS

1. Incorporation of Recitals

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

2. Consideration

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

3. Reasons for Settlement

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

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

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

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

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

4. Release

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

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

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

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

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

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

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

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

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

5. Submission of Documents to Court

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

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

6. Notice Of Pendency and Settlement of Action

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

7. Non Disparagement

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

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

8. Joint Press Release

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

9. General Provisions

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

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

10. Mutual Cooperation

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

11. Interpretation of Agreement

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

12. Choice of Law

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

13. Counterparts

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

14. Attorneys' Fees

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

15. Notice in Connect with Settlement Agreement

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

T2 Plaintiffs:

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

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

16. Miscellaneous

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

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

[SIGNATURES ON FOLLOWING PAGE]

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

Dated this ____ day of _____, 2016.

T2 PARTNERS MANAGEMENT, LP

By: _____
Its: _____

Dated this ____ day of _____, 2016.

T2 QUALIFIED FUND, LP

By: _____
Its: _____

Dated this ____ day of _____, 2016.

T2 PARTNERS MANAGEMENT I, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

JMG CAPITAL MANAGEMENT, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

WHITNEY TILSON

_____

Dated this ____ day of _____, 2016.

MARGARET COTTER

_____

Dated this ____ day of _____, 2016.

T2 ACCREDITED FUND, LP

By: _____
Its: _____

Dated this ____ day of _____, 2016.

TILSON OFFSHORE FUND, LTD.

By: _____
Its: _____

Dated this ____ day of _____, 2016.

T2 PARTNERS MANAGEMENT GROUP, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

PACIFIC CAPITAL MANAGEMENT, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

JONATHAN GLASER

_____

Dated this ____ day of _____, 2016.

ELLEN COTTER

_____

Dated this ____ day of _____, 2016.

GUY ADAMS

_____

Dated this ____ day of _____, 2016.

EDWARD KANE

_____

Dated this ____ day of _____, 2016.

DOUGLAS MCEACHERN

_____

Dated this ____ day of _____, 2016.

WILLIAM GOULD

_____

Dated this ____ day of _____, 2016.

JUDY CODDING

_____

Dated this ____ day of _____, 2016.

MICHAEL WROTNIAK

_____

Dated this ____ day of _____, 2016.

CRAIG TOMPKINS

_____

Dated this ____ day of _____, 2016.

READING INTERNATIONAL, INC.

_____

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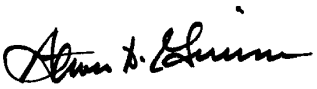

CLERK OF THE COURT

TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

JAMES COTTER, JR.	.	
	.	CASE NO. A-719860
Plaintiff	.	A-735305
	.	P-082942
vs.	.	
	.	DEPT. NO. XI
MARGARET COTTER, et al.	.	
	.	**Transcript of**
Defendants	.	**Proceedings**
. . . . .	.	

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

PRETRIAL AND SCHEDULING CONFERENCE

FRIDAY, OCTOBER 21, 2016

COURT RECORDER:	TRANSCRIPTION BY:
JILL HAWKINS District Court	FLORENCE HOYT Las Vegas, Nevada 89146

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

APPEARANCES:

FOR THE PLAINTIFF:	MARK G. KRUM, ESQ.
FOR THE DEFENDANTS:	H. STANLEY JOHNSON, ESQ. MARK E. FERRARIO, ESQ. KARA B. HENDRICKS, ESQ. MARSHALL SEARCY, ESQ.

LAS VEGAS, NEVADA, FRIDAY, OCTOBER 21, 2016, 8:50 A.M.

(Court was called to order)

THE COURT: Good morning, counsel.

So this is our pretrial conference. Trying to figure out a couple of things for your case. One of them I wanted to talk to you about and --

Mr. Ferrario, can you hear me?

MR. FERRARIO: Barely.

THE COURT: Can you move the phone up here, Kevin.

Counsel, you may when you speak need to come up to the podium so they can hear you on the phone.

Can you hear me now?

MR. FERRARIO: Yeah. Thank you.

THE COURT: Lovely. Congratulations on your daughter getting married.

MR. FERRARIO: Thank you very much.

THE COURT: So I have what I would call a passel of motions that you guys have filed, and I'm trying to figure out a way that we can get them resolved in a organized fashion.

So I guess the first question is, Mr. Ferrario -- and this may be a Ms. Hendricks question -- is when will I have replies for most of these Mr. Searcy?

MS. HENDRICKS: Today, Your Honor.

THE COURT: Okay.

MR. KRUM: Your Honor, the plaintiffs have a reply

that we'll file on Tuesday.

THE COURT: Okay.

MR. KRUM: Just a single reply, not multiple ones.

(Pause in the proceedings)

THE COURT: So I was thinking we would schedule these motions for next week to be argued.

MR. KRUM: Your Honor, we have a single motion scheduled for next Thursday, the 27th. So we're -- that -- we're already scheduled to be here then. That would be fine from plaintiff's perspective.

We have several motions scheduled for November 1. I have a conflict with that. The several motions I think are the motions to which you're referring. So the 27th from the plaintiff's perspective would be fine. As I said, we're filing only a single reply next Tuesday, the 25th, I guess.

THE COURT: So is everybody okay with doing the 27th?

MR. FERRARIO: Yes, Your Honor, from Reading's perspective.

THE COURT: Okay. The problem with --

MS. BANNETT: Yes, from William Gould's perspective.

THE COURT: I'm going to start you at 1:00 o'clock on the 27th, and we're going to go until we're done.

Now, I do have a criminal evidentiary hearing that morning, but I have been told it is only a two-hour hearing,

and I set it to start at 9:30. So they've got a little window in case they're messed up.

So the 27th we'll hear all the motions. Assume every one of the motions is denied. Just make that assumption with me now, including your motion to continue. How long will your case take for trial?

MR. KRUM: My guess, Your Honor, is three weeks.

MR. SEARCY: That's along the lines of what we've estimated, as well, Your Honor.

THE COURT: Then I'm going to give you a piece of information. I was in the middle of a capital murder case, in the second week of it, when a procedural issue arose which caused me to suspend that trial, which I will resume an evidentiary hearing related to that procedural issue on November 29th and November 27th [sic]. That means I don't have three weeks in a row for you on this stack. So I can't fix what happened in the criminal case. And because it's a capital murder case, I have to do this process that I have to go through regardless of whether it was timely or not by the defense. So it creates a problem for somebody who wants three weeks. So if you really think you're three weeks, I've got to work with you to find other options.

MR. KRUM: We do.

MR. FERRARIO: I think it's at least three weeks.

THE COURT: Okay. So then I will see you on the

27th, we will rule on all the motions, and then we figure out what I'm going to do after that.

MS. HENDRICKS; Your Honor, in the past when we've had a lot of motions you've asked that we put them in a binder. Do you want us to do that?

THE COURT: Jonathan's pretty well on top of that, because I made he and Dulce do the list. You know, I do still have the exemplar I show to Mr. Ferrario every time when I ask for a motion binder, if you need to see it. But I think Jonathan's on top of it.

MS. HENDRICKS; I just wanted to make sure we make it as easy as possible, since there are so many.

THE LAW CLERK: Thanks. I appreciate it.

THE COURT: Do you need their help, or are you okay?

THE LAW CLERK: I'll be okay.

MS. HENDRICKS; All right. Thanks, Jonathan.

THE COURT: Because he's been working on it because we've been trying to identify how we were going to manage this. And then, of course, when I have the criminal trial not going, I have time to hear your motions and set you aside a block of time. So, I mean, there's one benefit to it having this procedural problem, but then there's a really bad part of it for you.

So I will see you guys October 27th at 1:00 p.m. for everything. And after we rule on the motions I will ask you

some more questions about your trial stuff, and then we will have a discussion about what we're going to do.

MR. KRUM: Very good. Thank you, Your Honor.

HENDRICKS: Sounds good.

THE COURT: Anything else?

MR. FERRARIO: Your Honor, just -- and that includes the motion that was previously set for the morning of the 27th, that would get kicked to 1:00, as well; right?

THE COURT: And I thought we were moving -- wasn't there something on November 1st we were going to move? I'm moving all the motions.

MR. FERRARIO: All of them. Okay.

THE COURT: Every motion that's scheduled between now and 11/3 to -- till 10/27 at 1:00 p.m.

MR. FERRARIO: Thank you.

THE COURT: Dulce said okay. She's going to make it happen. I don't know what it's going to look like, but that's -- and, as you guys know from being in here other times, I have a tendency to say, I'd rather start with this motion instead of the ones you want to start with, because to me there's a flow in my analysis which may be different than how you're analyzing it. So please work with me if I say that.

MR. KRUM: Of course.

THE COURT: Because I have a plan on how to get where I've got to go, and I have some issues that I think are

interrelated. You may not see it quite the way I do. So I try and group them together sometimes, okay.

MS. HENDRICKS: Okay. Thank you, Your Honor.

THE PROCEEDINGS CONCLUDED AT 8:57 A.M.

* * * * *

CERTIFICATION

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

AFFIRMATION

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

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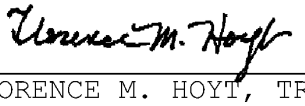
Las Vegas, Nevada 89146



FLORENCE M. HOYT, TRANSCRIBER

10/24/16

DATE

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Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

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

Plaintiffs,

vs.

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

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

Coordinated with:

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

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

Jointly administered

PLAINTIFF JAMES J. COTTER, JR.'S REPLY IN SUPPORT OF MOTION FOR PARTIAL SUMMARY JUDGMENT

TOMPKINS, and DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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Plaintiff James J. Cotter, Jr., ("JJC" or "Plaintiff"), by and through his attorney Mark G. Krum of Lewis Roca Rothgerber Christie LLP, files this Reply in Support of his Motion for Partial Summary Judgment (the "Motion"), as follows.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

In his motion for summary judgment ("MSJ"), plaintiff James J. Cotter, Jr. ("Plaintiff" or "JJC") evidenced the following undisputed facts:

- In March 2015, then director Timothy Storey was appointed "ombudsman" to work with Plaintiff and to "mediate any disputes between him and other executives," i.e., his sisters, Ellen and Margaret Cotter. (Quotation from Opposition of the Interested Director Defendants at 9:12-15.)

- On May 19, 2015, Ellen Cotter as Chairman of the RDI Board of Directors distributed an agenda for a supposed special meeting of the Board on May 21, 2015, the first item of which was "Status of President and CEO."

- The agenda item "Status of President and CEO" proved to be about the termination of Plaintiff as President and CEO of RDI.

- Prior to May 19, 2015, Director Defendants Ed Kane, Guy Adams and Doug McEachern each had communicated with Ellen Cotter and/or each other their agreement to vote to terminate Plaintiff as President and CEO of RDI.

- No termination vote was had at the May 21, 2015 supposed special meeting of the RDI Board of Directors but, a few days later, on or about May 27, 2015, an attorney representing Ellen and Margaret Cotter transmitted to an attorney representing JJC a document containing terms to which Ellen and Margaret Cotter would agree to resolve disputes with JJC, including disputes that were the subject of a prior pending action in California regarding trust and estate matters (the "California Trust Action").

- At a supposed RDI Board of Directors meeting beginning in the morning of May 29, 2015, the meeting adjourned in the afternoon with a majority of the non-Cotter directors, meaning Kane, Adams and McEachern, advising Plaintiff that he needed to strike a global resolution of disputes with his sisters or the vote to terminate him would proceed when the supposed meeting reconvened telephonically at 6:00 p.m. that evening.

- During the call at or about 6:00 p.m. on May 29, 2015, Ellen Cotter reported that she and Margaret had reached a tentative global resolution of disputes with Plaintiff, and that lawyers would prepare documentation to complete it. No termination vote was taken.

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- On or about June 8, 2015, JJC communicated to Ellen and Margaret Cotter that he could not agree to the terms embodied in the document provided to his trust lawyer on or about June 3, 2015, by the trust lawyer representing Ellen and Margaret Cotter.

- Ellen responded by calling a supposed special meeting of the RDI Board of Directors on June 12, 2015. At that supposed meeting, a vote was taken and each of Kane, Adams and McEachern (and Ellen and Margaret Cotter) voted to terminate Plaintiff.

- The Tim Story Ombudsman process was aborted by the events described above.

In their Oppositions, the Defendants do not address any of the foregoing matters, except that they acknowledge that Tim Storey was appointed ombudsman in March 2015 and point out that there is disagreement between and among the directors as to whether that process was to continue into June. Otherwise, they ignore the foregoing undisputed facts. Instead, the Interested Director Defendants obfuscate. To that end, they spend page after page talking about Plaintiff's supposed historical failings as President and CEO and then, as if the matter miraculously arose for deliberation on May 21, 2015, mischaracterize what happened at the May 21 and 29 and June 12 supposed board meetings as deliberations. Even were that fiction actual facts, none of it disputes the material facts set forth above. Therefore, Plaintiff has presented the Court with a set of undisputed material facts upon which his MSJ is based.

As to the legal analysis, Defendants proffer arguments that attempt to recast this case as an employment action, which the Court previously has determined that it is not, and then cite to a series of inapposite cases for the proposition that RDI's Board had the authority to terminate Plaintiff, whose rights as a shareholder they again argue are subsumed by his rights under an executive employment agreement. Based on those erroneous premises and inapposite case after inapposite case, the Interested Director Defendants conclude that they could have not breached (presumably non-existent) fiduciary obligations in taking the actions they did – to threaten Plaintiff with termination if he did not resolve disputes with his sisters on terms they required and,

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when he failed to do so, to terminate him. As demonstrated below, those arguments are unavailing, at best.

Perhaps recognizing the foregoing, the Defendants also argue that the business judgment rule is not a rebuttable presumption, that the only exceptions to it are statutory provisions concerning other matters, and that the business judgment rule therefore immunizes them from liability for their conduct. These arguments also are erroneous as a matter of law. As demonstrated in Plaintiff's Motion and herein, where, as here, a majority of the directors who approve a challenged action lack disinterestedness, independence or both, Plaintiff has rebutted the presumptions of the business judgment rule and the entire fairness standard applies. Under the entire fairness standard, the Director Defendants are required to demonstrate the entire fairness of both the process resulting in the decision to terminate Plaintiff, and the entire fairness of the result, here, termination following a failure to acquiesce to threats of termination. As the facts above make clear, and as is shown below, the Director Defendants cannot meet that objective burden.

For the foregoing reasons, Plaintiff respectfully submits that his MSJ should be granted.

II. FACTS WARRANTING RELIEF

The Interested Director Defendants purported statement of facts is an effort at obfuscation predicated on after the fact "assessments" of Plaintiff's management and performance that supposedly occurred months before the relevant termination vote. What they have not done, and cannot do, is to dispute the facts and circumstances leading to and surrounding the vote itself, upon which Plaintiff's Motion for Partial Summary Judgment is based.

Defendants cannot dispute that, on Tuesday, May 19, 2015, Ellen Cotter first distributed an agenda for a supposed RDI Board of Directors special meeting on Thursday, May 21, 2015. (Declaration of James J. Cotter, Jr., submitted with Motion, at ¶ 10; Motion Appendix Ex. 1 (EC 6/16/26 Dep. Tr. 171:14-175-16); Motion Appendix Ex. 34 (Dep. Ex. 338).) The first item on the agenda was entitled "Status of President and CEO" – (purposefully disguised phraseology that employed the same words as subsequent agenda items—none of which concerned termination. *Id.*

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Defendants cannot dispute that, even before May 19, 2015, each of Adams and Kane (and McEachern) communicated to Ellen Cotter and/or between or among themselves their respective agreement to vote as RDI directors to terminate Plaintiff as President and CEO of RDI. (Motion Appendix Ex. 1 (EC 6/16/16 Dep. Tr. 175:17- 176:8); Motion Appendix Ex. 5 (Storey 2/12/16 Dep. Tr. At 96:5-91:4, 98:21-100:8, 100:14-101:11); Motion Appendix Ex. 9 (Adams 4/28/16 Dep. Tr. At 98:7-17; 98:18-99:22); Motion Appendix Ex. 9 (Adams 4/29/16 Dep. Tr. 378:15-370:5); *see also* Motion Appendix Ex. 6 (TS 8/31/16 Dep. Tr. 66:22-67:20) and Motion Appendix Ex. 26 (Dep. Ex 131).) For example, on May 18, 2016, Kane sent an email to Adams in which he (Kane) agreed to second the motion for Plaintiff's termination, if necessary, and acknowledged his lack of disinterestedness:

> 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.

(Motion Appendix Ex. 19 (Dep. Ex. 81 at GA00005500) (emphasis supplied).)

And, in a May 19, 2015 email to Kane, Adams acknowledged both Kane's lack of disinterestedness and that the two of them 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.

(Motion Appendix Ex. 21 (Adams Dep. Ex. 85 at GA0000554'l 15 (emphasis supplied); *see also* Motion Appendix Ex. 6 (TS 8/3/16 Dep. Tr. 65:12-66:20).)

Defendants cannot dispute that, prior to the May 21, 2015, meeting Kane and Adams discussed other motions related to Plaintiff's termination, such as to appoint an interim CEO. (Motion Appendix Ex. 9 (Adams 4/29/16 Dep. at 366:5-367:6); s*ee also* Motion Appendix Ex. 20 (Adams Dep. Ex. 82 at GA00005502-03). Importantly, Directors Gould and/or Storey contemporaneously memorialized that the non-Cotter directors had not undertaken an appropriate

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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 in fact warned the others that they all could "face possible claims for breach of fiduciary duty if the Board takes action without following a process . . . ." (Motion 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 Ellen and Margaret Cotter,] asks." (Motion Appendix Ex. 22 (Kane Dep. Ex. 116).) In the face of this, however, Kane responded they did not need to meet, stating that "the die is cast." (Motion Appendix Ex. 23 (EK Dep. Ex. 117 at TS000069).)

Nor can Defendants dispute how intertwined Ellen and Margaret Cotter's personal demands that Plaintiff resolve trust disputes on terms satisfactory to the two of them were with what Plaintiff was told he must do to avoid termination as President and CEO. This is plainly reflected in the settlement document transmitted by their trust lawyer Susman on May 27, 2015. (*See* JCC Dec. at ¶ 12; Motion Appendix Ex. 4 (MC 6/15/16 Dep. Tr. 154:19-156:19); Motion Appendix Ex. 32 (Dep. Ex. 322).) The fact that Ellen and Margaret Cotter's personal agenda drove the termination decision was reinforced by Kane when he emailed Plaintiff the day after the document was transmitted:

> 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 -- . . .

(Motion Appendix Ex. 1(MC 6/16/16 Dep. Tr. 185:13-186:9); Motion Appendix Ex. 24 (Dep. Ex. 118).)

On Friday, May 29, before the supposed RDI board of directors special meeting commenced, Ellen and Margaret Cotter met with JJC. They discussed that the document that had been conveyed by their lawyer 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).

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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. (Declaration of James J. Cotter, Jr., submitted with Motion 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.*) As reflected in Storey's contemporaneous handwritten notes:

> 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).)

The Board reconvened at or about 6:00 p.m. on Friday, May 29, 2015. At that time Ellen Cotter reported that she and Margaret Cotter had reached an agreement in principal with Plaintiff to resolve their disputes. Ellen Cotter concluded that, while no definitive agreement had been reached, Ellen and Margaret Cotter would have one of their lawyers provide documentation to counsel for Plaintiff. No termination vote was taken. (Declaration of James J. Cotter, Jr., submitted with Motion at ¶ 16; Motion Appendix Ex. 3 (MC 5/13/16 Dep. Tr. at 368:13-369:22; *see also* Appendix Ex. 15 (Dep. Ex. 17).)

Defendants cannot dispute that, on June 8, 2015, after Plaintiff advised Ellen and Margaret Cotter that he could not accept their document, Margaret Cotter's response was to advise the RDI board of directors. (Declaration of James J. Cotter, Jr., submitted with Motion at ¶ 18; Motion Appendix Ex. 3 (MC 5/13/16 Dep. Tr. at 368:13-369:22); *see also* Motion Appendix Ex. 3 (MC 5/12/16 Dep. Tr. 271:22-279:7); Motion Appendix Ex. 27 (Dep. Ex. 156).). Likewise, on Wednesday afternoon, June 10, 2015, Ellen Cotter 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) . . .*" (Declaration of James J. Cotter, Jr., submitted with Motion at ¶ 19).

The Directors in turn reconvened on Friday, June 12, 2015. At that time, Adams Kane and

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McEachern, Margaret and Ellen Cotter) each voted to terminate Plaintiff. (Declaration of James J. Cotter, Jr., submitted with Motion at ¶ 20; Motion Appendix Ex. 10 (Kane 5/2/16 Dep. Tr. 191:25-192:12, 193:3-194-10); Motion Appendix Ex. 5 (Storey 2/12/16 Dep. Tr. 139:22-140-11); *see also* Motion Appendix Ex. 6 (TS 8/3/16 Dep. Tr. 75:4-76:16 and 81:22-82:6).)

III. ARGUMENT

Defendants effectively proffer two types of arguments in response to Plaintiff's MSJ. Both are erroneous as a matter of law.

The first set of arguments confuses powers or legal rights, such as the power and right to terminate Plaintiff under Nevada law and the Company's bylaws,with the issue in this case, which is whether the Director Defendants breached their fiduciary duties in threating Plaintiff with termination and, when he failed to acquiesce to those threats, terminating him. As shown below in Sections III A., B. and C., these arguments each confuse two different sets of legal issues and each is mistaken, as a matter of law.

The other sets of arguments proffered by Defendants seeks to transform the rebuttable presumptions of the business judgment rule, into a more or less absolute immunity. As shown in Section III. D., E., F. and G Defendants misread Nevada's statutory scheme and ignore Nevada and Delaware law, including well-established Nevada and Delaware law for the proposition that where, as here, the majority of the directors who took or approved the challenged actions lacked disinterestedness and/or independence, the presumptions of the business judgment rule have been rebutted and the Director Defendants bear the burden of satisfying the entire fairness standard. Likewise, Defendants erroneously argue that equitable relief is unavailable, which argument also is contrary to Nevada and Delaware law. It requires that the Director Defendants show the objective fairness of both the process and the result. Here, obviously and as demonstrated herein, they cannot do so and have not done so.

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The entire fairness standard therefore applies. It requires that the Director Defendants show the objective fairness of both the process and the result. Here, obviously and as demonstrated herein, they cannot do so and have not done so.

A. Defendants Do Not Have an Unrestricted Right to Breach Fiduciary Obligations With Respect to Officer Appointment and Termination.

The Interested Director Defendants first argue that RDI's bylaws and Nevada law provide the RDI Board with "an *express unrestricted right* to terminate Plaintiff's employment at any time and for any reason" and, based on that premise, (erroneously) conclude that, as a matter of law, they "cannot be liable for breaching fiduciary duties and violating any fundamental covenant between the company and its stockholders." (Opposition at 15:22-25). Taken to its logical end, what Defendants now claim is that they have carte blanche to do as they please, regardless of the limits on corporate and director action, including Section 78-138(1)'s restriction that all powers must be exercised in good faith and with a view to the interests of the corporation. Not surprisingly, Defendants point to no statute or case that would provide them with this extraordinary carte blanche. That is because it does not exist.

The argument that RDI's bylaws and Nevada law allow a board to terminate a CEO and that the directors therefore could not have violated their fiduciary duties in doing so is a *non sequitur* and mistaken as a matter of law. As a matter of logic, that an act is permitted does not make it necessarily not actionable, particularly where, as here, the question is whether the director defendants breached their fiduciary obligations. Given that, it is unsurprising that the cases Defendants rely upon for their nonsensical argument do not support their argument and/or are inapposite:

- *Centaur Partners, IV v. National Intergroup, Inc.* did not involve a claim for breach of fiduciary duty. As such, at no point in that case did the court hold that corporate bylaws could supersede directors' statutory obligation to act in good faith and for the best interests of the corporation. *Centaur Partners, IV v. National Intergroup, Inc.*, 582 A.2d 923 (Del. 1990).

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- In *Nahass v. Harrison*, the court held that the minority shareholder could not maintain a breach of fiduciary duty claim because the corporation was a non-statutory close corporation, which is not the case here. 2016 WL 4771059, at *6 (D. Mass. Sept. 13, 2016). As such, the court's analysis of the bylaws was based on a breach of contract analysis, not a breach of fiduciary duty analysis, which is the claim at issue in this case. *Id.*
- In *In re U.S. Eagle Corp.*, the court in fact relied on *Riblet Products Corporation v. Nagy*, and ruled that the minority stockholders in a close corporation are not liable to a minority stockholder for breach of fiduciary duty with respect to the minority shareholder's employment "when that claim is grounded *solely* in an employment dispute." 484 B.R. 640, 654 (D. N.J. 2012). As explained below, Plaintiff's claim is not grounded solely in an employment dispute – rather, the issue is the Directors using the corporate machinery (including officer appointment) to achieve their personal agendas. That is not an employment dispute, that is a derivative claim.
- *Goldstein v. Lincoln Nationals Convertible Securities Fund, Inc.* involved a shareholder challenge to the board's decision to adopt a classified board and stagger elections, actions that were expressly permitted by statute. 140 F. Supp.2d 424, 438 (E.D. Pa. 2001). Nothing in that case held that a director is totally absolved of liability in connection with officer appointments or terminations. Likewise, unlike in *Goldstein*, there is no Nevada law that expressly permits directors to utilize the corporate machinery, including the power to fire officers, as a means to achieve their own personal agendas, as was the case here.
- In *Quadrant Structured Products Company, Ltd. v. Vertin*, the court in fact recognized that, "in every case, corporate action must be *twice tested*: first, by the technical rules having to do with the existence and proper exercise of the power; *second, by equitable rules* somewhat analogous to those which apply in favor of a cestui que trust to the trustee's exercise of wide powers granted to him in the instrument making him a fiduciary." 2015 WL 5465535 (Del. Ch. Oct. 20, 2015)

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(emphasis supplied) (quoting Adolf A. Berle, *Corporate Powers As Powers In Trust*, 44 Harv. L. Rev. 1049, 1049 (1931). Thus, while the plaintiff in *Quadrant* failed to support allegations under both steps of the analysis, the case in fact undercuts Defendants' contention that the bylaws can absolve them of liability for breach of fiduciary duty because their fiduciary obligations are the necessary second step of the analysis. It is this second step on which Defendants' actions do not pass muster.

Notably, the instructive case they clearly choose not to cite at this point of their erroneous argument, *Riblet Prods. Corp v. Nagy*, 683 A.2d 37 (Del. 1996), which they subsequently miscite (at 17:25-27) for the proposition that there is no "liability for breach of fiduciary duty where stockholder/plaintiff was 'an employee of the corporation under an employment contract with respect to issues regarding employment," actually makes clear that the rights and duties owed to an individual as an employee under an employment contract are different than the rights and duties owed to that same individual as a shareholder. Of course, this Court made that very determination when it denied the Company's motion to compel arbitration. In *Riblet*, the Delaware Supreme Court stated as follows:

> This is a case governed by an employment contract. [Plaintiff] actively and successfully pursued his contractual rights as an employee. These contractual rights are separate from his rights as a stockholder.
>
> This is not a case of breach of fiduciary duty to [plaintiff] *qua* stockholder. To be sure, the Majority Stockholders may well owe fiduciary duties to [plaintiff] as a minority stockholder. But that is not the issue here.... Moreover, this is not an attempt to bring a derivative suit by plaintiff as a stockholder on behalf of the corporation...

Riblet, 683 A.2d at 40 (quotation and citation omitted).[1]

By contrast, this is a case of breach of fiduciary duty to Plaintiff *qua* stockholder because the issue is not simply his termination as Defendants suggest; it is an ongoing course of self-ealing

[1] As Chief Justice Steele testified last week: "under Delaware law the fact that you have the authority to act doesn't end the inquiry, particularly under the entire fairness standard. Our law is well established that despite being authorized either by the charter or the bylaws to take certain action, when you take the action, it must be taken equitably." [Transcript of Deposition of Myron Steele, attached as Appendix A, pgs. 57-67]

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and entrenchment that merely started with threats of termination and termination. The law provides no immunity for that.

Plaintiffs' contention Plaintiff's rights a s a shareholder are subsumed by an employment relationship and contract is nonsensical and has no support in the law. This Court should, as it has rightly done prior, reject that proposition.

B. The Legal Right or Power to Perform and Act does not Mean that the Act Cannot be Inequitable and Actionable.

Contrary to what the opposition argues, legally permissible actions may give rise to breaches of fiduciary duty. *Schnell v. Chris-Craft Indus., Inc.*, 285 A.2d 437, 439 (Del. 1971) ("inequitable action does not become permissible simply because it is legally possible."). The distinction the Opposition suggests does not exist is well-recognized in the jurisprudence of fiduciary duty law. In *Sinchareonkul v. Fahnemann*, 2015 WL 292314, at *6 (Del. Ch. Jan. 22, 2015), the court stated in this regard:

> When assessing challenges to corporate acts, Delaware law distinguishes between arguments that the act is not legally permissible and arguments that it was inequitable under the circumstances presented for those in control of the corporation to take otherwise legally permissible action. The corporate scholar and statesman Adolf A. Berle highlighted the distinction, explaining that 'in every case, corporate action must be twice tested: first, by the technical rules having to do with the existence and proper exercise of the power; second, by equitable rules somewhat analogous to those which apply in favor of a cestui que trust to the trustee's exercise of wide powers granted to him in the instrument making him a fiduciary.' Delaware adheres to the twice-testing principle.

Sinchareonkul v. Fahnemann, 2015 WL 292314, at *6 (Del. Ch. Jan. 22, 2015) (citing Adolf A. Berle, *Corporate Powers As Powers In Trust*, 44 Harv. L.Rev. 1049, 1049 (1931)).

C. The Argument that "Courts Routinely Reject Attempts to Transform an Officer's Employment into a Breach of the Fiduciary Duty Claim" Is an Exercise in Question Begging Based on a Mischaracterization of the Nature of this Action and Inapposite Cases.

The Interested Director Defendants' next argument, that termination of an executive officer can only give rise to employment claims and not claims for breach of fiduciary duty, likewise mischaracterizes the nature of this action and relies upon inapposite cases in which the plaintiff brought contract claims (whether under an employment agreement, a stockholders agreement

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and/or other contracts) to which purported breach of fiduciary duty claims were added as an afterthought.

First, as the Court full well knows (and has recognized multiple times already), this action involves an ongoing course of self-dealing and entrenchment, not a single, isolated act of terminating an executive. What Defendants have done is not a simple termination like in the cases cited in oppositions; their actions, including using an executive committee to circumvent Plaintiff and directors Storey forcibly "retiring" Storey stacking the Board with unqualified family friends, adopting the CEO search to make Ellen Cotter CEO, employing Margaret Cotter was given a highly compensated executive position for which ongoing she has no prior experience or qualifications and rejecting the Offer to do the bidding of the Cotter sisters all involve abuse of the corporate machinery and their authority as Directors of RDI. That is why there is a derivative action for breach of fiduciary duty, which provides for equitable relief.[2]

Predictably, the cases on which the Interested Director Defendants rely are inapposite employment cases, several of which actually acknowledge the distinction they seek to persuade the Court does not exist, namely, that an individual has different rights as an employee and as shareholder. For example, *Ingle v. Glamore Motor Sales,* 535 N.E.2d 1311, 538 N.Y.S.2d 771 (1989), actually acknowledges what they imply the case and the others they cite does not, namely, that individual has rights both as a contracting employee and separately as a stockholder, as follows:

> It is necessary in this case to appreciate and keep them distinct the duty… owe[d] to a minority shareholder *as a shareholder* from any duty…owe[d] him as an employee.

Ingle, 73 N.Y. S. at 187.

Likewise, *Hackett v. Marquardt & Roche/Meditz & Hackett, Inc.* Civ. No. 02-990166881S, 2002 WL 31304216, at *2 (Conn. Sup. Ct. Sept. 17, 2002), cites *Ingle* and found that the gravaman of the claim in that case was a claim for termination of employment, not a claim for breach of fiduciary duty. *Datto Inc. v. Braband, 856 F.Supp. 354, 384 (D. Conn. 2012)* in turn

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[2] As a result, and as explained below, Defendants arguments about proof of damages arising from the termination are misplaced. Because breach of fiduciary duty is an equitable claim, this Court may award relief as equity demands.

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cites *Hackett.* As the foregoing illustrates, what the Interested Director Defendants have done is to find a series of inapposite cases and miscite them with the hope that counsel for the Plaintiff and the Court will not read them. Also by way of example, *Carlson v. Hallinan,* 925 A.2d 506, 540 (Del Ch. 2006) expressly acknowledges that the decision to remove an officer is a decision that may give rise to a claim for breach of fiduciary duty. The balance of the cases they cite likewise are cases in which the action was for breach of an employment contract, not breach of directors' independent duties as fiduciaries. The only other case they cite worth mentioning is discussed above, namely, the Delaware Supreme Court decision in a *Riblet*, which (as discussed above) unequivocally undermines their legally erroneous argument that the only claim that can arise from the termination of an executive is for breach of an employment contract, and not for breach of the fiduciary duties of directors in making their decisions.[3]

This Court should continue as it has and reject Defendants' attempts to reframe this case as an employment action.

D. Under Nevada Law, the Entire Fairness Doctrine Applies Where an Action Was Not Approved By a Majority of Disinterested and Independent Directors, As Here.

Defendants also erroneously contend that the entire fairness doctrine is inconsistent with Nevada law. As Plaintiff has explained multiple times, that is not the case. On the contrary, the Nevada Supreme Court has expressly recognized "when an interested fiduciary's transactions with the corporation are challenged, the fiduciary must show good faith and the transaction's fairness." *Shoen v. SAC Holding Corp.*, 122 Nev. 621, 644 n. 61, 137 P.3d 1171, 1186 n.61 (2006) (citing *Oberly v. Kirby*, 592 A.2d 445, 469 (Del.1991) (noting that, when approval of an interested director transaction by an independent committee is not possible, the interested directors carry the burden of proving that transaction's entire fairness)). When a transaction is effected by directors with an interest in the transaction, "[t]he interested directors bear the burden of proving the entire fairness of the transaction in all its aspects, including both the fairness of the price and the fairness of the directors' dealings." *Oberly*, 592 A.2d at 469; *accord Reis v. Hazelett Strip-Casting Corp.*,

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[3] Chief Justice Steele also pointed out in his testimony last week that the CEO contract was irrelevant to the question of whether the Directors breached their fiduciary obligations because the issue is breach of fiduciary duty, not breach of contract. [Testimony of Myron Steele, attached as Appendix A, pgs. 59-67]

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28 A.3d 442, 459 (Del. Ch. 2011) ("Once entire fairness applies, the defendants must establish to the court's satisfaction that the transaction was the product of both fair dealing and fair price.") (quotation omitted). As discussed below (and as pointed out in Plaintiff's Opposition to Defendants' Motion for Summary Judgment No. 1), Defendants have not, and cannot meet that burden. As a result, summary judgment is proper.

In addition, in *Shoen*, the Nevada Supreme Court adopted the Delaware Supreme Court's holding in *Aronson v. Lewis.* 122 Nev. at 635, 137 P.3d at 1180. In *Aronson*, the court held that the business judgment rule only applies when a director is disinterested and independent:

> The function of the business judgment rule is of paramount significance in the context of a derivative action. ... However, in each of these circumstances there are certain common principles governing the application and operation of the rule.
>
> First, its protections can only be claimed by disinterested directors whose conduct otherwise meets the tests of business judgment.

Aronson v. Lewis, 473 A.2d 805, 812 (Del. 1984), *overruled on other grounds by Brehm v. Eisner*, 746 A.2d 244 (Del. 2000).

The Interested Director Defendants also argue that "[u]nder Nevada corporate law, the presumptive application of the state's business judgment rule may be called into question in only two scenarios." In support of that (erroneous) proposition, the Opposition identifies two circumstances, one in which NRS 78.139(1)(b)(2)-(4) applies (the change or potential change in control of a corporation) applies, and (ii) one in which NRS 78.140 (Nevada's statutory limitation on the common law presumption that interested transactions are void) applies. (Opposition at 21:1-22:14.) The proposition is an extraordinary and egregious misstatement of the law. Understandably, the Opposition cites no authority for it. Instead, it simply misstates the purpose and function of two statutory provisions it cites.

NRS 78.139, which concerns the duties of directors in a change of control or potential change of control circumstances, was part of the Nevada legislature's response to the decision in *Hilton Hotels Corp the ITT Corp.*, 978 F.Supp. 1342 (D. Nev. 1997). Keith Paul Bishop & Jeffrey P. Zuckerberg, *Bishop and Zucker on Nevada Corporations and Limited Liability Companies,* 10-

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5, 10-62-66 (2013). Nothing that statutory provision, nor anything in NRS 78.138, supports Defendants' contention. Nor does it follow as a matter of logic or statutory construction that a statutory provisions such as NRS 78.139, which is addresses a discrete set of circumstances, modifies well-established case law discussed above and in the Motion, which establishes that the presumptions of the business judgment rule are rebuttable.

NRS 78.140 is merely Nevada's statutory exception to the common law rule that interested transactions are void or voidable. "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. Zuckerberg, *Bishop and Zucker on Nevada Corporations and Limited Liability Companies,* § 8.16, 8-44-47 (2013). Nevada, like other states, has enacted a statutory safe harbor that protects certain conflict-of-interest transactions from being voided when certain protective measures have been taken, such as approval of the interested transaction by a disinterested majority of the board of directors. Nevada's statutory safe harbor is NRS 78.140. *Id.*

Thus, and contrary to what defendants argue, NRS 78.140 is not one of two (imaginary) statutory exceptions to the rebuttable presumptions of the business judgment rule codified in NRS 78.138. Nor does NRS 78.140 provide a definition of interestedness. NRS 78.140 provides that, absent approval of a disinterested majority of directors-- which did not occur here-- the action in question is voidable, meaning record can provide exactly the equitable relief sought by Plaintiff. As demonstrated in the Motion, Plaintiff's Opposition to Defendants' Motion for Summary Judgment No. 1, and reiterated above, Ellen and Margaret Cotter indisputably were interested in and not independent with respect to the decision to terminate Plaintiff. Likewise each of Adams and Kane lacked disinterestedness, independence, or both. Thus, the standards recognized and adopted by the Nevada Supreme Court require summary judgment in Plaintiff's favor.

E. The Court Has Rejected Defendants' Adequacy Argument Three Times and Should Do So Again.

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The Interested Director Defendants cite *Lujan v. Defenders of Wildlife*, 504 U.S. 555, 561 (1992), a case in which an issue was whether an environmental group had standing, and then proffer five erroneous factual conclusions in support of what actually is an argument that Plaintiff is an inadequate derivative plaintiff. (Opposition at 818:8-26.) Gould gives passing reference to that subject, as well. (Gould Opposition at 5:14-19.) This Court twice has rightly rejected these very arguments proffered in support of motions to dismiss and, most recently, rejected them a third time in response to the oppositions to Plaintiff's motion for leave to file a Second Amended Complaint. It should continue to do so here.

As before, Defendants proffer an incomplete list of factors typically considered in assessing the adequacy of a derivative plaintiff. (Motion at 15-18: 24.) The complete list from the inapposite case cited by Gould reads as follows:

> In determining whether a shareholder is an adequate representative, the court may also evaluate: economic antagonisms between representative and class; the remedy sought by plaintiff in the derivative action; indications that the named plaintiff was not the driving force behind the litigation; plaintiff's unfamiliarity with the litigation; other litigation between the plaintiff and defendants; the relative magnitude of plaintiff's personal interests as compared to his interest in the derivative action itself; plaintiff's vindictiveness toward the defendants; and, finally, the degree of support plaintiff was receiving from the shareholders he purported to represent.

Energytec, Inc. v. Proctor, 2008 WL 4131257, at *6-7 (N.D. Tex. Aug. 29, 2008), citing *Davis v. Comed, Inc.*, 619 F.2d 588, 593-94 (6th Cir. 1980).

Individually and collectively, the foregoing considerations weigh heavily against a determination that Plaintiff is an inadequate derivative plaintiff.

First, the consideration of economic antagonisms between the derivative plaintiff and other shareholders typically if not invariably arises in circumstances in which the derivative suit obviously is brought to provide additional leverage to the Plaintiff, who separately is pursuing direct litigation (typically against the company) in which the Plaintiff's economic interest is paramount. In other words, the question is whether the derivative plaintiff's economic interest in his personal direct claims far exceeds his economic interest in the derivative claims he has brought.

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Here, Plaintiff's obvious paramount interest is in the viability and value of RDI, in which he personally is a significant shareholder and with respect to which his three children are a majority of the beneficiaries of the trust(s) holding approximately 70% of the Company's Class B voting stock and a significant amount of the Company's Class A non-voting stock.

Second, the Interested Director Defendants attempt to transmogrify the remedy sought by Plaintiff regarding his termination into the equivalent of unemployment contract case. As shown herein, that relief is appropriately sought by way of a derivative action. Indeed, the intervening institutional shareholder plaintiffs previously sought that relief too. Finally, Plaintiff seeks additional relief, demonstrating the defendants effort to recast this case as an employment case is mistaken.

The third consideration identified in the list quoted above, indications that the named plaintiff is not a driving force behind the litigation, here clearly weighs heavily in favor of the adequacy of Plaintiff as a derivative plaintiff. Plaintiff, a significant shareholder and father of three children who are majority beneficiaries of the trust which is the largest voting shareholder of the Company, has at all times in this litigation pursued the very same interests he advanced and protected as President and CEO of the Company, namely, the best interests of the Company and all of its shareholders. No doubt for this reason, defendants ignore this consideration.

The fourth consideration, the plaintiff's familiarity or unfamiliarity with litigation, also weighs entirely in favor of the adequacy of Plaintiff as a derivative plaintiff. He not only is intimately familiar with the issues raised in this shareholder derivative action, he also is uniquely informed with respect to them. As such, he is uniquely qualified to serve as derivative plaintiff in this case. Defendants likewise ignore this consideration, in what can only be understood to be an effort to persuade the court to employ an erroneous legal test, to reach erroneous result.

As to the fifth consideration of other litigation pending between Plaintiff, on one hand, and the Company or the Interested Director Defendants, on the other hand, that consideration likewise does not weigh against the adequacy of Plaintiff as a derivative plaintiff. As the Court knows, the other litigation is a bogus arbitration brought by the Company for the purpose of making the arguments made herein, after having brought and lost a specious motion to compel arbitration.

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The sixth consideration, the relative magnitude of Plaintiff's personal interests as compared to his interest in the derivative action itself, weighs heavily in favor of the adequacy of Plaintiff as a derivative representative. As noted above, Plaintiff is a significant RDI shareholder individually. Conversely, Plaintiff's personal interest, presumably in the compensation received from being employed as President of RDI, pales in comparison to the value of his interests as an RDI shareholder.

The seventh consideration, Plaintiff's vindictiveness toward one or more of defendants, is based on what the Court previously has seen to be gross, self-serving mischaracterizations of the facts and Plaintiff's allegations. Although Plaintiff's allegations admittedly reflect badly on the Interested Director Defendants, that is because those allegations recite their wrongful, purposeful and actionable conduct. The characterization of those substantive allegations as reflecting personal animus is as inaccurate as if they were characterized as ad hominem remarks.

F. Defendants Are Liable for Breach of Fiduciary Duty and/or Aiding and Abetting the Same.

1. A Majority of Voting Directors Were Not Disinterested or Independent Under Nevada Law.

Dutifully ignoring the applicable legal analysis and case law, Defendants contend that the standards to review their actions as set forth in the Motion are not consistent with Nevada law. Not so. As discussed in the Motion, Nevada Courts routinely look to Delaware law as persuasive authority. Not only that, the principles underlying the Motion have been recognized by the Nevada Supreme Court:

> A lack of independence also can be indicated with facts that show that the majority is 'beholden to' directors who would be liable or for other reasons is unable to consider a demand on its merits, for directors' discretion must be free from the influence of other interested persons.

Shoen, 122 Nev. at 639, 137 P.3d at 1183.

Defendants in fact agree to this definition. (*See* Opposition at 24:8-12.) "[T]o show interestedness, a shareholder must allege that a majority of the board members would be materially affected, either to their benefit or detriment, by a decision of the board, in a manner not shared by the corporation and the stockholders." *Shoen*, 122 Nev. at 639, 137 P.3d at 1183; *see*

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also Aronson, 473 A.2d at 812 ("From the standpoint of interest, this means that directors can neither appear on both sides of a transaction nor expect to derive any personal financial benefit from it in the sense of self-dealing, as opposed to a benefit which devolves upon the corporation or all stockholders generally."). "[D]epending on the circumstances, allegations of close familial ties might suffice to show interestedness or partiality." *Id.* at n. 56. "[T]o show partiality based on familial relations, the [Plaintiff] must demonstrate why the relationship creates a reasonable doubt as to the director's disinterestedness." *Id.*

a. Ellen and Margaret Cotter Indisputably Lacked Independence and Disinterest.

As pointed out in the Motion (and as acknowledged by Defendants in their Motion for Summary Judgment No. 1), Ellen and Margaret Cotter lack disinterestedness and/or independence with respect to the challenged actions, starting with the threat to terminate Plaintiff unless he resolved the California Trust Action and other matters on terms satisfactory to Ellen and Margaret Cotter, and continuing thereafter with the termination of him on account of his failure to do so. While Defendants attempt to recharacterize the ultimatum they provided Plaintiff as a condition to remaining CEO, the undisputed fact is that Plaintiff was threatened with termination if he did not resolve trust disputes with Ellen and Margaret on terms acceptable to them and, when he failed to acquiesce, terminated. There is no credible argument that Ellen and Margaret Cotter could be characterized as disinterested or impartial in light of that.

b. Kane Lacked Independence and/or Disinterest.

While Defendants contend that Kane's quasi-familial relationship does not automatically render him interested or partial in the transaction, the facts are not limited to that relationship: the evidence shows is that Kane by word and action let his fifty-year relationship with James J. Cotter, Sr. ("JCC, Sr.") direct his actions and decisions as a Director of RDI. As pointed out in the Motion (and multiple other briefs submitted by Plaintiff), Kane is not only called "Uncle Ed" by Ellen and Margaret Cotter, he in fact acted as "Uncle Ed" throughout to effectuate what he thought were JJC, Sr.'s wishes that Margaret Cotter alone should control the Voting Trust. Kane claimed to understand the intentions of the JJC, Sr., namely, his belief that JJC, Sr. wanted Margaret Cotter to be the sole Trustee of the voting trust, and he (Kane) took steps to make that happen, including

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telling Plaintiff to accept the take-it-or-leave-it proposal provided by Ellen and Margaret Cotter. That was not the conduct of a disinterested and independent RDI director exercising disinterested business judgment in the best interests of RDI and its minority shareholder.

c. Adams Lacked Independence and/or Disinterest.

That Adams was neither independent nor disinterested is beyond dispute. Defendants cannot dispute that almost all of Adams' income is from RDI and other companies controlled by Margaret and Ellen Cotter. Moreover, Adams is approximately 65 years old, unemployed, and not independently wealthy. He therefore depends on income controlled by Margaret and Ellen Cotter to fund his retirement. This is particularly so in view of substantial annual expenses he disclosed in his declaration in his California divorce case. Adams is a poster child for a "beholden" director.

2. Defendants Have Not Met Their Burden of Proving the Entire Fairness of the CEO Removal.

As discussed above, where a challenged decision was not approved by a majority of disinterested and independent directors, the directors bear the burden of proving the entire fairness of the transaction in all its aspects, including both the fairness of the ultimate outcome and the fairness of the directors' dealings leading into it. *Shoen*, 122 Nev. at 644 n. 61, 137 P.3d at 1186 n.61. 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*); see also Venhill Ltd. P'ship ex rel. Stallkamp*, No. CIV.A. 1866-VCS, 2008 WL 2270488, at *22 (Del. Ch. June 3, 2008).

Contrary to what director defendant Gould argues in his opposition (at 4:4-19), the challenged action is subject to a single standard, the entire fairness standard, not subject to separate standards for different director defendants. In this regard, Gould cites *In re Emerging Communications Inc. Shareholders Litig.*, No. CIV.A. 16415, 2994 WL 1405745, at *38 (Del. Ch. May 3, 2004) for the proposition that "[t]he liability of the directors must be determined on an individual basis because the nature of their breach of duty (if any), and whether they are

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exculpated from liability for that breach, can vary for each director." Gould confuses the issue(s) in that case, which was what duties were breached (care, loyalty and/or good faith), with the issue of who bears what evidentiary burden. Where, as here, the plaintiff has shown that the challenged action was not approved by a majority of disinterested and independent directors, the plaintiff has rebutted the presumptions of the business judgment rule and it becomes the burden of the director defendants to show the entire fairness of process and the result. Determining what directors breached what duties (if any) is done in view of their respective showings under the entire fairness standard. [4]

As the fairness standard is an objective one, the Interested Directors' personal beliefs (supported by their own self-serving testimony) as to Plaintiff's performance or how he got along with his sisters ("executives") fails to satisfy their burden.

First, Defendants cannot meet their burden of showing that the process of removing Plaintiff as CEO was fair in all its aspects. The evidence shows that Ellen and Margaret Cotter, Kane, Adams, and McEachern had communicated and agreed, prior to the May 19, 2015 agenda Ellen Cotter 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. While Defendants falsely claim 13 hours of deliberative process over the three Board meetings on May 21 and 29 and June 12, that is a fiction in light of the email correspondence plainly demonstrating that they had agreed on the result before the May

[4] Gould also cites three cases, including *In re Tri-Star Pictures, Inc.*, No. CIV.A. 9477, 1995 WL 106520, at *2 (Del. Ch. Mar. 9, 1995), for the implied proposition that failing to actively support the challenged action precludes liability. That proposition is mistaken, and is not supported by the cases cited. In fact, in those cases, what transpired is that the particular director defendant(s) did not participate in the challenged conduct at all, at least in one instance because they recognized that they had potential conflicts of interest. Parenthetically, that is exactly what Adams and Kane (and Margaret and Ellen Cotter) should have done here. To the point as to director defendant Gould, he neither recused himself from the process and termination vote, nor resigned in advance of same. The three cases he cites therefore are inapposite.

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21 meeting even took place. The delay was only for the purpose of further attempts to extort Plaintiff. In short, the "process" leading to the threat to terminate Plaintiff if he did not resolve trust and estate disputes with Ellen and Margaret Cotter and to terminate him if and when failed to acquiesce is patently unfair, not just to Plaintiff, but to RDI's minority shareholders to whom all Director Defendants owe fiduciary duties.

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, Ellen Cotter convened another supposed special board meeting on June 12, 2015 and the threatened termination vote was held. Kane, Adams and McEachern (and Ellen and Margaret Cotter) 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. That the "process" was not close to entirely fair.

Second, 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. RDI Directors threatened Plaintiff with termination unless he acquiesced to a resolution of the California Trust Action on terms effectively dictated by his sisters, in both the discussion of the process and the result. In the process, the threat was pervasive. Indeed, not until the Directors concluded that Plaintiff would not acquiesce to the threat did the so-called process conclude, and it ended with his termination. Nor is there anything 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.

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Defendants' attempt to distract from the issue by pointing to performance coaching that occurred months prior to Plaintiff's removal, but what they cannot avoid is that all of that coaching and performance improvement planning fell by the wayside when Ellen and Margaret Cotter made a decision, to which Kane, Adams and McEachern agreed, to use Plaintiff's position as the bargaining chip against him. And again, while supervisory structures may have been added in as part of that so-called deal, what Defendants cannot dispute is that the material condition of Plaintiff remaining in his position was acceptance of Ellen and Margaret Cotter's terms, including most fundamentally to resolve the issues being litigated in the California Trust Action. The standard is entire fairness, and under the circumstances, Defendants cannot meet that standard. Summary judgment should be entered for Plaintiff.

3. Gould is Liable for the Breach of Fiduciary Duty.

Gould's attempt to avoid liability by relying on his vote is unveiling. First, as observed above, he too must satisfy the entire fairness standard. Second, he also issued for breach of the duty of care. The duty of care is a function of the decision-making process, not the decision. *See, e.g., Citron v. Fairchild Camera & Instrument Corp.*, 569 A. 2d 53, 66 (Del. 1989). This necessarily raises "[t]he question [of] whether the process employed [in making the challenged decision] was either rational or employed in a good faith effort to advance the corporate interests." *In re Greater Se. Cmty. Hosp. Corp. I*, 353 B.R. 324, 339 (Bankr D.D.C. 2006). Because equitable relief can be awarded for duty of care breaches too, the duty of cure claim against his not only is viable, it is critical.

Third, a director is liable for aiding and abetting breach of fiduciary duty if: "(1) a fiduciary relationship exists, (2) the fiduciary breached the fiduciary relationship, (3) the third party knowingly participated in the breach, and (4) the breach of the fiduciary relationship resulted in damages." *In re Amerco Derivative Litig.*, 127 Nev. 196, 225, 252 P.3d 681, 702 (2011).

The Nevada Supreme Court has held that minority shareholders may obtain equitable relief to remedy breaches of fiduciary duty by majority shareholders. *Smith v. Gray*, 57 Nev. 56, 250 P. 369 (Nev. 1926) (minority stockholders entitled to equitable relief where majority stockholders

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violated the rights of the minority). *See also, Cohen v. Mirage Resorts, Inc.*, 119 Nev. 1, 12, 62 P.3d 720, 727 (Nev. 2003) (majority shareholders owe fiduciary duties to minority shareholders).

Thus, as pointed out in Plaintiff's Opposition to Gould's Motion for Summary Judgment, Gould was a knowing and active participant in that breach, even if he did not cast a vote. Gould, who had advance warning from Adams of what was afoot, indisputably failed to take action to preserve the ombudsman process, which indisputably was aborted, as part of a scheme to threaten Plaintiff with termination, and if the threats failed, to terminate him and implement a long sought after executive committee, the purpose of which Gould full well knew was to enable Ellen and Margaret Cotter to avoid reporting to the RDI Board of Directors. In addition, promptly following the termination of Plaintiff, Gould failed to take steps to correct the company's June 18th SEC filing that he at the time knew was erroneous. Indeed, by his actions and purposeful inaction, Gould has engaged in what constitutes intentional misconduct (which is discussed below).

Moreover, the various complained of acts and omissions upon which Plaintiff's claims are based must be viewed and assessed collectively, not separately and in isolation. *See, e.g., In re Ebix, Inc. Stockholder Litig.*, 2016 WL 208402 (Del. Jan. 15, 2016) (rejecting director defendants' contention that bylaw amendments should be viewed individually rather than collectively); *Carmody v. Toll Brothers., Inc.*, 723 A.2d 1180, 1189 (Del. Ch. 1998) (finding that particularized allegations that directors acted for entrenchment purposes sufficient to excuse demand); *Chrysogelos v. London*, 1992 WL 58516, at *8 (Del. Ch. 1992) ("None of these circumstances, if considered individually and in isolation from the rest, would be sufficient to create a reasonable doubt as to the propriety of the director's motives. However, when viewed as a whole, they do create such a reasonable doubt . . ."); *Cal. Pub. Employees' Ret. Sys. v. Coulter*, 2002 WL 31888343, at * (Del. Ch. 2002) (concluding that allegations that individually would be insufficient to show a lack of disinterestedness or independence were, taken together, sufficient to do so). As pointed out in Plaintiff's Opposition to Gould's Motion for Summary Judgment, the totality of Gould's acts and omissions in this case—including in acquiescing to inaccurate SEC filings and in aborting the CEO search—evidence, intentional dereliction of duty in derogation of the interests of RDI and its minority shareholders.

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For this reason, Gould's suggestion that Plaintiff in inadequate as a Plaintiff because he did not name himself as a defendant fails because it presumes that the vote is the *sine qua non* of his claim against Gould. Not so. Gould's acts and omissions, especially viewed in context of his overall "go along, get along" capitulation to ongoing entrenchment, also breaches of the duty of loyalty.

Summary judgment should be entered against Gould as well.

4. Section 78.138(7) Does Not Exculpate Defendants From Liability.

As pointed out in multiple briefs to this Court, Defendants' invocation of Nevada's exculpatory statute, NRS 78.138.7, misapprehends the function of the statute, which is to limit monetary liability and recovery, not to serve as a means by which the legal sufficiency of a fiduciary duty claim is assessed. *Emerald Partners v. Berlin*, 787 A.2d 85, 92 (Del. 2001) ("a Section 102(b)(7) provision does not operate to defeat the validity of a plaintiff's claim on the merits," but "it can operate to defeat the plaintiff's ability to recover monetary damages.").

Even if the exculpatory statute were properly invoked, which it is not, it has no application where, as here, duty of loyalty (and disclosure) claims also are made. *McMillan v. Intercargo Corp.*, 768 A.2d 492, 501 n. 41 (Del. Ch. 2000) (the exculpatory statute does not apply to breaches duty of loyalty because "conduct not in good faith, intentional misconduct, and knowing violations of law" are "quintessential examples of disloyal, i.e., faithless, conduct"). Here, the complained of or challenged conduct also and obviously entails breaches of the duty of loyalty (and disclosure). *Orman v. Cullman*, 794 A.2d 5, 41 (Del. Ch. 2002) (plaintiff pleaded a breach of the duty of loyalty claim where it "pled facts which made it reasonable to question the independence and disinterest of a majority of the Board that decided what information to include in the Proxy Statement"); *O'Reilly v. Transworld Healthcare, Inc.*, 745 A.2d 902, 914-15, 920, n.34 (Del. Ch. 2014) ("right complaint alleges or pleads facts sufficient to support the inference that the disclosure violation was made in bad faith, knowingly or intentionally, the alleged violation implicates the duty of loyalty" and is relevant to the availability of the exculpatory provisions of section 102(b)(7)); *In re Wheelabrator Techs., Inc. S'holders Litig.*, 1992 WL 212595, at *12 n.18 (Del. Ch. Sept. 1, 1992) (Section 102(b)(7) did not require dismissal where the plaintiffs pleaded

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that "the breach of the duty of disclosure wasn't intentional violation of the duty of loyalty"). In addition, Defendants' actions as described above were calculated and/or at minimum knowing, for the purpose of achieving ends that had nothing to do with RDI's best interests and everything to do with their own agendas, and so it is intentional misconduct.

In addition, Section 78.138(7) cannot apply in light of Defendants intentional misconduct. "Intentional misconduct" is one of three ways in which a fiduciary can fail to act in good faith. *In re Walt Disney Co. Derivative Litig.*, 906 A.2d 27, 67 (Del. 2006). The first occurs "where the fiduciary intentionally acts with a purpose other than that of advancing the best interests of the corporation." *Id.* The second occurs "where the fiduciary tax with the intent to violate applicable positive law." *Id.* The third occurs "where the fiduciary intentionally fails to act in the face of a known duty to act, demonstrating a conscious disregard for his duties." *Id.* Obviously, the first two of the foregoing three ways fiduciaries can fail to act in good faith track language of 2 of 3 portions of NRS 78.138(7), namely, "intentional misconduct" and a "knowing violation of law."

Here, Plaintiff has proffered substantial evidence of an ongoing course of self-dealing and entrenchment undertaken for the purpose of protecting and furthering the personal financial and other interests of Ellen and Margaret Cotter, as well as other individual director defendants, including for example maintaining Adams' principal sources of income. These actions on their face and by their very nature were and are "intentional[] acts with a purpose other than that of advancing the best interests of [RDI]." Do the individual director defendants really expect the Court to decide that their actions to threaten Plaintiff with termination if he did not resolve trust and estate disputes with Ellen and Margaret Cotter on terms satisfactory to the two of them were not intentional acts with a purpose other than that of advancing the best interests of RDI?

Defendants may not rely on Section 78-138(7) as a means of avoiding liability. Summary judgment should be entered in Plaintiff's favor.

G. Plaintiff is Entitled to Relief.

Defendants urge that summary judgment is not warranted because Plaintiff has not proven monetary damages. As this Court has recognized on multiple occasions, however, Plaintiff's claim for breach of fiduciary duty is properly brought an equitable claim. *See Schnell v. Chris-*

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Craft Indus., Inc., 285 A.2d 437, 438-40 (Del. 1971) (the court granted equitable relief where incumbent management "attempted to utilize the corporate machinery and the Delaware Law for the purpose of perpetuating itself in office"). Thus, Defendants' reference to remedies at law is wholly inappropriate.

The Nevada Supreme Court has held that minority shareholders may obtain equitable relief to remedy breaches of fiduciary duty by majority shareholders. *Smith v. Gray*, 57 Nev. 56, 250 P. 369 (Nev. 1926) (minority stockholders entitled to equitable relief where majority stockholders violated the rights of the minority). *See also, Cohen v. Mirage Resorts, Inc.*, 119 Nev. 1, 12, 62 P.3d 720, 727 (Nev. 2003) (majority shareholders owe fiduciary duties to minority shareholders).

As pointed out in Plaintiff's Opposition to Defendants' Motion for Summary Judgment No. 1, in a breach of fiduciary duty claim, courts may "fashion any form of equitable and monetary relief as may be appropriate." *Cinerama, Inc. v. Technicolor, Inc.*, 663 A.2d 1156, 1166 (Del. 1995). "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). 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.*, 90 P. 151, 153 (Or. 1907).

Remarkably, the Interested Director Defendants suggest that equitable remedies such as reinstatement could simply be reversed by Ellen and Margaret Cotter. Although instructive regarding their attitudes and the impunity with which they act, this contention is incorrect. It is well settled that majority shareholders, like directors, owe minority shareholders a duty to make independent, good faith decisions, as discussed immediately above. To suggest, then, that Ellen and Margaret Cotter could simply circumvent equitable relief due by again breaching their fiduciary duties is tantamount to an admission that they have ignored and will continue to ignore their fiduciary duties, making an award of equitable relief all the more imperative.

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Plaintiff has asserted several requests for equitable relief relative to the termination of Plaintiff. Such relief may be sought and secured by way of a breach of fiduciary duty claim. As those are proper forms of relief in connection with Defendants' wrongdoing, summary judgment in Plaintiff's favor is proper.

IV. CONCLUSION

For the foregoing reasons, and the reasons stated in the Motion, Plaintiff's Opposition to Defendants Motion for Summary Judgment No. 1, and Plaintiff's Opposition to Gould's Motion for Summary Judgment, this Court should grant the Motion and enter judgment in Plaintiff's favor on his claims for breach of fiduciary duty and aiding and abetting breach of fiduciary duty with respect to his termination as CEO and President of RDI.

DATED this 25th day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

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CERTIFICATE OF SERVICE

I hereby certify that on this 25th day of October, 2016, I caused a true and correct copy of the foregoing to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

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

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APPENDIX A

- - -

R O U G H D R A F T

- - -

CASE: Cotter, et al., vs. Reading International, et al.

DATE: October 19, 2016

WITNESS: MYRON STEELE

- - -

This transcript draft is uncertified and may contain untranslated stenographic symbols, an occasional reporter's note, a misspelled proper name, and/or nonsensical word combinations. All such entries will be corrected in the final certified transcript.

Due to the need to correct entries prior to certification, you agree to use this realtime draft only for the purpose of augmenting counsel's notes and not to use or cite it in any court proceeding.

Please keep in mind that the final certified transcript's page and line numbers will not match the rough draft due to the addition of title pages, indices, appearances of counsel, paragraphing and other changes.

1 (Whereupon the video record

ambiguous depending on what it means, asked and answered.

BY MR. SEARCY:

Q. Let me -- let me restate the question.

You're making an assumption there about what a fact-finder of facts might find; correct?

MR. KRUM: Objection; asked and answered, mischaracterizes the testimony.

BY MR. SEARCY:

Q. You may answer.

A. Yes. I'm suggesting that if the finder of fact reaches the following conclusion and there are facts to support that. But there are facts that are inconsistent with. So the finder of fact has to reach that conclusion. I cannot. No expert should resolve inconsistent facts that have a bearing on a material issue in my view and I'm not trying to do that here.

Q. And I understand. I just want to make clear that you're -- you're making hypothetical assumptions for the purposes of each of these opinions that are summarized on Page 3; correct?

MR. KRUM: Objection; mischaracterizes the testimony.

THE WITNESS: No. I wouldn't call them hypothetical. There is a factual for the fact-finder to reach that conclusion.

THE WITNESS: Sorry.

MR. KRUM: That's okay.

BY MR. SEARCY:

Q. In preparing your expert report did you look at the terms of the employment agreement between Jim Cotter, Jr., and Reading?

A. No.

Q. Were you ever aware that Mr. Cotter, Jr., had an employment agreement with Reading prior to submission of your expert report?

A. Yes. It was referred to in the depositions.

Q. Did you ever ask to see that employment agreement?

A. No.

Q. Would the employment agreement have

affected your analysis in this case?

A. My analysis of the standard of review that would apply, whether or not entire fairness would apply to the decision-making, and whether the process for his termination was arguably consistent or inconsistent with a breach of fiduciary duty? It would not.

Q. Why not?

A. Because from what I understood from the depositions, he was continuing to be employed as the CEO; and if he had a contract to terminate him as of a date certain, it was after the date he was terminated. You can infer nothing else from the --

from the depositions.

Q. Let me see if I can understand your testimony somewhat about the -- the CEO contract. When you said he was continuing to be employed as a CEO, do you know continuing to be employed under the contract?

A. No. I didn't take the contract into consideration other than the reference to it that I read in the deposition suggested it -- he had a year of benefits if he were terminated under the contract.

Q. If the contract stated that

Mr. Cotter, Jr., could be terminated without cause, would that have impacted your analysis?

A. It would not have impacted my analysis on whether the process for his termination constituted a breach of fiduciary duty. It's an issue when you initiate a process to terminate somebody, that process -- if you owe a fiduciary duty to the corporation and to the minority stock shoulders as well as the controlling stockholders, then the process should be entirely fair. Mr. Cotter himself was a stockholder.

So it wouldn't have had any impact on my analysis of independence, of disinterestedness, and of the process for termination. There was no pretension by -- on anybody's account that I could read in the depositions that he was being terminated under a terminable at will provision of the contract

A. Not the narrow scope of my analysis, which was on the process they used, no.

Q. So, in other words, your review wasn't about whether or not the board had the right and the ability to terminate Mr. Cotter, Jr., but just about the process that was used in terminating him; is that correct?

A. Yes. And let me explain that answer. Under Delaware law the fact that you have the authority to act doesn't end the inquiry, particularly in entire fairness review. Our law is

well-established that despite being authorized either by the charter or the bylaws to take certain action, when you take the action, it must be taken equitably and the considerations within the entire fairness review is whether or not that hindsight review of what took place was entirely fair, both as to the nature of the process and the result. So I would not have been impressed by the fact that there -- there was a by law authorizing them to terminate officers because it's generally understood under Delaware law you can.

Q. Is it --

A. Or the directors can. I didn't mean you. I apologize.

Q. No. I understand. Thank you.

No, just returning to your -- your process point again for a moment --

A. Sure.

Q. -- if -- is it your -- is it your testimony, is it your opinion, that under Delaware law, if no process had been undertaken, then there would be no entire fairness analysis or even business judgment analysis that would have to be undertaken at all in this case?

A. No, because even if a contract provided, hypothetically, that he could be terminated at will or terminated without cause, however you want to characterize it, if the people making that decision who ultimately selected someone from the controller to replace him who had -- who has an ongoing familial dispute, it would be analyzed to determine whether that process was entirely fair to the corporation and all of the stockholders, the minority as well as the controlling stockholders.

If the decision were made solely by, let's say, an independent disinterested chairman of the board that's authorized by the contract and the bylaws, it may be a different issue. That's why I keep repeating that it's entirely contextual. There are no bright-line rules in Delaware.

Q. In your understanding of Delaware law, are you aware of any case where a corporation has been found to have been injured or damaged by the termination of a CEO?

A. Not off the top of my head, no.

Q. I believe you've cited to a case

called Carlson in your expert report; isn't that right?

A. Uh-huh.

Q. And in the Carlson case the court there found that the termination of a CEO did not give rise to any damages; correct?

A. The case says that, yeah, in its context. And nothing in my report assessed or attempted to assess a damage remedy, except for reinstatement.

Q. Are you aware of any Delaware case where a terminated CEO has been reinstated?

A. No.

Q. And in the opinion that you provide in your report, is it your opinion that Delaware law would provide for the reinstatement of a CEO who's been terminated?

A. If the termination resulted from a breach of fiduciary duty and after, in the case of a controller context, as we have here, after entire fairness review, what Delaware law would say is that the chancellor or the vice chancellor, whoever was sitting, one of the vice chancellors, has the authority from English common law to craft a remedy and there are no limits on the remedy that can be crafted except that that court cannot award -- award punitive damages.

So the object in equity is to craft a

remedy. There is the phrase that's often repeated every wrong has a remedy. And you're supposed, when you sit on that court, to fashion the appropriate one. That is an alternative, void the act and order the reinstatement.

Q. So your opinion on reinstatement is based on general equitable principles as applied by Delaware law?

A. Yes.

Q. Is that correct?

A. That's correct.

Q. But in terms of case precedent, you're not aware of any Delaware court ever ordering the reinstatement of a terminated CEO; correct?

A. That's correct. Sadly, there's -- despite the -- what's sometimes referred to as the rich body of Delaware law, every context doesn't have a precedent.

Q. Are you aware of cases that hold the converse, that a terminated employee should not be reinstated?

MR. KRUM: Objection; incomplete hypothetical.

THE WITNESS: I have no idea how to answer that because I don't know what the

context would have been. Do I know of a case under these circumstances that are in

issue? If depending on how the facts are resolved ultimately that has ever resulted under Delaware law as a reinstatement of a terminated CEO? I cannot point to a particular case. It's a -- it's an extraordinarily unusual fact situation.

BY MR. SEARCY:

Q. In terms of the process that was used to terminate Mr. Cotter, Jr., in your opinion, what are the deficiencies in the process that was used?

A. Well, the vote, as I recall it, was not a majority of independent and disinterested directors. The leadup to the event that caused the termination had been preceded by a committee that was with story acting as an ombudsman to help resolve issues within the family to improve performance. It had its suggested final review date of June 30th, as I remember.

There was an accelerated process to review the performance and to put on the agenda for a directors meeting the status, as I recall the phraseology, of the CEO, meaning Mr. Cotter.

There are ample suggestions of facts

from which the inferences can be drawn, alleged facts depending on what's ultimately concluded to be true, that there had been people already made up their mind and that the purpose of that agenda item was to terminate him. It wasn't to explore alternatives.

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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiffs,

v.

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

Defendants.

AND

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

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

Related and Coordinated Cases

BUSINESS COURT

INDIVIDUAL DEFENDANTS' OBJECTIONS TO THE DECLARATION OF JAMES J. COTTER, JR. SUBMITTED IN OPPOSITION TO ALL INDIVIDUAL DEFENDANTS' MOTIONS FOR PARTIAL SUMMARY JUDGMENT

Judge: Hon. Elizabeth Gonzalez
Date of Hearing: Oct. 27, 2016
Time of Hearing: 1:00 p.m.

Pursuant to Nevada Rule of Civil Procedure 56(e), Individual Defendants respectfully submit the following written objections to evidence submitted in support of Plaintiff's Opposition to All Individual Defendants' Motions for Partial Summary Judgment.

INTRODUCTION

A Motion for Summary Judgment (or Opposition) depends, in part, upon the sufficiency of the affidavits filed. *See* Nev. R. Civ. P. 56(e). Affidavits must be made on personal knowledge and set forth facts that would be admissible into evidence and that show affirmatively that affiant is competent to testify. *Coblentz v. Hotel Employees & Rest. Employees Union Welfare Fund*, 112 Nev. 1161, 925 P.2d 496 (1996) (citing Nev. R. Civ. P. 56(e)).

Conclusory statements along with general allegations do not create issue of fact for summary judgment purposes. *See* Nev. R. Civ. P. 56(e); *Gunlord Corp. v. Bozzano*, 95 Nev. 243, 245, 591 P.2d 1149, 1150-51 (1979) ("The [defendant's] affidavit in other respects is conclusory rather than factual and does not reflect that he had personal knowledge . . . and was competent to testify regarding it."). Moreover, "[a] genuine, triable dispute of fact is not created merely because a party's own testimony is self-contradictory or internally inconsistent, especially when no other evidence or testimony supports the non-moving party's version of events." *Rivers v. Lopez*, 2013 WL 8148789, at *5 (Nev. Dist. Ct. Oct. 8, 2013).

Defendants object generally to Plaintiff's Declaration because it is largely based on speculation rather than personal knowledge. Such speculation is not evidence and does not, as a matter of law, create a material disputed issue of fact at the summary judgment stage. *See* Nev. R. Civ. P. 56(c); *Posadas v. City of Reno*, 109 Nev. 448, 452, 851 P.2d 438, 442 (1993) ("The non-moving party's documentation must be admissible evidence, and he or she is not entitled to build a case on the gossamer threads of whimsy, speculation and conjecture.") (internal quotation marks and citation omitted).

In addition, Plaintiff's speculative statements in large part contradict the well-established and undisputed evidence in this case. Plaintiff's Declaration is objectionable and should be

stricken or excluded in its entirety. Defendants note the following non-exhaustive list of specific objections to particular statements in Plaintiff's Declaration.

SPECIFIC OBJECTIONS

MATERIAL OBJECTED TO	GROUNDS FOR OBJECTION
James J. Cotter, Jr. ("Plaintiff") Declaration, para 6, page 3, lines 21 through 25. "In fact, as early as 2006, James J Cotter, Sr. ('JJC, Sr.'), then the CEO and controlling shareholder of RDI, had communicated to the RDI board of directors his proposed succession plan for the positions of President and CEO. That plan was for me to work under the direction of JJC, Sr. to learn the businesses of RDI, including by functioning in a senior executive role."	A. **Hearsay (N.R.S. § 51.065).** The testimony purportedly relates to a conversation between James Cotter, Sr. and members of RDI's Board. Accordingly, the statement is inadmissible hearsay. Plaintiff has not demonstrated that the statement is subject to a recognized hearsay exception.
Plaintiff Declaration, para 8, page 4, lines 10 through 13. "They also co-opted at least one employee, Linda Pham, who claimed at some point in 2014 that I had created a hostile work environment for her, which accusation was not well-taken and, in any event, moot with the passage of time by Spring 2015, as director Kane acknowledged at the time."	A. **Lack of Personal Knowledge (N.R.S. § 50.025).** Plaintiff has not proffered any evidence or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge that Ms. Pham's accusations were "not well-taken" or "moot".
Plaintiff Declaration, para 17, page 6, lines 18 through 26. "The term 'independent' as used in RDI's SEC filings do not refer to matters of Nevada law. It referred usually to the fact that, pursuant to the terms of the Company's listing agreement with NASDAQ, the stock exchange on which RDI stock trades, directors meet the standard of independence of NASDAQ. None of the director defendants have ever suggested to me that they	A. **New Evidence Not Disclosed in Discovery (N.R.C.P. 37(c)(1)).** When a party fails to disclose information required by Rule 16, that party is not permitted to use as evidence on a motion any information not so disclosed. Plaintiff has never previously disclosed this proffered explanation and is accordingly barred from doing so now. *See Tannoury v. Fernandez*, 2011 WL 7502238 (Nev. Dist. Ct. Nov. 30, 2011) (party's

understood use of the term 'independent' in RDI's SEC filings to communicate anything other than that non-Cotter directors were not members of the Cotter family which, in one manner or another, controlled approximately 70% of the voting stock of RDI. As among members of the RDI Board of Directors, the term 'independent' was used historically to refer to directors who were not members of the Cotter family."	failure to disclose its alleged damages during discovery precluded him from later relying on such evidence at summary judgment). B. **Lack of Personal Knowledge (N.R.S. § 50.025).** Plaintiff has not proffered any evidence or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge regarding what the other RDI Directors thought the term "independent" represented. C. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff's belief as to what other RDI Directors took "independent" to mean is speculative and therefore irrelevant.
Plaintiff Declaration, para 20, page 7, lines 12 through 14. "Kane remains very close with my sisters, who still call him "Uncle Ed" (which I ceased doing after joining RDI). They continue to get together socially, including for family meals during holiday periods, which is what they admittedly did around the Christmas holidays in 2015."	A. **Lack of Personal Knowledge (N.R.S. § 50.025).** Plaintiff has not proffered any evidence or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge that Mr. Kane, Ellen Cotter, and Margaret Cotter "continue to get together socially". B. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff's belief that Mr. Kane, Ellen Cotter and Margaret Cotter "continue to get together socially" is speculative and therefore irrelevant.
Plaintiff Declaration, para 21, page 7, lines 21 through 25. "My sisters as executors of my father's estate are in position to see to it that Adams is or is not paid any monies he is owed on account of those carried interests."	A. **Lack of Personal Knowledge (N.R.S. § 50.025).** Plaintiff has not proffered any evidence or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge regarding how Ellen or Margaret Cotter can not pay money legally owed to Mr. Adams.

Plaintiff Declaration, para 22, page 7, lines 25 through 28, and page 8, line 1. "When I suspected that Adams had agreed with my sisters to vote to terminate me as President and CEO of RDI, that raised the issue of whether he was financially dependent on them. I now know that he is. I learned from Adams' sworn declarations in his California state court divorce case that almost all of his income comes from RDI and from one or more companies that my sisters control. Adams is not independently wealthy."	A. **Lack of Personal Knowledge (N.R.S. § 50.025).** Plaintiff has not proffered any evidence or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge that Mr. Adams is "financially dependent" on Ellen or Margaret Cotter. B. **Hearsay/Best Evidence (N.R.S. §§ 51.065, 52.235).** The testimony is purportedly based on California court documents. Accordingly, the statement is inadmissible hearsay and violates the Best Evidence Rule. Plaintiff has not demonstrated that the statement is subject to a recognized hearsay exception. C. **Irrelevant (N.R.S. § 48.025).** Plaintiff's unsubstantiated belief that "Adams is not independently wealthy" is irrelevant.
Plaintiff Declaration, para 23, page 8, lines 13 through 16. "I believe Margaret's oldest child refers to Trisha and Michael as Aunt and Uncle. Michael's communication with me as a director has been very guarded, which I understand to reflect his knowledge of the lawsuit and his close relationship with Margaret."	A. **Lack of Personal Knowledge (N.R.S. § 50.025).** Plaintiff has not proffered any evidence or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge that "Margaret's oldest child refers to Trisha and Michael as Aunt and Uncle." B. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff's "understanding" of why Michael's communication with him has supposedly been "very guarded" is speculative and therefore irrelevant.
Plaintiff Declaration, para 24, page 8, lines 22 through 27. "Her reaction to the offer to purchase all of the stock of the Company at a price in excess of what it trades in the market (the 'Offer'), first made by correspondence dated on or	A. **Lack of Personal Knowledge (N.R.S. § 50.025).** Plaintiff has not proffered any evidence or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge regarding "Ms. Codding's unwavering loyalty to Ellen." Moreover, Plaintiff

about May 31, 2015, reflected Ms. Codding's unwavering loyalty to Ellen. Before the board meeting at which the Board was going to discuss the Offer, she indicated to me that there was no way that the Offer should even be considered (clearly having spoken to Ellen about it before the board meeting)."	has not proffered any evidence or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge that Ms. Codding and Ellen Cotter had "clearly" spoken before a board meeting. B. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff's belief that Ms. Codding and Ellen Cotter had a conversation "before the board meeting" is speculative and therefore irrelevant.
Plaintiff Declaration, para 28, page 9, lines 19 through 21. "It is clear to me that Bill Gould effectively has given up trying to do what he thinks is the proper thing to do as an RDI director, and is and since June 2015 has been in 'go along, get along' mode."	A. **Contradicts Plaintiff's Prior Testimony (N.R.C.P. 37(c)(1)).** Plaintiff's statement is inconsistent with his prior testimony and should be excluded. "Technically, I believe he's independent." Plaintiff's Depo., p. 79:13. *See Rivers*, 2013 WL 8148789, at *5 ("A genuine, triable dispute of fact is not created merely because a party's own testimony is self-contradictory or internally inconsistent[.]"). B. **Lack of Personal Knowledge (N.R.S. § 50.025).** Plaintiff has not proffered any evidence or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge that Mr. Gould has "given up" doing what he thinks is proper. C. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff's belief that "Bill Gould effectively has given up trying to do what he thinks is the proper thing" is speculative and therefore irrelevant.
Plaintiff Declaration, para 29, page 10, lines 12 through 16. "After it was activated and repopulated on June 12, 2015, it was used as a means to	A. **Lack of Personal Knowledge (N.R.S. § 50.025).** Plaintiff has not proffered any evidence or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge that

exclude me and then director Tim Storey, and to a lesser extent Bill Gould, from functioning as directors of RDI and, in some instances, even having knowledge of matters that were handled by the executive committee that historically and ordinarily were handled by RDI's Board of Directors."	the Executive Committee was "used as a means to exclude" him or any other RDI director. B. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff's belief that the Executive Committee was "activated" to "exclude" him or any other RDI director is speculative and therefore irrelevant.
Plaintiff Declaration, para 32, page 11, lines 14 through 19. The stated reasons are reasons thay [*sic*] no outside candidate could have met. The stated reasons are reasons that do not approximate, much less match, the criteria that the CEO search committee created and KF memorialized as the criteria to identify candidates and ultimately select a new President and CEO. The stated reasons for selecting Ellen were, as I heard them explained at the January board meeting, effectively distilled into a single consideration, namely, that Ellen and Margaret were controlling shareholders."	A. **Conclusory/Argumentative.** Without factual support, Plaintiff asserts that Ellen Cotter was made CEO because of "a single consideration, namely, that Ellen and Margaret were controlling shareholders." He says this despite the undisputed fact that Craig Tompkins drafted a seven-page memo addressed to the entire RDI Board listing over 18 reasons for why Ellen Cotter was the preferred candidate of the CEO Search Committee, including, but not limited to: she has the confidence of the existing senior management; she knows the Company, its assets, personnel, and operations; her experience as interim CEO; and the fact that the bulk of the Company's cash flow is derived from its entertainment activities, which she is very familiar with. Helpern Decl. to Mot. No. 5, ¶ 4, Ex. 3.
Plaintiff Declaration, para 34, page 12, lines 11 through 13. "The point of the effort to exercise the supposed 100,000 share option was to ensure that Ellen and Margaret as executors would have more class B stock then [*sic*] third parties, including Mark Cuban."	A. **Lack of Personal Knowledge (N.R.S. § 50.025).** Plaintiff has not proffered any evidence to lay the foundation or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge that "point of the effort to exercise" the Estate's options was to "have more class B stock then [*sic*] third parties[.]" B. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff's belief that "the point of the effort to exercise" the

	Estate's options to have more Class B stock than third parties is speculative and therefore irrelevant. C. **Contradicts Plaintiff's Own Complaint (N.R.C.P. 37(c)(1)).** Plaintiff's statement contradicts allegations in his own complaint: "Plaintiff is informed and believes that EC and MC took such actions because of a concern that, absent the exercise of the supposed option for the Estate to acquire 100,000 shares . . . EC and MC might have lacked sufficient votes to control the 2015 ASM and, in effect, unilaterally elect as RDI directors whomever they choose[.]" Plaintiff's Second Amended Complaint ¶ 108. *See Rivers*, 2013 WL 8148789, at *5 ("A genuine, triable dispute of fact is not created merely because a party's own testimony is self-contradictory or internally inconsistent[.]").
Plaintiff Declaration, para 35, page 12, lines 26 through 28, and page 13, lines 1 through 3. "I understand they did so so that the 100,000 shares supposedly could be registered with the Company in the name of Ellen and Margaret as executors prior to the record date. The Company received no benefit from this, in fact suffered the injury from replacing outstanding liquid class A stock with effectively illiquid class B stock and, I am informed and believe, from covering the tax obligation that belong to the person or entity exercising the option."	A. **Lack of Personal Knowledge (N.R.S. § 50.025).** Plaintiff has not proffered any evidence or demonstrated any foundation sufficient to demonstrate his supposed personal knowledge that the Company "in fact suffered the injury" from the Estate's options exercise or that the Company "cover[ed] the tax obligation that belong to the person or entity exercising the option." B. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff's understanding as to why the executors of the Estate exercised the Estate's options is speculative and therefore irrelevant.
Plaintiff Declaration, para 36, page 13, lines 19 through 23.	A. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff's personal belief that Margaret Cotter's additional compensation was "simply a gift" and

"Additionally, the $200,000 paid to Margaret, ostensibly for concessions Margaret previously was willing to make for free to become an employee of the Company, and reportedly for prior services rendered which the Board year after year had not chosen to pay her, is simply a gift, presumably because Margaret made less money in 2015 due to the Stomp debacle."	his guess as to why it was paid is speculative and therefore irrelevant. B. **Conclusory/Argumentative.** Without factual support, Plaintiff asserts that Margaret Cotter was paid additional sums "presumably because [she] made less money in 2015" despite the undisputed fact that the additional consulting fee compensation was for her services rendered to the Company in recent years including, but not limited to: predevelopment work on the Company's NYC properties; management of the NYC properties; and management of Union Square tenant matter. *See* RDI 8-K filed March 10, 2016.
Plaintiff Declaration, para 38, page 14, lines 3 through 4, and lines 9 through 10. "Adams in March 2016 was awarded what amounted to a $50,000 bonus for being a director." "I have no doubt that Adams was paid $50,000 for what amounted to exemplary loyalty to Ellen."	A. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff's personal belief that Mr. Adams was "paid . . . for what amounted to exemplary loyalty to Ellen" is speculative and therefore irrelevant. B. **Conclusory/Argumentative.** Without factual support, Plaintiff asserts that "Adams was paid . . . for what amounted to exemplary loyalty to Ellen" despite the undisputed fact that Adams was paid the additional compensation for services rendered to the Company in 2015 including, but not limited to: assisting Ellen Cotter in an advisory capacity in her transition of roles into interim CEO and permanent CEO; advice on investor relations; and travel to New York to assist in evaluation of Union Square project. *See* Helpern Decl. to Mot. No. 6, ¶ 12, Ex. 11.
Plaintiff Declaration, para 40, page 14, lines 22 through 24.	A. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff does not know what constitutes a business plan and his "understanding" that Ellen's supposed

"On or about June 7, 2016, in view of the Offer, I asked Ellen to provide me the Company's business plan. I understood that there was none and her failure to respond confirmed that."	"failure to respond" proves one does not exists is speculative and therefore irrelevant. B. **Conclusory/Argumentative.** Without factual support, Plaintiff asserts that RDI does not have a business plan despite the fact that it has been presented numerous times at conferences such as the 17th Annual B. Riley & Co. Investor Conference on May 26, 2016 (Helpern Decl. to Mot. No. 3, ¶ 7 Ex. 6) and the Gabelli & Company 8th Annual Movie & Entertainment Conference on June 9, 2016 (*Id*. at ¶ 8 Ex. 7). RDI's business plan is also included in the presentation titled "MISSION, VISION, & STRATEGY" dated February 18, 2016 (*Id.* at ¶ 6 Ex. 5).
Plaintiff Declaration, para 41, page 15, lines 8 through 12. "None asked questions about whether management was preparing a business plan to do so or, for that matter, simply preparing a long-term or strategic business plan. None exists. Instead, the non-Cotter directors simply ascertained that Ellen and Margaret wanted to reject the Offer and agreed that the price offered was inadequate. They all voted to proceed in the manner Ellen recommended."	A. **Conclusory/Argumentative.** Without factual support, Plaintiff asserts that no questions were asked regarding RDI's business plan or the Unsolicited Offer despite the undisputed fact that multiple discussions occurred at both the June 2, 2016 and July 23, 2016 board meetings—in fact, a comprehensive presentation was given by Ellen Cotter and other RDI executives to the entire board. *See id*. at ¶ 2 Ex. 1. B. **Irrelevant/Speculation (N.R.S. § 48.025).** Plaintiff does not know what constitutes a business plan. Moreover, his personal belief as to the thought process and reasoning of the non-Cotter directors in voting against the Offer is speculative and therefore irrelevant.

Dated: October 26, 2016

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CERTIFICATE OF SERVICE

I hereby certify that, on October 26, 2016, I caused a true and correct copy of the foregoing **INDIVIDUAL DEFENDANTS' EVIDENTIARY OBJECTIONS TO THE DECLARATION OF JAMES J. COTTER, JR. SUBMITTED IN OPPOSITION TO ALL INDIVIDUAL DEFENDANTS' MOTIONS FOR PARTIAL SUMMARY JUDGMENT** to be served on all interested parties, as registered with the Court's E-Filing and E-Service System.

/s/ *Sarah Gondek*
An employee of Cohen|Johnson|Parker|Edwards

RDI-A07503-7761
Filed Under Seal

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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

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

Plaintiffs,

vs.

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

CASE NO. A-15-719860-B
DEPT. NO. XI
Coordinated with:
CASE NO. P-14-082942-E
DEPT. NO. XI
CASE NO. A-16-735305-B
DEPT. NO. XI
Jointly administered

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

[Business Court Requested: [EDCR 1.61]

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

TOMPKINS, and DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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Plaintiff James J. Cotter, Jr., ("JJC" or "Plaintiff"), by and through his attorney Mark G. Krum of Lewis Roca Rothgerber Christie LLP, files this Opposition to INDIVIDUAL DEFENDANTS' MOTION FOR PARTIAL SUMMARY JUDGMENT (NO. 5) ON PLAINTIFF'S CLAIMS RELATED TO THE APPOINTMENT OF ELLEN COTTER AS CEO filed by Reading International, Inc. (the "Motion"), as follows.

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

The Interested Director Defendants' motion for summary judgment No. 5 (the "Motion" or "MSJ No. 5"), which corresponds to portions of defendant William Gould's motion for summary judgment, should be denied, for a number of independent reasons.

First, the Motion fundamentally misapprehends, or purposefully mischaracterizes, the nature of the allegations made in this action, which assert an ongoing course of self-dealing undertaken for entrenchment purposes, not a series of unrelated one-off, one time fiduciary breaches. That matters, both as a matter of fact, in terms of what evidence is to be considered in assessing the claims made, and as a matter of law.

Second, the Motion is predicated on an incomplete and inaccurate depiction of the actual facts. As the evidence cited herein (and in the opposition to Gould's motion) shows, there are at a minimum significant disputed material facts. Those factual matters include what and why the CEO search committee did what it did—which the evidence shows was to jettison the criteria they had put in place to identify CEO candidates and to select the eventual new CEO, to abort the search and to effectively fire the search firm, all so as to be able to select EC promptly following her belatedly declared (and possibly disclosed) candidacy. Those factual matters include what and why the full board did what it did—which was to forego the agreed interviews of the three final candidates and to forego receiving the proprietary assessment the search firm (Korn Ferry) had been hired and paid to provide to "de-risk" the process.

Third, the Motion dutifully omits any discussion of the applicable legal standards given the actual facts, which goes to the threshold issue (beyond the Rule 56 summary judgment standard) of which party bears what burden. Additionally, where, as here, as here, the director defendants

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are sued for breaches of the duty of loyalty, as distinct from only for breach of the duty of care, the entire legal rubric changes, such that their invocation of Nevada's exculpatory statue in unavailing.

For the foregoing and other reasons set out herein and in the opposition to defendant Gould's motion, Plaintiff respectfully submits that MSJ No. 5 should be denied.

II. STATEMENT OF FACTS

A. The Earlier Search for a Director of Real Estate

Recognizing that the Company owned real estate, including in particular New York City, that was potentially very valuable if developed properly, and recognizing that the Company had no senior executive in its employ in the United States with expertise in real estate development, the Company in early 2015 engaged Korn Ferry to serve as an outside search consultant to conduct a search for a senior executive with at least twenty years of real estate development experience. **[RDI0004125.]** Plaintiff was the proponent of this search, but it had been approved by most if not all of the members of the RDI Board of Directors, either expressly or tacitly. **[Timothy Storey 2/12/16 Depo155:5-9]** By May of 2015, Korn Ferry and senior executives at the Company (with the exceptions of MC and EC) had determined that a person by the name of Jon Genovese was well qualified for the job. **[Depo Exh. 10, Depo Exh. 357]**[1]

However, Plaintiff was terminated as President and CEO on June 12, 2015, at which time EC was appointed interim CEO. **[Depo Exh. 348]** EC promptly determined to suspend the search for a senior executive with real estate development experience until, she said, the Company hired a new CEO. **[Ellen Cotter 6/16/16 Depo 53:7-11.]**

B. Creation of the CEO Search Committee and Engagement of Korn Ferry

RDI's Board of Directors, upon appointing EC as interim CEO, also empowered her to hire a search firm to conduct the search to hire a new CEO. **[Depo Exh. 30]** The Board also approved a CEO search committee proposed by EC, comprised of EC, MC, Gould and

[1] After EC was made CEO in January 2016, she "recommended" that MC be hired in a senior executive position with responsibility for overseeing development of the Company's New York City real estate. **[Ellen Cotter 5/18/16 Depo 7:6- 8:6; Depo Exh. 61]** Although MC has no prior real estate experience, the audit committee, compensation committee, and full Board approved hiring her and paying her as if she did.

McEachern. **[Depo Ex. 348]** RDI issued a press release and filed a form 8-K with the SEC in which it announced that it would hire a search firm to assist in a search for a new CEO. **[Depo Exh. 347]**

On or about June 30, 2015, EC reported that she had interviewed three search firms, and that she was prepared to engage Korn Ferry. She explained that the reasons for engaging Korn Ferry included that Korn Ferry would conduct a proprietary assessment of the three finalists for the position of CEO and that Korn Ferry's proprietary assessment would "de-risk" the process. **[Depo Exh. 30]** She also reported that the search would conclude with the presentation to the full Board of Directors, for interviews, of the three final candidates selected by the CEO search committee with the assistance of Korn Ferry. **[Depo Exh. 30]**

C. The CEO Search Committee Sets Criteria for Identifying Candidates and Selecting RDI's Next CEO

Korn Ferry interviewed the four members of the CEO search committee (and certain executives) for the purposes of preparing a so-called position specification. **[Depo Exh. 381; Robert Mayes 8/18/16 Depo p.37:7-13]**. The purpose of the position specification was to set criteria that would be used and to identify candidates for the position of CEO at RDI, used in connection with selecting those who would be interviewed and, ultimately, used in the process of selecting the three finalists. **[Robert Mayes 8/18/16 Depo p. 36:23 – 37:6]**

Based on the input received by Korn Ferry from each of the members of the CEO search committee, Korn Ferry prepared a position specification that reflected the agreement of all four members of the CEO search committee that experience in real estate development, as reflected by approximately two dozen particular criteria in the final position specification, was paramount in identifying and selecting the next CEO of RDI. **[Depo Exh. 381]** This followed several drafts of the position specification being provided by Korn Ferry to the search committee members. **[Depo Exh. 307, 308, 309, 381]** The final portion specifications listed the criteria as follows:

> **PROFESSIONAL EXPERIENCE/QUALIFICATIONS**
>
> The successful candidate will be a proven leader with significant real estate investment and development experience. The new Chief Executive must

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have a proven and verifiable track record in directing and managing diverse real estate organizations and businesses. He or she must also have exceptional leadership, management and interpersonal skills, and a strong financial acumen. Experience working abroad (particularly in Australia and/or New Zealand) would be highly beneficial.

Specific qualifications will include:

- Minimum of 20 years of relevant experience within the real estate industry, with at least five years in an executive leadership position within dynamic public or private company environments
- Proven track record in the full cycle management of development investments, from planning and entitlement through infrastructure development, land sales, joint ventures and vertical construction. with a proven record of value creation.
- A track record of raising debt and equity capital, with additional exposure to joint-ventures, M&A, and institutional/investor relations
- Proven management and leadership skills with a track record of successfully recruiting, motivating, mentoring, and retaining high performance talent within a multi-disciplinary organizational environment
- Strategic thinking capability to assess macro trends that will impact RDI's business, and ability to anticipate and act ahead of the markets, and make complex decisions to protect and optimize the company's portfolio and performance
- A hands on "player / coach" orientation with the ability to lead by example and via consensus building
- Results orientation and fiduciary mindset
- Exceptional communication skills and ability to inspire
- Unquestioned integrity
- Ideally, in possession of substantive relationships among domestic and global debt and equity sources
- Ideally, an executive who has been involved in a multi-faceted, highly complex entity level "disruption" and has the energy and emotional resilience to lead, deal with, and make decisions on difficult issues
- Ideally, experience in brand development
- Ideally, C-suite level experience within a public company
- A significant depth of international experience, and the ability to work with diverse cultures in diverse places.

[Depo Exh. 381]

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Based on the position specification, candidates were identified and vetted, and interviews with top candidates were scheduled for late November 2015. **[Robert Mayes 8/18/16 Depo 11:15-12:15-21.]** The day of the interviews or a day or two prior, depending on whose testimony is believed, EC announced her candidacy for the position of CEO and resigned from the CEO search committee. **[Robert Mayes 8/18/16 depo p. 29:21-30:5]** However, according to Storey's email of months earlier, EC in July had declined to confirm that she was not interested in being CEO on a permanent basis, leading Storey to surmise that she might be a candidate. According to Korn Ferry executive Robert Mayes, interim CEOs typically are candidates for the permanent position. **[Robert Mayes 8/18/16 Depo 29:21-30:11]**

Remarkably, given the criteria in the position specification they approved, which was finalized, both Gould and McEachern apparently lobbied EC to become a candidate (or declare her candidacy as the case may be). This is according to the sworn testimony of EC in this case. **[Ellen Cotter 6/16/16 Depo p. 93:12 – 94:21]**

Neither at the time EC announced her candidacy nor later did Gould and/or McEachern even consider, much less address, whether any remedial steps, whether replacing her on the CEO Search Committee, starting over or taking any other action were needed given the fact that EC had chaired the search committee and been the principal point of contact with Korn Ferry up to the point she resigned. **[Ellen Cotter 6/16/16 Depo 106:5-110:1]** Nor did Gould and/or McEachern address the subject of whether MC should remain a member of the CEO search committee in view of her sisters' candidacy until the three—including MC—met and agreed on EC. **[Ellen Cotter 6/16/16 Depo 110:6-112:6)]**

Following the interviews of four or five CEO candidates on or about November 22, 2016, meaning hours or days after EC declared her candidacy, the CEO search committee met for about one hour with Korn Ferry senior executive Robert Mayes. **[Robert Mayes 8/18/16 Depo p. 12:24-13:15-22]** After that, according to Mayes, the search committee went "radio silent" until he was told in December that they wanted Korn Ferry to stand down. **[Robert Mayes 8/18/16 Depo p. 12:1-5]**

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What had happened is that, early in December, the CEO search committee met with ("interviewed") EC. **[Robert Mayes Depo 8/18/16 68:11-70:13]** Following meeting with EC, the search committee determined to tell Korn Ferry to stand down. **[Robert Mayes 8/18/16 Depo p. 18:1-14]** The stated reason was that, if EC was their preferred candidate, they did not want to incur additional fees from Korn Ferry. How that comports with the terms of Korn Ferry's July 10, 2015 engagement letter, which provides a schedule for payment of fees, none of which were contingent, was not explained. **[Depo Exh. 373]**

The next action of the CEO search committee was to meet telephonically the last week of December 2015 and select EC to be the next CEO. At that telephonic meeting, they charged Craig Tompkins with responsibility of creating a memorandum that summarized their reasons for selecting EC. **[Robert Mayes Depo 8/18/16 63:22-64:17]** Tompkins did so. **[Depo Exh. 313]** His memorandum, which was provided to the full board of directors shortly before the January 8, 2016 meeting where they approved the selection of EC as President and CEO, summarized the CEO search committee's reasons for selecting her as follows:

> The Committee discussed, among other things, but not necessarily in the order set forth below (as the discussion took up a number of topics on more than one occasion during the discussion), and without attempting to assign any particular order of importance or significance, the following:
>
> The benefits of selecting a President/CEO who has the confidence of the existing senior management team;
>
> The benefits of selecting a President/CEO who knows the Company, its assets, personnel and operations and who could "hit the ground running:"
>
> The fact that it would be beneficial to the Company and to the interests of stockholders generally to have a period of management stability, so that management could focus on the implementation of the Company's mixed entertainment/real estate development business plan;
>
> 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;

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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.

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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;

[Depo Exh. 313]

A simple comparison of stated reasons for selecting EC with the position specification criteria Korn Ferry prepared at the direction of and based on input from the four members of the CEO Search Committee shows that the stated reasons do not even approximate, much less track or match, the criteria used to identify and—supposedly ultimately hire—the new President and CEO of RDI. According to Mayes, he has never seen a candidate selected who did not match eighty present (80%) of the criteria on the position specification document. **[Robert Mayes 8/18/16 Depo p. 59:12-16]** EC obviously meets twenty percent (20%) or less. A slightly more than causal review of the stated reasons for selecting EC as memorialized by Tompkins' memo, the minutes of the January 8, 2016 board meeting and/or the testimony of Gould and/or McEachern, shows a set

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of "reasons" that could produce only one result—EC—as if they reflected a foregone conclusion (or, after the fact, an exercise in question-begging).

On January 8, 2016, RDI's board of directors met. They voted to make EC the new President and CEO, with Plaintiff being the sole director who did not do so. **[Depo Exh. 391]**

Contrary to the process EC had presented to the Board and which the board had approved, the three final candidates were not presented to the board for interviews. In fact, no candidate was presented to the board for interviews. This was notwithstanding the fact that the CEO search committee thought highly of the candidates and had identified one to three as likely finalists.

Korn Ferry did not perform the agreed proprietary assessment of final candidates for the position of president and CEO of RDI. **[Robert Mayes Depo 8/18/16 18:24-19:2]** That is so notwithstanding the fact that Korn Ferry's engagement letter provided that it would be paid for doing so in advance of actually doing so. **[Depo Exh. 373]**According to Mayes, the Korn Ferry executive in charge of RDI's CEO search, Korn Ferry in fact was paid for the proprietary assessment the CEO search committee directed it to not perform. **[Robert Mayes Depo 8/18/16 50:18-51:7]** The individual defendants contend that the proprietary assessments were not done because they knew EC and because they wanted to save $30,000. **[Robert Mayes Depo 8/18/16 18:23-20:5]** They do not explain why saving $30,000 (or even the full cost of the Korn Ferry engagement, which they did not save) made sense with respect to a company the market currently values at approximately $**300** million. Maze explained at deposition what CEO search committee members presumably already knew, which was that the Korn Ferry proprietary assessment also was intended to facilitate the candidate selected succeeding in the job. **[Robert Mayes Depo 8/18/16 18:15-19:15]**

In what appears to have been an effort to fabricate a record that Korn Ferry actually interviewed and/or assessed EC, Craig Tompkins in January—after EC had been selected to be President and CEO—asked Korn Ferry to create a Korn Ferry formatted resume for EC. **[Robert Mayes Depo 8/18/16 63:22-64:10]** Korn Ferry senior executive Mayes was unequivocal at his deposition in this case that that resume was requested by Tompkins in January 2016, which was after EC had been selected. **[Robert Mayes 8/8/16 Depo 64:2-17]**

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III. ARGUMENT

A. Summary Judgment Standard

Summary judgment is only appropriate "where '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.'" *Fergason v. LVMPD*, 364 P.3d 592, 595 (2015) (*citing* NRCP 56(c) (emphasis added)). "'[T]he moving party will bear the burden of persuasion, [and] that party must present evidence that would entitle it to a judgment as a matter of law in the absence of contrary evidence.'" *Id.* (*citing Cuzze v. Univ. & Cmty. Coll. Sys.*, 172 P.3d 131, 134 (2007)).

"'Put more simply: 'The burden of proving the nonexistence of a genuine issue of material fact is on the moving party.'" *Id.* (*citing Maine v. Stewart*, 857 P.2d 755, 758 (1993)). "When the party moving for summary judgment fails to bear his burden of production, 'the opposing party has no duty to respond on the merits and summary judgment may not be entered against him.'" *Id.* (*citing Maine*, 857 P.2d at 759 (reversing summary judgment where burden of production never shifted) (*citing Clauson v. Lloyd*, 103 Nev. 432, 435, 743 P.2d 631, 633 (1987) (reversing summary judgment where movant did not meet the test in NRCP 56)); see NRCP 56(e) (summary judgment burden shifts to the non-movant only when the motion is "made and supported as provided in this rule")).

"[I]n deciding whether summary judgment is appropriate, the evidence must be viewed in the light most favorable to the party against whom summary judgment is sought." *Ferreira v. P.C.H. Inc.*, 774 P.2d 1041, 1042 (1989).

B. The MSJs Mischaracterize the Allegations and Claims Made and Ignore Law Regarding Them, to Create "Straw Man" Claims Against Which to Move

No doubt by design, the Interested Director Defendants' motions for summary judgment mischaracterize the claims made against them in this case. Contrary to what their motions for summary judgment assume, Plaintiff has not made a smorgasbord of unrelated claims. Although Plaintiff's initial complaint, filed the day he was terminated, addressed the only actions about which he had prior knowledge, namely, the actions of the Interested Director Defendants to

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threaten him with termination if he did not resolve trust and estate disputes with EC and MC on terms satisfactory to them and, when he failed to do so, execution on that threat, Plaintiff's FAC and now pending SAC assert an ongoing course of conduct that amounts to entrenchment. The SAC pleads various actions and omissions, including for example that the Interested Director Defendants repopulated and activated an executive committee of the RDI Board of Directors in order to entrench themselves in control of RDI. (See SAC ¶¶ 8, 99 and prayer at ¶ 3(b).) Subsequent complained of acts and omissions, including aborting the CEO search to make EC the new CEO, and giving MC a highly compensated executive position for which she has no professional or educational qualifications.[2]

Simply put, in bringing the MSJs they have brought, the Interested Director Defendants have assumed out of existence the plain allegations of Plaintiff's SAC and the very nature of their complained of course of conduct. They have done so in an effort to create "straw man" claims to challenge by multiple motions for summary judgment. In doing so, the Interested Director Defendants ignore well-developed law that the various complained of acts and omissions upon which Plaintiff's claims are based must be viewed and assessed collectively, not separately and in isolation, as the Interested Director Defendants' multiple MSJs ask the Court to do. *See, e.g., In re Ebix, Inc. Stockholder Litig.*, 2016 WL 208402, at *__ (Del. Jan. 15, 2016) (rejecting director defendants' contention that bylaw amendments should be viewed individually rather than collectively); *Carmody v. Toll Brothers., Inc.*, 723 A.2d 1180, 1189 (Del. Ch. 1998) (finding that particularized allegations that directors acted for entrenchment purposes sufficient to excuse

[2] Also by way of example, the executive committee has been parsed out to be the sole subject of MSJ No. 4, as if it were the only complained of conduct in the SAC. In fact, however, it is not simply the activation and repopulation of the executive committee as an early and purposeful course of action by the Interested Director Defendants to entrench themselves that makes it actionable. It is the fact that—together with all of the other actions alleged in the SAC—the executive committee was intended to be and was used as a means to entrench the individual director defendants, including by eliminating Plaintiff and then director Tim Storey as directors.

Likewise, the Offer has been parsed out to be the sole subject of MSJ No.3, as if the response of the individual director defendants must be assessed solely in view of the record they attempted to create at the single board meeting at which they supposedly deliberated about the Offer, and without regard to their historical conduct and relationships. (That said, their carefully prepared minutes of that one meeting clearly evidence the wishes of EC and MC to retain control of RDI and the fact that the other director defendants acceded to the wishes of MC and EC in failing to take no action in response to the Offer.)

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demand); *Chrysogelos v. London*, 1992 WL 58516, at *8 (Del. Ch. 1992) ("None of these circumstances, if considered individually and in isolation from the rest, would be sufficient to create a reasonable doubt as to the propriety of the director's motives. However, when viewed as a whole, they do create such a reasonable doubt . . ."); *Cal. Pub. Employees' Ret. Sys. v. Coulter*, 2002 WL 31888343, at *__ (Del. Ch. 2002) (concluding that allegations that individually would be insufficient to show a lack of disinterestedness or independence were, taken together, sufficient to do so).

C. Directors' Fiduciary Duties

1. Director Defendants' Fiduciary Duties

The power of directors to act on behalf of a corporation is governed by their fiduciary relationship to the corporation and to its shareholders. *Shoen v. SAC Holding Corp.*, 137 P.3d 1171, 1178 (Nev. 2006) (citations omitted). Generally, those duties are described as the duty of care and is the duty of loyalty. (*Id.*) The duty of good faith may be viewed as implicit in the duties of care and loyalty, or as part of a "triumvirate" of fiduciary duties.

a. The Duty of Care

The duty of care typically is described as requiring directors to act on an informed basis. *Schoen*, 137 P.3d at 1178. Whether directors acted on an informed basis "turns on whether the directors have informed themselves "prior to making a business decision, of all material information reasonably available to them." *Smith v. Van Gorkom*, 488 A. 2d 858, 872 (Del. 1985) (*quoting Aronson v. Lewis*, 473 A. 2d 805, 812 (Del. 1984). Due care thus is a function of the decision-making process, not the decision. *See, e.g., Citron v. Fairchild Camera & Instrument Corp.*, 569 A. 2d 53, 66 (Del. 1989). This necessarily raises "[t]he question [of] whether the process employed [in making the challenged decision] was either rational or employed in a good faith effort to advance the corporate interests." *In re Greater Se. Cmty. Hosp. Corp. I*, 353 B.R. 324, 339 (Bankr. D.D.C. 2006).

b. The Duty of Loyalty

The director's duty of loyalty requires that directors "maintain, in good faith, the corporation's and its shareholders' best interests over anyone else's interests." *Schoen*, 137 P.3d at

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1178 (citations omitted). The duty of loyalty was described in the seminal Delaware Supreme Court case of *Guth v. Loft, Inc.* as follows:

> "Corporate officers and directors are not permitted to use their position of trust and confidence to further their private interests. While technically not trustees, they stand in a fiduciary relation to the corporation and [to] its shareholders. A public policy, existing through the years, and derived from a profound knowledge of human characteristics and motives, has established a rule that demands of a corporate . . . director, peremptorily and inexorably, the most scrupulous observance of his duty [of loyalty], not only affirmatively to protect the interests of the corporation committed to his charge, but also to refrain from doing anything that would work injury to the corporation [or its shareholders] . . . The rule that requires an undivided and unselfish loyalty to the corporation demands that there shall be no conflict between duty and self-interests."

Guth v. Loft, Inc., 5 A.2d 503, 510 (Del. 1939).

The duty of loyalty is "unremitting." *See, e.g.*, *Malone v. Brincat*, 722 A.2d 5, 10 (Del. 1998). The duty of good faith, discussed elsewhere herein, is one element of the duty of loyalty. *Stone v. Ritter*, 911 A.2d 362, 370 (Del. 2006). The terms "loyalty" and "good faith," like the terms "independence" and "candor," are "words pregnant with obligation" and "[d]irectors should not take a seat at the board table prepared to offer only conditional loyalty, tolerable good faith, reasonable disinterest or formalistic candor." *In re Tyson Foods, Inc., Consol. S'holder Litig.*, 2007 WL 2351071, at *4 (Del. Ch. Aug. 15, 2007).

c. The Duty of Good Faith

The element of good faith requires the director to act with a "loyal state of mind." *Hampshire Group, Ltd., v. Kuttner*, 2010 WL 2739995, at *12 (Del. Ch. July 12, 2010). The concept of good faith is particularly relevant in cases in which there is a "controlling shareholder with a supine or passive board." *In re Walt Disney Co. Derivative Litig.*, 907 A.2d 693, 761 n.487 (Del. Ch. 2005), *aff'd*, 906 A.2d 27 (Del. 2006). In such cases, "[g]ood faith may serve to fill [the] gap [between a fiduciary duties of care and loyalty] and insure that the persons entrusted *by shareholders* to govern [the] corporation do so with an honesty of purpose and with an understanding of whose interests they are there to protect." *Id.*

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d. The Duty of Disclosure

"Whenever directors communicate publicly or directly with shareholders about the corporation's affairs . . . directors have a fiduciary duty to shareholders to exercise due care, good faith and loyalty." *Malone v. Brincat*, 722 A.2d at 10. "Shareholders are entitled to rely upon the truthfulness of all information disseminated to them by the directors [of the corporation]." *Id.* at 10-11. When directors communicate with stockholders, they must do so with "complete candor." *In re Tyson Foods*, 2007 WL 2351071, at *3.

e. Directors' Fiduciary Duties Are Owed to All Shareholders, Not Just the Controlling Shareholder(s)

Directors owe all stockholders, not just the stockholders who appointed them, "an uncompromising duty of loyalty." *In re Trados Inc. S'holder Litig.*, 73 A.3d 17, 36 (Del. Ch. 2013). Under some circumstances, it is a breach of loyalty for directors not to act to protect the minority stockholders from a controlling stockholder. *Louisiana Mun. Police Emp. Ret. Sys. v. Fertitta*, 2009 WL 2263406, at *8 (Del. Ch. July 28, 2009) (finding that the failure to act in the face of a controlling stockholder's threat to the corporation and its minority stockholders supported a reasonable inference that the board of directors breached its duty of loyalty by deciding not to cross the controlling stockholder); *see also McMullin v. Beran*, 765 A.2d 910, 919 (Del. 2000) (finding that directors are required to make informed, good faith decisions about whether to the sale of a corporation to a third party that had been proposed and negotiated by a controlling stockholder would maximize the value for minority stockholders).

2. The Business Judgment Rule Is a Rebuttable Presumption, Rebutted 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. Derivative Litig.*, 906 A.2d 27, 52 (Del. 2006) (*quoting Aronson v. Lewis*, 473 A.2d 805, 812 (Del.

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1984).[3] 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 presumptions 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, at least each of the last three elements is absent.

As to MC and EC, there is no dispute that, as to at least any and all matters of disagreement between them and JJC, including but not limited to ultimate control of RDI by controlling the voting trust as trustee(s), immediate control of RDI, whether by removing JJC as CEO, constraining his authority as CEO and/or having a newly activated and repopulated executive committee, and matters involving the employment status, titles and compensation of MC and EC, among other things, MC and EC lack disinterestedness and lack independence. The Interested Director Defendants admit that in their summary judgment motions, including as follows:

> The Individual Defendants, for the purposes of this motion [regarding "director independence"], do not contest the independence of Ellen and Margaret Cotter as RDI directors with respect to the transactions and, or corporate conduct at issue---which are addressed in the Individual Defendants' other, contemporaneously-filed summary judgment motions.

("Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: the Issue of Director Independence" at p. 14, fn. 2.)

[3] 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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a. Individual Defendants' Lack of 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 omitted). Thus, a director must be disinterested in the challenged conduct in particular and, as a general matter, otherwise independent. *Beam v. Stewart*, 845 A.2d 1040, 1049 (Del 2004).

As the Interested Director Defendants acknowledge, EC and MC 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 admittedly 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 and the activation and repopulation of the executive committee with him as a member, to further his own interest and to protect the interests of EC and MC, on whom he is financially dependent.

b. Individual Defendants' Lack of 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*,

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802 A.2d 257, 264 (Del. 2003). Assessing directorial independence therefore "focus[es] on 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.

"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)).

Here, the evidence demonstrates that EC and MC sought an executive committee they controlled since October 2014, to eliminate either of them reporting or answering to a third-party, whether the CEO or the Board of Directors.

Kane's personal relationship with JJC, Sr., Kane's view that JCC, Sr. intended MC control the Voting Trust, and Kane's actions to make that happen, among other things, demonstrate his lack of independence, as long as his other conduct to protect and further personal interests of EC and MC.

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. Individual Defendants' Lack of Good Faith

The element of good faith requires the director to act with a "loyal state of mind." *Hampshire Group, Ltd., v. Kuttner*, 2010 WL 2739995, at *12 (Del. Ch. July 12, 2010). The concept of good faith is particularly relevant in cases in which there is a "controlling shareholder with a supine or passive board." *In re Walt Disney Co. Derivative Litig.*, 907 A.2d 693, 761 n.487 (Del. Ch. 2005), *aff'd*, 906 A.2d 27 (Del. 2006). In such cases, "[g]ood faith may serve to fill [the] gap [between a fiduciary duties of care and loyalty] and insure that the persons entrusted *by shareholders* to govern [the] corporations do so with an honesty of purpose and with an understanding of whose interests they are there to protect." *Id.*

Here, agreeing to activate and repopulate the executive committee, sought by EC and MC since October 2014 to avoid reporting or answering to anyone or anybody, demonstrated unwavering loyalty—to MC and EC—not RDI by its other shareholders, by each of the directors

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(other than Storey and Plaintiff), and previewed what was to come, namely, wholesale abdications of duty and rubber-stamping.

d. The Individual Defendants Failed to Exercise Due Care

Even had the individual defendants acted in good faith and in a manner that each reasonably could have believed to be in the best interests of RDI in taking the actions complained of herein, which was not the case, they failed to engage in a process to decide and act on an informed basis in view of the nature and importance of the decisions made, for the reasons described herein, including aborting the CEO search process.

e. Defendants Must and Cannot Satisfy the Entire Fairness Standard

In *Shoen v. SAC Holding Corp.*, 122 Nev. 621, 137 P.3d 1171 (2006), the Nevada Supreme Court adopted the entire fairness doctrine, citing *Oberly v. Kirby*, 592 A.2d 445, 469 (Del. 1991). *Id.* at 640 n.61, 137 P.3d at 1185 n.61 Under that doctrine, when a transaction is effected or approved by directors with an interest therein, "[t]he interested directors bear the burden of proving the entire fairness of the transaction in all its aspects, including both the fairness of the price and the fairness of the directors' dealings." *Oberly*, 592 A.2d at 469; *accord Reis v. Hazelett Strip-Casting Corp.*, 28 A.3d 442, 459 (Del. Ch. 2011) ("Once entire fairness applies, the defendants must establish to the court's satisfaction that the transaction was the product of both fair dealing and fair price.") (quotation omitted).

"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 presumption of [the] business judgment [rule]." *Solomon v. Armstrong*, 747 A.2d 1098, 1112 (Del. Ch. 1999). *Horwitz v. Sw. Forest Indus., Inc.,* 604 F. Supp. 1130, 1134 (D. Nev. 1985), which defendants cite for the platitude that the business judgment rule applies to claims of breach of fiduciary duty against a director, is not to the contrary and does not address circumstance of where, as here, the plaintiff has rebutted the presumptions of the business judgment rule.

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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. S'holders Litig.,* 2005 WL 3642727, at *9 (Del. Ch. Sept. 29, 2005).

The Motion makes no mention of this standard. In addition the Motion does not discuss the "omnipresent specter" that the Defendants were acting primarily in their own interests or for entrenchment purposes. *Unocal Corp. v. Mesa Petroleum Co.*, 493 A.2d 946, 954 (Del. 1985); *see also eBay Domestic Holdings, Inc. v. Newmark*, 16 A.3d 1, 36 (Del. Ch. 2010).

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. IIC Indus., Inc.,* 902 A.2d 1130, 1145 (Del. Ch. 2006), subsequent proceedings, 2006 WL 2521441 (Del. Ch. Aug. 22, 2006); *see also Venhill Ltd. P'ship v. Hilman*, 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*, 2008 WL 2270488 at *22. Here, Defendants cannot carry their burden of proving the entire fairness of their actions, as part of an ongoing course of entrenchment oriented conduct, aborting the CEO search they touted to RDI shareholders and the public to select EC for regions that had nothing to do with the skills and experience they had previously determined was necessary to even be a candidate for RDI's CEO position.

First, as to the process, the evidence shows that the CEO search process was aborted and that Korn Ferry effectively was terminated promptly after EC announced her candidacy. The

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Korn Ferry proprietary assessment and the full board interviews of three finalists likewise disappeared into the ether.

Nevertheless, or perhaps because of this, MSJ No. 5 (at 7:14-21) argues that there was no breach of fiduciary duty because no search was required. That is a *non sequitur*. The Motion acknowledges that it is the responsibility of directors of a Nevada corporation to select the officers. (Id.) In doing so, Directors obviously cannot do so in a manner that breaches their fiduciary duty of disclosure, care, and/or loyalty.

Here, it is the very standards the individual director defendants themselves set—which they indisputably failed to meet—that make a clear and compelling case of fiduciary breaches. First, with respect to disclosure, they told RDI shareholders that the search would be conducted with an outside search firm. [**Depo Exh. 347].** But they aborted the search and terminated the Korn Ferry and the search process. **[Depo Exh. 347]** Nevertheless, in announcing the selection of EC, they issued a press release that tooted the supposedly thorough process, further misleading RDI shareholders about what transpired. [**Depo Exh. 347].**

Working with Korn Ferry, the CEO search committee created a position specification document that was agreed to be used to identify candidates, vet candidates, select those to be interviewed and, ultimately, select a new CEO. [**Depo Exh. 381].** That was done right up to the point when EC declared her candidacy and was interviewed and the decision was made to simply disregard the approximate two dozen qualifications that have been agreed as those that would be used to select the new CEO. The agreed search process was to have resulted in the three final candidates being presented to the full Board of Directors for interview. The CEO search committee did not do that and not one board member other than Plaintiff objected. The agreed process was that Korn Ferry would perform a proprietary assessment of the finalists. **[Depo Exh. 331]** The CEO search committee affirmatively insured that that did not happen and not one board member other than Plaintiff objected. Simply put, the full board agreed to a process, the search committee began it and then aborted it to select EC, which the full board (excluding Plaintiff), including two directors (Codding and Wrotniak) who had been on the board for less than three months, accepted as if the process to which they all had agreed had never been discussed, much

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less agreed. Had they attempted to make a record of making a decision solely to accede to the wishes of EC and MC, they would have done little different. Indeed, one of the reasons stated for selecting EC was that she and MC were controlling shareholders. **[Depo Exh. 313]**

The Motion argues (at 13:1-10) that Plaintiff cannot produce evidence showing a plan to make EC President and CEO after conducting a supposed search. That assertion is wrong. As noted above, Storey, after speaking with EC, correctly surmised she was an undeclared candidate. As also described above, Gould and McEachern each solicited EC to become a candidate, according to EC, notwithstanding the fact that she failed to even approximate the criteria set out in the position specification. Once EC declared her candidacy and met with the CEO search committee, the search promptly was aborted and Korn Ferry effectively was terminated. To insure that Korn Ferry's proprietary assessment did not show EC to be as unqualified as the position specification did, the CEO search committee directed that no assessments be performed, even though the Company had paid for that previously. Finally, in an effort to fabricate evidence suggesting that Korn Ferry had vetted EC, Tompkins instructed Korn Ferry—after EC had been selected – to create an EC resume in the Korn Ferry format, which evidences both a plan and an effort to conceal it. **[Robert Mayes 8/8/16 Depo 63:21-64:23, Mayes Depo Exh 422]**

The facts described herein, including immediately above, show that the January 11, 2016 press release that said the selection of EC was the result of a "thorough search process" was materially misleading if not inaccurate. The search process may or may not have been thorough through the interviews that occurred on or about November 22, 2015, but it was aborted and ignored to select EC. The Company's disclosures before and after the search, that it employed an outside search firm, which was Korn Ferry, likewise were materially misleading because they create the misimpression that the search firm participated in the selection of the EC when, in fact, the search firm was terminated so EC could be selected without interference from it.

Simply put, the individual director defendants themselves made a thorough record of what they should have done and what they did, which did not approximate what they themselves agreed they should have done, but which, consistent with their prior and subsequent conduct, amounted to acceding to the wishes of EC and MC.

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Likewise, as to the end result, the individual defendants cannot satisfy their burden of showing that the selection of EC, who woefully failed to even approximate satisfying the criteria the CEO search committee set, is entirely fair to RDI and its shareholders, particularly after she made MC the head of real estate development for New York.

3. N.R.S. 78.138(7) Does Not Preclude Liability in This Case

The individual director defendants in most if not all of their MSJs cite to NRS 78.138(7) and, in particular, to the portion that requires that fiduciary breaches "involve[] intentional misconduct, fraud, or a knowing violation of law" and, based on that language, and cases that quote that language, conclude that they are "protected" or "immune" from liability. (*See e.g.*, MSJ No. 4 at 8:3-8.) In doing so, they invariably provide no substantive discussion of the notion of "intentional misconduct." Indeed, they cite only one case, a Federal District Court case from the 10th Circuit, for the proposition that intentional misconduct and a knowing violation of law "both require knowledge that the conduct was wrongful." In other words, the complained of conduct needs to be something beyond and unintentional breach of the duty of care.

First, invocation of Nevada's exculpatory statute, NRS 78.138.7, misapprehends the function of the statute, which is to limit monetary liability and recovery, not to serve as a means by which the legal sufficiency of a fiduciary duty claim is assessed. *Emerald Partners v. Berlin*, 787 A.2d 85, 92 (Del. 2001) ("a Section 102(b)(7) provision does not operate to defeat the validity of a plaintiff's claim on the merits," but "it can operate to defeat the plaintiff's ability to recover monetary damages.")

Second, even if the exculpatory statute were properly invoked, which it is not, it has no application where, as here, duty of loyalty (and disclosure) claims also are made. *McMillan v. Intercargo Corp.*, 768 A.2d 492, 501 n. 41 (Del. Ch. 2000) (the exculpatory statute does not apply to breaches duty of loyalty because "conduct not in good faith, intentional misconduct, and knowing violations of law" are "quintessential examples of disloyal, i.e., faithless, conduct"). Here, the complained of or challenged conduct also and obviously entails breaches of the duty of loyalty (and disclosure). *Orman v. Cullman*, 794 A.2d 5, 41 (Del. Ch. 2002) (plaintiff pleaded a breach of the duty of loyalty claim where it "pled facts which made it reasonable to

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question the independence and disinterest of a majority of the Board that decided what information to include in the Proxy Statement"); *O'Reilly v. Transworld Healthcare, Inc.*, 745 A.2d 902, 914-15, 920, n.34 (Del. Ch. 2014) ("right complaint alleges or pleads facts sufficient to support the inference that the disclosure violation was made in bad faith, knowingly or intentionally, the alleged violation implicates the duty of loyalty" and is relevant to the availability of the exculpatory provisions of section 102(b)(7)): *In re Wheelabrator Techs., Inc. S'holders Litig.*, 1992 WL 212595, at *12 n.18 (Del. Ch. Sept. 1, 1992) (§102(b)(7) did not require dismissal where the plaintiffs pleaded that "the breach of the duty of disclosure wasn't intentional violation of the duty of loyalty").

"Intentional misconduct" is one of three ways in which a fiduciary can fail to act in good faith. *In re Walt Disney Co. Derivative Litig.,* 906 A.2d 27, 67 (Del. 2006). The first occurs "where the fiduciary intentionally acts with a purpose other than that of advancing the best interests of the corporation." *Id.* The second occurs "where the fiduciary tax with the intent to violate applicable positive law." *Id.* The third occurs "where the fiduciary intentionally fails to act in the face of a known duty to act, demonstrating a conscious disregard for his duties." *Id.* Obviously, the first two of the foregoing three ways fiduciaries can fail to act in good faith track language of 203 portions of NRS 78.138(7), namely, "intentional misconduct" and "A knowing violation of law."

Here, Plaintiff has proffered substantial evidence of an ongoing course of self-dealing and entrenchment undertaken for the purpose of protecting and furthering the personal financial and other interests of EC and MC, as well as other individual director defendants, including for example maintaining Adams' principal sources of income. These actions on their face and by their very nature were and are "intentional[] acts with a purpose other than that of advancing the best interests of [RDI]." Do the individual director defendants really expect the Court to decide at summary judgment that their actions to threaten Plaintiff with termination if he did not resolve trust and estate disputes with EC and MC on terms satisfactory to the two of them were not intentional acts with a purpose other than that of advancing the best interests of RDI? Do they really expect the Court to determine on summary judgment that the activation and repopulation of

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an executive committee, about which director Storey complained at the time and which he testified was intended to and had the effect of limiting his ability to serve as a director of RDI, was not an intentional act with a purpose other than advancing the best interests of RDI? Do they really expect the Court to determine on summary judgment that, in effectively firing Korn Ferry and in completely ignoring the criteria set by the CEO search committee for identifying candidates and hiring a new CEO, was not an intentional act with a purpose other than advancing the best interests of RDI? Do they really expect the Court to decide on summary judgment that hiring and paying MC as if she had decades of experience in real estate development when, in fact, she had no prior experience, was not an intentional act with a purpose other than advancing the best interests of RDI?

4. The Interested Director defendants' "Economic Harm" Argument Is Erroneous as a Matter of Law

The Individual Director Defendants assert that, to avoid summary judgment, Plaintiff must produce "cognizable evidence" showing "that the breaches [of fiduciary duty] proximately caused the damages" claimed incurred by the Company. For that proposition, they cite *Brown v. Kinross Gold U.S.A., Inc.*, 531 F. Supp. 2d 1234, 1245 (D. Nev. 2008). (Motion at ___:___-___.) The Individual Director Defendants also assert that, to sustain a fiduciary duty claim, there must be "cognizable evidence" of "economic harm suffered" by the Company resulting from the alleged breaches of fiduciary duty, citing a federal district court case from Colorado and an Arizona state court case. (Motion at 22:13-21.)

The Individual Director Defendants' "economic harm" argument is mistaken as a matter of law and is in reality a disguised exercise at question-begging. The Individual Director Defendants argue that their complained of conduct is governed by and should be assessed by the business judgment rule. However, Plaintiff has introduced evidence sufficient to rebut the presumptions of the business judgment rule and require the Individual Director Defendants to satisfy the entire fairness test, as to which they bear the burden. Part of that burden is to show that the challenged result was entirely fair. The Individual Director Defendants' "economic harm" argument therefore begs the threshold question of what is the standard by which the Individual Director Defendants'

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conduct is to be assessed, which in this case is the entire fairness test, which places the burden on them.

The Delaware Supreme Court in *Cede & Co. v. Technicolor, Inc.*, 634 A.2d 345 (Del. 1993), *modified,* 636 A.2d 956 (Del. 1994), concluded that a requirement that a plaintiff show proof of loss "may" be "good law" in a tort action seeking to recover damages for negligence, but that such a requirement does not apply to a breach of fiduciary duty claim where an issue is the appropriate standard of review of the director defendants' challenged conduct. (*Id.* at 370.) The Court explained that that is the proper rule of law because "[t]he purpose of a trial court's application of an entire fairness standard of review to a challenged business transaction is simply to shift to the defendant directors the burden of demonstrating to the court the entire fairness of the transaction . . ." (*Id.* at 369.)

In a subsequent decision in the same case, the Delaware Supreme Court emphasized that "[t]o inject a requirement of proof of injury into the [business judgment] rule's formulation for burden shifting purposes is to lose sight of the underlying purpose of the rule . . ." *Cinerama, Inc. v. Technicolor, Inc.*, 663 A.2d 1156, 1166 (Del. 1995). Explaining further, the Court stated that "[t]to require proof of injury as a component of the proof necessary to rebut the business judgment presumption would convert the burden shifting process from a threshold determination of the appropriate standard of review to a dispositive adjudication on the merits." (*Id.*) *See also Carlton Invs. v. TLC Beatrice Int'l Holdings, Inc.*, 1996 WL 189435, *4 (Del. Ch. Apr. 16, 1996) (holding that there is "no obligation to plead or prove injury" as part of a breach of fiduciary duty claim and that allegations and evidence "sufficient to strip the board of the business judgment presumption" are sufficient).

Separately, and contrary to the "economic harm" argument proffered by the Individual Director Defendants in most if not all of their MSJs, the Court may "fashion any form of equitable and monetary relief as may be appropriate" under the circumstances in a breach of fiduciary duty care. (*Technicolor*, 663 A.2d at 1166 (quoting *Technicolor*, 634 A.2d at 371).)

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Here, the Individual Director Defendants' repeated invocation of an imaginary "economic harm" requirement ignores the nature of this action, which is for breach of fiduciary duty, which is an action in equity, in which equitable relief may be sought and obtained.

Here, the prayer for relief in Plaintiff's SAC includes several requests for equitable relief, relating both to the termination of Plaintiff and to subsequent actions of the Individual Director Defendants to entrench themselves in control of the Company. Such relief may be sought and secured by way of a breach of fiduciary duty claim.

"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).

Finally, MSJ No. 5 also asserts (at 14-16) that there were no damages from the appointment of EC as President and CEO. Independent of the expert testimony Plaintiff will offer, it is as obvious as it is indisputable that every penny paid to Korn Ferry was wasted, purposefully in order to select EC.

Additionally, although not required to do so, given the nature of the claims made and the relief sought, plaintiff has produced evidence of damages. For example, Plaintiff has claimed, and defendant's own documents and testimony have acknowledged, injury to and impairment of RDI's reputation and goodwill resulting in a diminished ability to attract and retain qualified senior executives, including in particular increased costs if able to do so and, separately, the payment of duplicative or redundant compensation including, for example, monies paid to third-party consultants (e.g., Edifice) and/or monies paid to MC arising from the fact that MC has no prior real estate development experience, which requires the third-party consultants be paid to do what

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is part of her job. [**William Gould Depo 6/29/16 352:19-353:15; Margaret Cotter Depo 6/15/16 101:15-103:9]**

Plaintiff has claimed and publicly available information shows diminution in the price at which RDI stock traded in the days following disclosure of the termination of Plaintiff, as well as on the day of and following disclosure of the selection of EC as permanent President and CEO.

Plaintiff has claimed and evidence shows corporate waste and monetary damages to RDI, including from the inflated salary paid to MC and including from what amounted to a gift of $200,000 to MC (supposedly for services she had provided over a number of preceding years, for which neither her father is the former CEO or the board soffits compensator at the time) and a gift of $50,000 Adams (for serving as a director over the course of the preceding year, during which there was nothing memorializing his supposed special services as such, much less the notion that he should receive special compensation for those services which only were identified after the fact).

IV. CONCLUSION

For all of the foregoing reasons, Plaintiff respectfully submits that MSJ No. 5 should be denied.

DATED this _13th___ day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

/s/ Mark G. Krum

Mark G. Krum (Nevada Bar No. 10913)
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5958

Attorneys for Plaintiff James J. Cotter, Jr.

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

CERTIFICATE OF SERVICE

I hereby certify that on this 13th day of October, 2016, I caused a true and correct copy of the foregoing to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

/s/ Luz Horvath-
An employee of Lewis Roca Rothgerber Christie LLP

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

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CLERK OF THE COURT

APEN
Mark G. Krum (SBN 10913)
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.,

Plaintiff,

vs.

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

Defendants.

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Plaintiffs,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

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)

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DATED this 17th day of October, 2016.

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Mark G. Krum*
Mark G. Krum (SBN 10913)
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996
Tel: 702.949.8200
Fax: 702.949.8398

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 17th day of October, 2016, I caused a true and correct copy of the foregoing **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)** to be electronically filed and served via this Court's electronic filing system to all parties listed on the E-Service Master List.

/s/ Luz Horvath
An employee of Lewis Roca Rothgerber Christie LLP

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

Exhibit 1

Exhibit 1

KORN FERRY

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

PRIVATE AND CONFIDENTIAL

~~February~~ March 17, 2015

Mr. James J. Cotter Jr.
Chief Executive Officer
Reading International
6100 Center Dr., #900
Los Angeles, CA 90045

Dear Jim,

Thank you for including Korn Ferry International ("Korn Ferry") in the discussion to undertake the search for a Head of Real Estate ~~or Chief Investment Officer~~ for Reading International. This letter outlines our understanding of your needs as well as our search process, staffing, compensation parameters, and details of our fee and expense arrangements.

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

COMPANY OVERVIEW

Reading International is a publicly traded internationally diversified "hard asset" company principally focused on the development, ownership and operation of entertainment and real property assets in the United States, Australia, and New Zealand. The company has an operating business consisting of 56 cinemas, and a real estate investment platform, involved in development and the asset management of retail, commercial and live theater assets.

OUR UNDERSTANDING OF YOUR REQUIREMENTS

The company has the goal of shifting its emphasis to real estate over the next five years. It has a healthy balance sheet and $100 million in recyclable capital pending via multiple investment sales. The company has significant assets for redevelopment in New York and Chicago, in addition to entitled land for residential development in Coachella Valley, California.

As such, the company needs to recruit a strong and broad based real estate investment and development professional. The ideal candidate will possess strong strategic capabilities and a proven track record within real estate investment and development.
Although not a pure development profile, this person must have strong understanding of the process, at least via oversight of joint ventures.
Product type experience should include high density, urban mixed use background.

Most likely this person will have a minimum of 15 years of experience, and come from a private operator / developer, a real estate investment trust, or an opportunity fund manager.

THE PARTNERSHIP

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

- Indicate clearly those areas relevant to the search that you wish us to keep confidential.
- Provide timely feedback to Korn Ferry on all aspects of the assignment.
- Schedule interviews promptly with candidates and report your findings as soon as possible.
- Provide Korn Ferry with information on candidates you may have identified from other sources or from within your organization, so that they may be evaluated as part of the search process.
- Provide information to candidates about your company that will enable them to make informed career decisions.
- Agree on a communication strategy to discuss the progress of the search, including marketplace intelligence affecting the search.

PROFESSIONAL FEES AND EXPENSES

Our fees are non-contingent and non-refundable and are equal to one third of the total first year's estimated cash compensation for each position we are seeking to fill. For fee calculation purposes, estimated first year cash compensation includes base salary, estimated or guaranteed incentive bonus, and sign-on bonus ~~and equity compensation~~.

In our experience, the salary range for candidates at this level in this market can be wide, but for calculation purposes this position is likely to have a base salary of approximately $250,000 to $300,000 with a bonus of 50 to 100 percent~~, in addition to long term incentive compensation in the form of options and/or restricted shares~~.

~~In addition to our fees, Korn Ferry is also reimbursed for all administrative support, Search Assessment and research services. These expenses will be billed at twelve percent (12%) of the fee. In addition,~~ Aany direct, out-of-pocket expenses such as candidate and consultant travel, accommodation and video conferencing will be billed on a monthly basis as incurred at cost.

Our initial fee for this search assignment is $120,000 and it is our practice to bill this fee, along with ~~administrative~~ out-of-pocket expenses, in three (3) ~~monthly~~ installments of thirty four percent (34%), thirty three percent (33%) and thirty three percent (33%). ~~The~~ The first installment is due and payable upon your acceptance of this engagement letter.

Billings for the second and third installments will be rendered ~~thirty~~ forty-five (45~~30~~) and ~~sixty~~ninety (90~~60~~) days

respectively after the date of your acceptance of this engagement letter. The billings are due and payable upon receipt. If the estimated initial fees have been fully invoiced prior to the completion of the assignment, no further fees will be billed until the engagement has been concluded, but we will continue to bill expenses monthly.

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

Either party may discontinue this assignment by written notification at any time. Our first billing is a minimum retainer and, thus, is non-refundable even if you cancel within ~~thirty~~ forty-five (45~~30~~) days of your acceptance of this proposal. If cancellation occurs after forty-five~~thirty~~ (45~~30~~) days, and prior to ninety~~sixty~~ (960) days, the second fee installment shall be due and payable in full. Additionally, you will be billed for (i) expenses incurred to the date of our receipt of your written notification; (ii) expenses committed with your approval that cannot be cancelled; and (iii) payment for the prorated portion of the remaining professional fee installment, based upon the number of calendar days that have elapsed since the date of signature. If cancellation occurs after nine~~sixty~~ (960) days, all fees and expenses have been earned and are payable in full.

If you terminate the candidate's employment for "performance reasons" within six months of the date of employment, we will conduct a search to find that candidate's replacement charging only expenses. A "performance reason" for purposes of this paragraph shall mean any reason other than death, disability, a downsizing event, a change in management that results in a termination of this position or a reduction in force.

THE KORN FERRY ADVANTAGE

As part of our search process, we may assist you in determining the most appropriate Leadership Characteristics for the role and we then may utilize our proprietary assessment methodology to help evaluate candidate fit against these desired criteria, as well as your corporate culture. We call this process the Korn Ferry Advantage.

CLIENT SATISFACTION

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

THE CONSULTING TEAM

A key component of the Korn Ferry executive search process is the appointment of the consulting team. I will have the primary responsibility for the assignment, including candidate development, interviews, report writing, references, education verification, compensation negotiation and follow-up and will be supported by LJ Louis. We will also look to the expertise of Robert Wagner, Senior Client Partner to assist in the identification and evaluation of qualified candidates. Our Project Coordinator, Anjelica Zalin will manage administrative details. Our contact numbers are as follows:

KORN FERRY

Bob Mayes Senior Client Partner	Office Direct: Mobile: Email:	310-226-6369 312-656-9407 robert.mayes@kornferry.com
Robert Wagner Senior Client Partner	Office Direct: Mobile: Email:	310-226-2672 310-344-7297 robert.wagner@kornferry.com
LJ Louis Principal	Office Direct: Mobile: Email:	212-984-9305 917-974-0100 lj.louis@kornferry.com
Anjelica Zalin Project Coordinator	Office Direct: Email:	310-226-6357 anjelica.zalin@kornferry.com

CONCLUSION

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

Yours sincerely,

Robert Mayes
Senior Client Partner
cc. Rob Wagner, LJ Louis

KORN FERRY

ACKNOWLEDGEMENT

Reading International authorizes Korn Ferry to proceed with an executive search assignment for the position of Head of Real Estate or Chief Investment Officer.

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

James J. Cotter Jr.
Chief Executive Officer
Reading International

Date

Bob Mayes
Senior Client Partner
KORN FERRY

Date

Invoices should be addressed for the attention of:

Name:
Billing address:

Exhibit 2

Exhibit 2

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

No. A-15-719860-B
Coordinated with:
P-14-082942-E

DEPOSITION OF TIMOTHY STOREY, a defendant herein, noticed by LEWIS ROCA ROTHGERBER CHRISTIE LLP, at 1453 Third Street Promenade, Santa Monica, California, at 9:28 a.m., on Friday, February 12, 2016, before Teckla T. Hollins, CSR 13125.

Job Number 291961

Cotter was empowered to engage the search firm, did you or anyone else ask her if she was or might consider being a candidate for the permanent replacement CEO position?

A. I recollect at that point, my understanding was that she wasn't looking at that position, and that we were all of the view that we needed to engage a search firm, and that the search firm needed to move pretty quickly, to find a replacement.

Q. What was the basis of the understanding you had that you just described?

A. Well, perhaps it was on the basis that she didn't -- in my memory, didn't at that point express a view that she wanted to be the permanent CEO.

Q. But did anyone ask her at any point during that June 12 meeting, including in particular, but not limited to, the point at which she was appointed or empowered to select a search firm for a CEO search, whether she intended to be or did not intend to be a candidate?

A. Well, I recollect that there was some discussion at some point that there would be both external and internal candidates, and that someone like Wayne Smith and others could well be interested. My recollection is that Ellen Cotter's name wasn't raised

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.

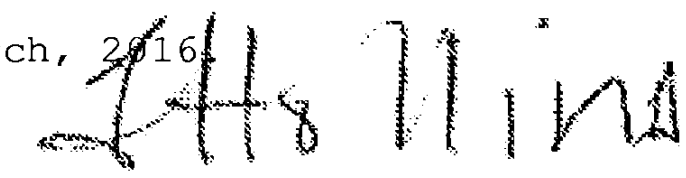
____ The changes made by the witness are appended to the transcript.

____ 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 3

(Filed Separately Under Seal)

EXHIBIT 4

(Filed Separately Under Seal)

Exhibit 5

Exhibit 5

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

MR. RHOW: Ekwan Rhow on behalf of defendant, Bill Gould.

MR. COTTER, JR.: James Cotter, Jr., plaintiff.

MR. KRUM: Mark Krum on behalf of plaintiff, James Cotter, Jr.

MR. NATION: Robert Nation of Robertson & Associates on behalf of the T2 Group of plaintiffs in Intervention.

THE VIDEOGRAPHER: Could you please identify yourself?

MR. TILSON: Yes, Whitney Tilson, Kase Capital, T2.

THE VIDEOGRAPHER: Will the court reporter please swear in the witness.

E L L E N C O T T E R, called as a witness, having been duly sworn by a Notary Public, was examined and testified as follows:

THE COURT REPORTER: Your witness, Counsel.

MR. KRUM: Thank you.

EXAMINATION BY

ATTORNEY :

Q Good morning, Ms. Cotter.

A Good morning.

Q What did you do to prepare for your deposition today?

A I met with Chris Tayback, Marshall and Mark Ferrario.

Q Did you review any documents?

A I did.

Q How many documents did you review?

A Probably 40.

Q When did you do that?

A Yesterday.

Q Did any of these documents refresh your memory with respect to anything?

A No.

Q How were the documents selected, if you know?

A I don't know.

Q Okay. Did the documents have any indication whether they've been produced in this lawsuit?

MR. TAYBACK: Objection; vague.

Q So, for example, did they have a production number in the lower right-hand corner?

A I believe most of them did.

Q Were any of the documents, documents you

right?

A Yes.

Q Now, the next subhead is "Director of Real Estate Search."

Do you see that?

A Yes.

Q And I don't mean to repeat something about which you testified previously, but is this correct, as interim CEO, you put on hold the search for a director of real estate?

A Yes.

Q I'm not going to ask you about those two people, because you've testified about that previously. I'm trying not to repeat things.

A Okay.

Q From time to time, I'll fail, but that's --

MR. TAYBACK: That's what I'm here for. I'll make an objection.

MR. KRUM: If you can keep track, I'll be impressed.

Q Directing your attention to the bottom of that page that ends in Production No. 108.

You see it describes Margaret Cotter as having presented to the executive committee the

A I don't -- I don't really remember exactly what he said, but we just proceeded with the process after.

Q When you say "we proceeded with the process after," what does that mean?

A The search committee, I think Bill Gould took the lead for the search committee. They proceeded with the interviews of the candidates, the finalist candidates that Korn Ferry had recommended, reviewing all their résumés and doing the interviews.

Q When did you first tell the -- any member of the CEO search committee, other than Margaret, your sister, that you were considering being a candidate?

A I don't -- I don't recall.

Q Do you recall doing so, but simply not when you did?

A I don't recall the specifics of when that discussion began, and I don't recall if it was -- I know Bill Gould had encouraged me to consider it.

So I don't know if he brought it up to me before I talked to him about it.

Q Do you recall that you had a conversation

with Tim Storey in which he asked whether you were a candidate or thinking about or considering being a candidate for the position of CEO?

A I don't recall having that discussion with Tim.

Q What did Bill Gould say or do to encourage you to be a candidate?

A The sense I got from the conversation with Bill was, he said, You've been in the job, you're actually doing a good job.

We had evaluated purchasing the Sundance theater circuit and he said he watched how I brought the management team together to create, you know, due diligence and that the due diligence that we did on that acquisition or potential acquisition was very thorough.

But I think he noticed that the entire management team had come together and were working together very collaboratively. And he, he said you should consider this.

Q When did that conversation occur?

A I don't remember.

Q When was the work done with respect to the possible purchase of the Sundance theater

Q Who went back to Korn Ferry and asked them to waive the fee for the special assessment function?

A I'm not really sure.

Q Who was or who were the principal points of contact at RDI with Korn Ferry prior to the point in time when you stepped aside as a member of the CEO search committee?

A When I stepped aside, I believe Bill Gould took the lead on behalf of the search committee.

Q And prior to you stepping aside, who at RDI communicated with Korn Ferry?

A The search committee members. And I believe Craig Tomkins had a conversation or conversations with Korn Ferry.

Q When you say "the search committee members" -- let me ask a more specific question.

Setting aside the communications that Korn Ferry had with each of the four members of the CEO search committee in the context of preparing the position specification, what communications, to your knowledge, did either Margaret Cotter or Doug McEachern have with

Korn Ferry, if any?

A Outside of creating the job specification, it would have been more administrative. Trying to find a time to actually interview the candidates. We were concerned about having the candidates meet everybody face-to-face, and not over the phone or video conference.

So I think that that would have been the nature of their conversations.

Q Who handled those communications?

A Bob Mayes' office handled it.

Q I'm sorry.

Who at RDI handled those communications?

A I mean, originally, it was me.

You know, my assistant Laura Batista and I were trying to organize the times for people to come in.

Q What communications, to your knowledge, did Craig Tomkins have with Korn Ferry?

A I know Craig talked to Korn Ferry about his ideas on the job specification. He had had conversations with Korn Ferry following the interviews. I really don't recall what . . .

Q How did it come to pass that he had conversations with Korn Ferry following the

interviews?

A I'm not sure. I think Craig actually asked them to waive the fee.

Q Is that what -- is that what it is to which you're referring when you say Craig talked to Korn Ferry following the interviews?

A I believe so, yes.

Q Do you know if he had any other communications with Korn Ferry?

A I don't know.

Q How did it come to pass that he talked to Korn Ferry about his ideas on the position specification?

A I had suggested to Korn Ferry that they talk to certain members of the management, Dev Ghose. They spoke to him. They spoke to Craig.

Q When or after you announced that you were considering being a candidate or had become a candidate for the position of CEO at RDI, what discussions occurred, if any, to your knowledge, regarding whether the CEO search committee needed to do anything over or differently?

A Can you repeat the question?

Q Sure.

When or after you announced that you were considering being a candidate or had become a candidate for the position of CEO at RDI, what discussions or communications occurred, if any, to your knowledge, regarding whether the CEO search committee needed to do anything over or do anything differently on a going-forward basis?

A After I informed people that I would like to be become a candidate, I think the only change in the process was that I -- I did not want to participate in the interviews of all the candidates.

Q Because you'd be conflicted?

A Yes. And I didn't -- I didn't -- I just thought it was inappropriate that I'd be a part of that.

Q What discussion, if any, occurred about replacing you on the CEO search committee?

A I don't recall if there was discussion about replacing me.

Q What discussion, if any, occurred about revisiting the position specification?

A I don't recall discussions about

revisiting the job specification.

Q At any point in the process -- strike that.

At any point in time prior to you becoming a candidate, was there -- strike that.

Once you disclosed that you were considering becoming a candidate or had become a candidate, what discussion, if any, occurred about whether Margaret Cotter could or should remain a member of the CEO search committee?

A I don't recall the discussions about whether Margaret should stay on or . . .

Q Did you and she have such discussions?

A I don't recall.

Q So when you had the discussion with Margaret about which you testified previously, you do not recall whether one or both of you have said, Well, also, if you're going to be a candidate, you, Ellen, then, I, Margaret, or vice versa, should not be on the CEO search committee?

A I don't recall. I don't think we talked about that.

Q How did you tell or communicate to Bill Gould that you were considering being a

candidate or had become a candidate?

A As I said, I don't remember. And it could have been that Bill brought it up to me as, this is something that you should consider.

Q When you were speaking with Bill Gould at any point in time in the July 2015 to early January 2016 time frame, did either of you speak about the subject of the composition of the RDI CEO search committee?

A I don't recall discussions about that.

Q Without regard whether it was Bill Gould or anybody else, did you ever hear or learn or were you ever told that anyone had said or implied that if you were a candidate, neither you nor your sister, Margaret, should be on the CEO search committee?

A I don't recall discussions about that.

Q Did you ever hear or learn or were you ever told that anyone had ever said or implied that if you were a candidate for the position of CEO at RDI, that one or more persons needed to be added to the search committee to replace you or you and Margaret?

A I don't recall discussions about that.

Q Beyond what you've already testified, what

communications, if any, did you have with Korn Ferry about you being a candidate for the position of CEO at RDI?

A I don't remember, I mean, outside of talking to Bob about it initially. I'm sure I talked to him about it sometime in January.

Q What did you speak -- what did you say and he say in January?

A I think I remember him asking me to go to lunch.

Q Was this after you had been appointed CEO?

A Yes.

Q Do you recall when interviews of other candidates occurred?

A Well, looking at these e-mails, my recollection is that they occurred after the shareholders meeting, because we knew everyone was going to be there and it was a good time to have in-person interviews.

Q The shareholders meeting on November 10, 2015?

A Yes.

Q And when you say they occurred, you mean the candidate interviews occurred in the day or two or so following the day in which the

C E R T I F I C A T E

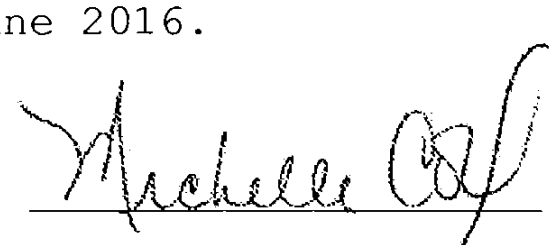
STATE OF NEW YORK)
:ss
COUNTY OF NEW YORK)

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 6

Exhibit 6

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 ELLEN COTTER

TAKEN ON MAY 18, 2016

VOLUME 1

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

MR. SEARCY: Michael Searcy for the witness, Ed Kane, Doug McEachern, Guy Adams, Margaret Cotter.

MR. FERRARIO: Mark Ferrario for Reading.

And before we go on what's the -- the address?

MR. COTTER: Shoreline.

MR. FERRARIO: Shoreline? Okay.

MR. UYENO: Mark Uyeno for T2 partners and the investors.

MR. COTTER: James Cotter, Jr.

MR. KRUM: Mark Krum for plaintiff Jim Cotter, Jr.

VIDEOTAPE OPERATOR: And will the court reporter please swear in the witness.

MARGARET COTTER,

called as a witness, having been sworn, was examined and testified as follows:

EXAMINATION

BY MR. KRUM:

Q. Good morning, Ms. Cotter.

A. Good morning.

Q. Would you state your full name for the record, please.

A. Ellen Marie Cotter.

Q. Have you been deposed previously?

A. Yes.

Q. On how many occasions?

A. Two.

Q. And when were those two occasions?

A. I was deposed in the trust litigation and I was deposed in some antitrust litigation that we had years ago.

Q. When you refer to the trust litigation, Ms. Cotter, to what action are you referring, whether by name, forum or however you care to identify it?

A. It's the action in the California Superior Court that my sister Margaret and I have filed to seek to have the partial amendment to my father's trust deemed invalid.

Q. So that is the trust action in which you and your sister Margaret are adverse to your brother, correct?

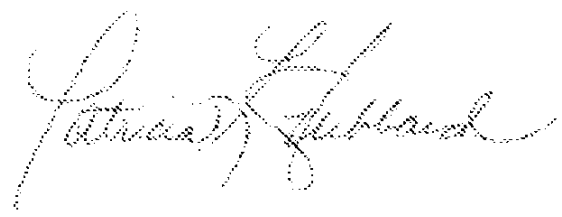
A. Yes.

Q. When did you file that action?

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 7

(Filed Separately Under Seal)

EXHIBIT 8

(Filed Separately Under Seal)

Exhibit 9

Exhibit 9

8-K 1 rdi-20150618x8k.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): 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 Suite 900 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)).

EXH 347
DATE 6-22-16
WIT
PATRICIA HUBBARD

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.

EX-99.1 2 rdi-20150618ex991400879.htm EX-99.1

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

EXHIBIT 10

(Filed Separately Under Seal)

Exhibit 11

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 Coordinated with: 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

A. I don't.

Q. Was it -- do you recall that in or about December of last year, 2015, Mr. Tomkins communicated to you that Korn Ferry should stand down or stand still or suspend work? Do you recall that?

A. Correct.

Q. And as best you recall, Mr. Mayes, what did Mr. Tomkins say to you in words or substance when he communicated that?

A. He indicated that the board had decided to name Ellen the permanent C.E.O., that she had decided to accept, and that we should shut down our efforts at that point.

Q. Okay. Did you have any communications with Mr. Tomkins or anybody else at Reading International, which I'm going to call RDI, in the weeks or days preceding the conversation you just described in which you had been given any status report of where they were in their decision-making?

A. No. We do -- we proactively communicated with them to set updates relative to the process, interest level of candidates and to inquire with regard to next steps. But communication was spotty.

Q. When you say "communication was spotty," what do you mean?

A. That the board was not responsive. There were probably a few weeks there where there was radio silence. Which isn't uncommon.

Q. Okay. And when was that?

A. I'm not prepared with dates. I apologize.

Q. Well, can you place it in time relative to an event?

For example, was it in the several weeks --

A. Sure.

Q. -- preceding the conference call?

A. There was a period -- there was a date where the board interviewed four external candidates. I believe it was a Friday and I believe it was November or December.

I'm sure the documents show the date.

And then from that point on our communication got a little spotty.

Q. Okay. So, let's -- let's start with that particular event.

Directing your attention, Mr. Mayes, to the Friday when the board interviewed several

candidates, were you party to a telephone call with the C.E.O. search committee following those interviews?

A. Actually, in-person meetings. So at the end of the day I was in the offices meeting with Margaret Cotter, Doug McEachern and Bill Gould were on the phone.

And at that point we sort of debriefed on the -- on the pool of candidates.

Q. Who -- I'm sorry. That was a phone call?

A. I was in the office.

Q. You were at Reading's office?

A. Yes.

Q. And so you met with Margaret Cotter, Bill Gould and Doug McEachern?

A. Bill -- Bill was on the phone.

Q. Okay. And was someone else from Korn Ferry present for that?

A. No.

Q. Okay. How long that meeting last?

A. An hour.

Q. And who said what, as best you can recall?

A. We talked largely about -- well, we

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.

that she wasn't up for it.

Q. Did you have any subsequent communications with Ellen Cotter about whether she was or was considering being a candidate for the C.E.O. position?

A. Not until the week of the -- the external candidate interviews.

Q. That's the interviews that occurred on the Friday about which you've already testified?

A. Correct.

Q. And what happened then?

A. She called me a day or two before those interviews were to take place to recuse herself from the -- the search committee.

Q. What did she say and what did you say?

A. She indicated that she was now considering becoming permanent C.E.O. and, therefore, she needed to recuse herself.

Q. What did you say?

A. "Okay."

Q. And in Korn Ferry's practice, in your experience, are interim executives viewed as candidates or possible candidates for the position they're holding on an interim basis?

MR. VERA: Objection. Vague an, calls

for an expert conclusion.

MS. LINDSAY: Join.

THE WITNESS: It's not uncommon for interim C.E.O.'s to be considered for the permanent C.E.O. role.

BY MR. KRUM:

Q. Did you have any discussions with any of Margaret Cotter, Bill Gould and/or Doug McEachern about Ellen Cotter as a candidate or possible candidate for the C.E.O. position?

A. Not to -- not to my recollection.

Q. Up to this point in time just prior to the candidate interviews that occurred on a Friday when Ellen Cotter called you and told you she was recusing herself because she was formally a candidate, with whom had you interacted or interfaced at RDI in connection with the C.E.O. search?

A. We communicated with the entire search committee, but I would say most of the communication was with Ellen.

Q. Did you also communicate with Craig Tomkins?

A. I can't recall.

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

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

part of the Korn Ferry engagement by RDI.

Do you have that in mind?

A. Uh-huh.

Q. Yes?

A. Yes.

Q. Korn Ferry was paid for that, right?

A. Yes.

Q. Okay.

MR. KRUM: I'll pass the witness.

I'll reserve my right to ask whatever other questions, if any I need to, based on what happens after I pass the witness.

MR. SEARCY: Okay.

MS. LINDSAY: Okay. Let's just take a couple minutes to rearrange.

MR. KRUM: Okay. Off the record.

VIDEOTAPE OPERATOR: We are off the record at 10:46.

(Off-the-record discussion.)

VIDEOTAPE OPERATOR: We are back on the record at 10:48.

EXAMINATION

BY MS. LINDSAY:

Q. Good morning.

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.

///

particular candidate?

A. There was a general consensus toward -- toward one -- one candidate in particular. But there was not -- the feedback from the board was, you know, "Now we think we might need more operating company experience." There was a shift.

Q. Do you recall whether Korn Ferry recommended Ellen Cotter for further assessment along with any other candidates?

A. We did -- we rec- -- we encouraged Craig Tomkins to run Ellen through the assessment process.

Q. Okay.

MS. LINDSAY: Can you please mark this as 422.

(Whereupon the document referred to was marked Defendants' Exhibit 422 by the Certified Shorthand Reporter and is attached hereto.)

BY MS. LINDSAY:

Q. Do you recognize Exhibit 422?

A. Yes.

Q. What is it?

A. It is a candidate report.

Q. For Ellen Cotter?

A. Correct.

Q. And what did you do to prepare this candidate report, if you prepared it?

A. We did this at the behest of, I believe, Craig Tomkins and formulated a resume from the internet, did some basic internet research, and then I wrote a brief assessment -- well, it's not an assessment. I wrote a brief overview of her candidacy based on my interaction with her as a search committee member.

Q. So it was based partially on your opinion of her?

A. Yeah. Starting with the professional attributes on page three.

Q. Do you recall when this candidate report was prepared?

A. I think it was just after the new year.

MR. KRUM: Excuse me. Taking Kara's line here, does this document have a production number?

MS. LINDSAY: It was produced by Korn Ferry.

MR. KRUM: Okay. Thanks.

BY MS. LINDSAY:

Q. Directing your attention to -- I'm done

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.

MR. KRUM: Same objections.

MS. HENDRICKS: I don't have any other questions.

Oh, wait a second.

MR. KRUM: Marshall does.

MS. HENDRICKS: If I could read Marshall's writing.

(Off-the-record discussion.)

MS. HENDRICKS: I'll go ahead and pass the witness.

EXAMINATION

BY MR. VERA:

Q. Hi. Good morning.

My name's Herñan Vera. I'm the attorney for Bill Gould and Tim Storey.

Just a few follow-up questions.

You said that --

A. I'm sorry. Who --

Q. For Bill Gould.

A. And?

Q. And Tim Storey, another director.

A. Oh, okay.

Q. So, you said that Ellen was not taken through the deep-dive assessment.

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?

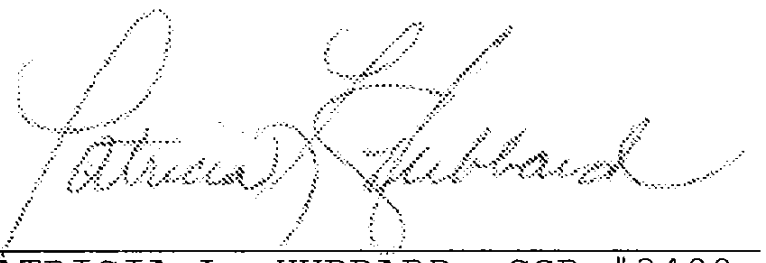
A. I suspect we had two or three conversations with the search committee which he was on the phone for, and then I had one -- or Jim Aggen and I had one conversation with him relative to the development of the success profile.

Q. Okay. So you only had one conversation with him separate from the committee; is that correct?

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 19th day of August, 2016.



PATRICIA L. HUBBARD, CSR #3400

EXHIBIT 12

(Filed Separately Under Seal)

EXHIBIT 13

(Filed Separately Under Seal)

EXHIBIT 14

(Filed Separately Under Seal)

Exhibit 15

Exhibit 15

KORN FERRY

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

PRIVATE AND CONFIDENTIAL

July 9th, 2015

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

Dear Ellen,

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

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

OUR UNDERSTANDING OF YOUR REQUIREMENTS

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

THE PARTNERSHIP

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

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

EXH 37 3
DATE
WIT
PATRICIA HUBBARD

- Provide Korn Ferry with information on candidates you may have identified from other sources or from within your organization, so that they may be evaluated as part of the search process.

- Provide information to candidates about your company that will enable them to make informed career decisions.

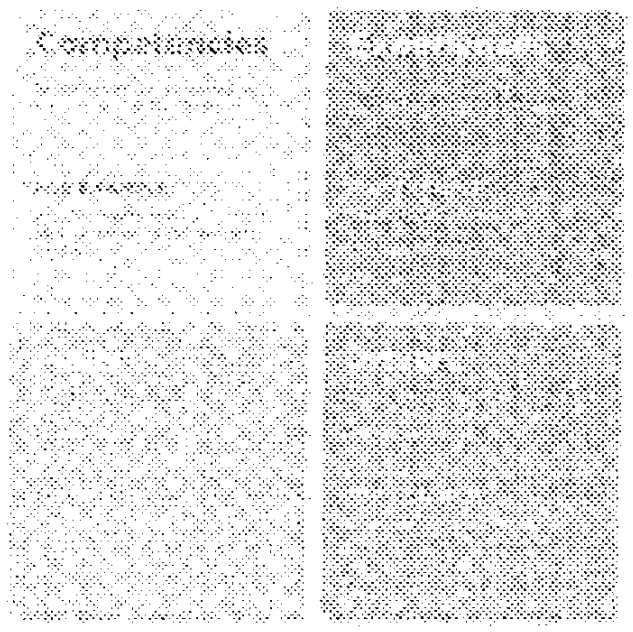
- Agree on a communication strategy to discuss the progress of the search, including marketplace intelligence affecting the search.

CEO SEARCH / ASSESSMENT: INTEGRATED PROCESS AND APPROACH

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

Step One: Mobilization

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



RDI00057743

The creation of a success profile involves the following activities:

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

Step Two: Online Assessments

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

Step Three: Leadership and Skills Interview

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

Step Four: Data Analysis and Draft Reports

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

Step Five: CEO and Board Briefing

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

Step Six: Candidate Feedback and CEO Onboarding

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

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

PROFESSIONAL FEES AND EXPENSES

Our professional fees are non-contingent and non-refundable. The professional fee for the assessment project is $70,000, billed in two monthly installments of $35,000. The first installment is due and payable upon your acceptance of this engagement letter. Billings for the second installment will be rendered ninety (90) days respectively after the date of your acceptance of the engagement letter. The billings are due and payable upon receipt.

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

In addition to our fees, Korn Ferry is also reimbursed for all administrative support, Search, Assessment and research services. These expenses will be billed at a flat fee of $15,000 and payable pro rata at the time of each fee installment.

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

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

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

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

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

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

CLIENT SATISFACTION

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

KORN FERRY GUARANTEE

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

THE CONSULTING TEAM

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

Robert Wagner Senior Client Partner	Office Direct: Mobile: Email:	(310) 226-2572 (310) 343-7297 robert.wagner@kornferry.com
Robert Mayes Senior Client Partner	Office Direct: Mobile: Email:	(310) 226-6389 (312) 656-9407 robert.mayes@kornferry.com
Sidney Cooke Managing Principal, LTC	Office Direct: Mobile: Email:	(416) 277-8300 (289) 380-5115 Sidney.cooke@kornferry.com

KORN FERRY

Dan Pulver Senior Associate		Office Direct: Mobile: Email:	(310) 226-6339 (410) 258-7949 dan.pulver@kornferry.com
Angelica Zelin Project Coordinator		Office Direct: Email:	(310) 226-6357 angelica.zelin@kornferry.com

CONCLUSION

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

Yours sincerely,

Robert Mayer
cc. Robert Wagner, Sidney Cooke

KORN FERRY

ACKNOWLEDGEMENT

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

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

Ellen Cotter — 08/03/2015

Ellen Cotter
Board Director
Reading International, Inc.

Date

Robert Mayes
Senior Client Partner
KORN FERRY

Date

Invoices should be addressed for the attention of:

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

EXHIBIT 16

(Filed Separately Under Seal)

Exhibit 17

Exhibit 17

8-K 1 rdi-20151013x8k.htm 8-K

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

EXH 391
DATE 6-29-16
WIT Gould
PATRICIA HUBBARD

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 Suite 900 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

Exhibit 18

Exhibit 18

From:	Ellen Cotter <EllenCotter@mediagrab.com>
Sent:	Monday, June 29, 2015 2:01 AM
To:	Guy Adams; McEachern, Doug (LS - Retired); Kane, James Cotter; Margaret Cotter; Gould, William D.; Tim Storey
Cc:	William Ellis
Subject:	BOARD OF DIRECTORS MEETING - JUNE 30, 2015
Attachments:	JUNE30MEETINGMATERIALS.pdf

Dear All: Attached please find an agenda for our Meeting this coming Tuesday, June 30. Based on the fact that this Meeting will likely be more informational, I did not think it wise to incur the cost to have a full "in person" Meeting with Margaret and Tim flying to Los Angeles. So, the Meeting will be telephonic as opposed to in person.

In light of the time in New Zealand at 11am (Los Angeles), I hope it is convenient to make the Meeting one hour later for Tim Storey, who will be in Auckland. So, to confirm, this Telephonic Meeting will commence at 12 noon (Los Angeles time)/3pm (New York time)/7am (Auckland time)

Please use the dial-in number below for this June 30 Meeting:

Domestic Participants: 1 310 705 1414

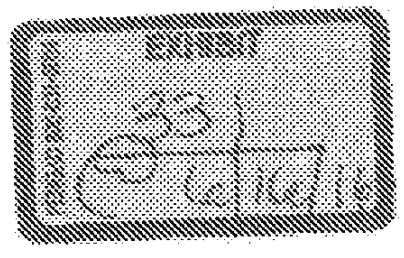
New Zealand Participants: +64 4 831 0371

If calling from within the Los Angeles or Wellington Offices dial 1414#

Conference ID Number: 631-6934

Thank you.

Ellen Cotter
Chairperson



Reading International, Inc.
Meeting of the Board of Directors
Telephonic Meeting
June 30, 2015

Confirmation of Minutes included in Corporate Minute Book – Previously Distributed in Package

Audit and Conflicts Committee	November 3, 2014
Audit and Conflicts Committee	May 4, 2015
Compensation and Stock Option Committee	November 13, 2014
Board of Directors Meeting	January 15, 2015
Board of Directors Meeting	March 19, 2015

Officer and Director Status/Compensation Issues

Process - Search for new CEO	See attached Discussion Agenda
Renewed Executive Committee	See attached Discussion Agenda
Tim Storey's Compensation	
Status of Craig Tompkins & Robert Smerling	
Status of other Company personnel	

2015 Upcoming Board and Committee Meeting Schedule

Proposed Schedule	See attached Schedule

Shareholder Issues

Update Nevada Interpleader Action

Administrative Issues

Litigation Issues

James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, Timothy Storey and William Gould and Reading International, Inc. (Case No. A-15-719860-B) - (Privileged Attorney Client Communication)

Chief Executive Officer – Succession/Search
Agenda for Discussion

I. *Establish CEO Search Committee of the Board of Directors*

2. *Delegated Authority of Search Committee*

A. Select a Professional Search Firm

(i) Establish pool of Professional Search Firms

Korn Ferry (Los Angeles Office)
Russell Reynolds Associates (Los Angeles Office)
Heidrick Struggles (Los Angeles Office)

(ii) Evaluate strengths of each Professional Search Firm
(iii) Evaluate and agree to fee structure for Professional Search Firm
(iv) Target Date for Firm Selection – Three Weeks

B. Build Consensus View of Board: Search Objectives and finalize Candidate Qualifications

(i) Professional Search Firm will conduct exercise with Board to develop candidate search criteria: Competencies, Experiences, Traits and Drivers. See Exhibit A for examples of issues the Board will need to consider
(ii) Agree to process for considering internal Candidates
(iii) Determine the range of Compensation for new CEO: Base Salary, Target Bonus, Equity Compensation and length of Employment Contract

C. Interview finalist candidates with a view that three top candidates will interview with entire Board of Directors

II. *Determine Membership of Search Committee*

EXHIBIT A

Chief Executive Officer – Succession/Search
Agenda for Discussion

Strictly Private and Confidential

READING
INTERNATIONAL

Chief Executive Officer

Learning About the Situation

Prepared by:

Deb Barbanel
Peter Berkowitz
Jeffrey Warren

June 25, 2015

RUSSELL REYNOLDS ASSOCIATES

Learning About the Situation

Organization / Strategy

- What is the 5 year strategic plan for Reading International? What are the major elements?
- Organizational design
  - Reporting structures/organization charts (a copy of which is very helpful).
  - Number and functional specialization of the direct reports to the CEO.

CEO Candidate Questions

- Given the diversified nature of your business, please describe the CEO you are looking for? What competencies are needed?
- Do you see the next CEO as a visionary strategist or someone who is hands-on and execution-oriented?
- Is there a need for true innovation / change?
- Definition of success for the candidate.
  - Top priorities and challenges?
  - Within the first 12 months define what will constitute success for this individual.
  - Definition of success thereafter (on the two to five year timeframe).
- Please tell us about the organizational culture.
- You are a unique organization, but are there any companies you admire, or a "walking definition" of an ideal candidate?
- What are the "hooks" to be emphasized to potential candidates?

Learning About the Situation: Prioritizing Core Competencies

We view the below as a starting point and would work closely with you to create the appropriate list of competencies and then PRIORITIZE them in the search process.	Essential		Not Required
• Sitting or previous Chief Executive Officer			
• Senior Management ("step-up" candidate)			
• Public Company experience			
• From an industry perspective, has experience with:			
➢ Cinema			
➢ Other consumer			
➢ Retail real estate			
• Operating Experience (and define related goals):			
➢ Theater Operations			
➢ Leasing			
➢ Asset Management			
➢ Property Management			
➢ Construction			
➢ Others such as _____			
• Transactional Experience (and define related goals):			
➢ Acquisitions			
➢ Dispositions			
➢ Development			
➢ Joint Venture			
➢ Others such as _____			

Learning About the Situation: Prioritizing Core Competencies (continued)

We view the below as a starting point and would work closely with you to create the appropriate list of competencies and then ***PRIORITIZE*** *them in the search process.*	Essential	[illegible]	Not Required
* Developed and executed investment strategy			
* Developed and executed an operating strategy			
* Rationalized existing portfolio			
* Excellent financial/capital markets acumen			
* Relationships with institutional investors and the "Street"			
* Experience with a business with the founding family highly engaged			
* Global experience / mindset (define)			
* Lead a large headcount team (discuss number)			
* Geographic expertise:			
➢ West Coast			
➢ New York / East Coast			
➢ Mountain / Southwest			
➢ Midwest			
➢ Australia / New Zealand			
* Cultural fit:			
➢ Collaborative, low ego, and ________________, etc.			

RUSSELL REYNOLDS ASSOCIATES

GA00005351

RDI-A07895

EXHIBIT 19

(Filed Separately Under Seal)

Exhibit 20

Exhibit 20

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 WILLIAM GOULD

TAKEN ON JUNE 29, 2016

VOLUME 2

Job No.: 319129

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

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?"

Exhibit 21

Exhibit 21

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 MARGARET COTTER

New York, New York

Wednesday, June 15, 2016

Reported by:
MICHELLE COX
JOB NO. 316939

a developer/management agreement; as we were going to be working on this property, you know, spend many more hours on this property than we had been.

Q Had the CEO, meaning your brother, Jim Cotter, Jr., suggested hiring a director of real estate prior to engaging Buckley -- Buckley -- Edifice or at least entering into a developer's management agreement with Edifice?

MR. SEARCY: Objection; vague.

A My brother was talking about hiring a real estate director, but never -- he never said, We're not going to retain Edifice because we have a real estate director search going on.

Q Well, do you recall that the CEO, meaning your brother, Jim Cotter, Jr., had suggested first hiring a real estate director so as to have that person available to provide the company his or her experience and expertise in connection with negotiating any developer's management agreement with Edifice?

MR. SEARCY: Objection; vague.

A I don't recall that.

Q Did it ever occur to you that a director of real estate might have different thoughts

about what the arrangement between the company and Edifice should be?

MR. SEARCY: Objection. Calls for speculation. Lacks foundation.

A Edifice's deal was discussed a couple of years ago with my father.

Q What does that mean?

A Edifice tried to retain a piece of the property, and my father would not allow it. And said, You are going to be hired for a fee, and we discussed what that fee would be.

Q What was the fee; their hourly rate?

A No. The hourly rate was a -- different than the developer's fee.

I believe that there was talk about a percentage. I don't think we ever finalized the percentage.

Q A percentage of what?

A Of the cost of the project.

Q So did it ever occur to you that a director of real estate might have different thoughts regarding what the arrangement should be with Edifice?

MR. SEARCY: Objection. Lacks foundation. Calls for speculation.

A No.

Q Did it occur to you that a director of real estate might have thoughts about whether the company should enter into a developer's management agreement with Edifice or, for that matter, with anybody?

MR. SEARCY: Objection; vague. Lacks foundation. Calls for speculation.

A No.

Q Did you attempt to move the process forward so that developer's management agreement with Edifice was executed before any director of real estate was hired?

MR. SEARCY: Objection; vague. Lacks foundation.

A Can you please repeat the question?

Q Sure.

Did you attempt to move the process forward so that a developer's management agreement with Edifice was signed or executed before RDI hired a real estate director or director of real estate?

A No.

Q Did you think about that?

A No.

C E R T I F I C A T E

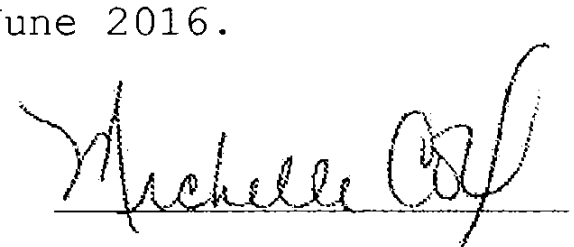
STATE OF NEW YORK)
:ss
COUNTY OF NEW YORK)

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.

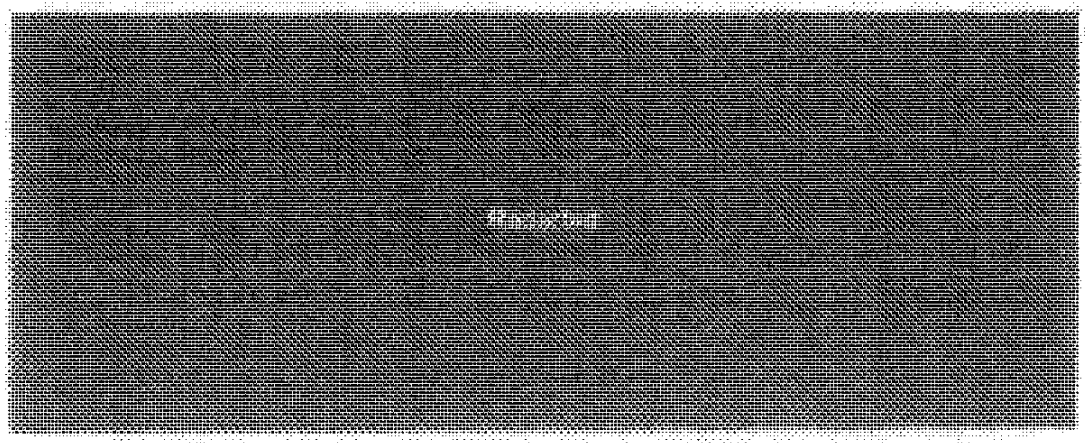
IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of June 2016.



MICHELLE COX, CLR

Exhibit 22

Exhibit 22



From: Harry Susman [mailto:HSUSMAN@SusmanGodfrey.com]
Sent: Wednesday, May 27, 2015 2:39 PM
To: Adam Streisand
Cc: Meg Locke
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]

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: *Executive Committee Structure* The existing Executive Committee would be renewed as a standing committee of the Board of Directors, as follows. • Members: EMC, AMC, JJC and Guy Adams (Chairman). • Delegated Authority to the Executive Committee would be as determined by the Board of Directors, but would include, at a minimum, the following: (i) Approval over the hiring/firing/compensation of all senior level consultants/employees; (ii) Review and approval/disapproval of all contracts/commitments have an overall exposure to the Company in excess of $3 million; and (iii) Review and approval of annual budget and Business Plan. 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. 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. The Company would enter into employment agreements with EMC and AMC on substantially the same terms and conditions as IR. EMC will be appointed President of the US Cinema division. Margaret Cotter will be appointed as Chairman of the NYC Real Estate Oversight Committee (members to include IC, AMC, SCT and VII). It is recognized that the implementation of the above will require the adoption of various bylaws, policies and procedures.
Reading Voting Stock – Class B	IC will decline to serve as Co-Trustee of the Voting Trust and renounces any intention or desire to serve as a successor trustee. Margaret Cotter will be the Sole Voting Trustee of the Voting Stock. IC, 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; IC, EMC and AMC will agree that SR intended for AMC to serve as Chair and that neither EMC nor IR wish to serve as Chair.
Immediate Release and Waiver signed by IC with respect to all litigation, including any matters covered by the specified litigation	1. California Superior Court case 2. Nevada case filed by IC 3. All threats against Directors 4. All threats of Company Derivative Action; 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 Options 6. IC 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 Voting Trust	IC 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.

Ownership of Agriculture Assets	Cotter Family Farms, LLC Agreement amended • Majority rule for decision-making by Co-Managers; • Remove restrictions on distributions or sale of assets; • JC, 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 JC.
JC's "Lead Director" Agreement with Cerella - $288,000 per annum	JC's "lead director" Agreement will be voided. JC 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 JC's ability to make such repayments.
Legal Expenses	All legal expenses and other professional fees incurred to date by JC, EMC, AMC, the Trust, and the Estate relating to the litigation or administration issues will reimbursed by Trust or Estate as appropriate, and JC 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	JC delivers EMC check for $28,000.
James J. Cotter Foundation	AMC, EMC and JC 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, JC 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)

Exhibit 23

Exhibit 23

DEC
MARK G. KRUM (Nevada Bar No. 10913)
MKrum@LRRC.com
LEWIS ROCA ROTHGERBER CHRISTIE LLP
3993 Howard Hughes Parkway, Suite 600
Las Vegas, Nevada 89169
(702) 949-8200
(702) 949-8398 fax

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, inclusive,

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 PLAINTIFF JAMES J. COTTER, JR. IN OPPOSITION TO ALL INDIVIDUAL DEFENDANTS' MOTIONS FOR PARTIAL SUMMARY JUDGMENT *(AND GOULD JOINDERS)*

[Business Court Requested: [EDCR 1.61]

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

I, James J. Cotter, Jr. hereby declare, under the penalty of perjury and the laws of Nevada, as follows:

1. I am over eighteen (18) years of age. I have personal knowledge of the facts contained in this declaration, except on those matters stated upon information and belief, and as to those matters, I believe them to be true. If called upon to testify as to the contents of this declaration, I am legally competent to do so in a court of law.

2. I am the Plaintiff in the above-captioned action. I am, and at all times relevant hereto was, a shareholder of RDI. I have been a director of RDI since on or about March 21, 2002. I have been involved in RDI management since mid-2005, I was appointed Vice Chairman of the RDI board of directors in 2007 and President of RDI on or about June 1, 2013. I was appointed CEO by the RDI Board on or about August 7, 2014, immediately after James J. Cotter, Sr. (JJC, Sr.) resigned from that position. I am the son of the late JJC, Sr., and the brother of defendants Margaret Cotter ("MC") and Ellen Cotter ("EC"). I presently own approximately 560,186 shares of RDI Class A non-voting stock and options to acquire another 50,000 shares of RDI Class A non-voting stock. I am also the co-trustee and beneficiary of the James J. Cotter Living Trust, dated August 1, 2000, as amended (the "Trust"), which owns 2,115,539 shares of RDI Class A (non-voting) stock and 1,123,888 shares of RDI Class B (voting) stock. The Trust became irrevocable upon the passing of JJC, Sr. on September 13, 2014.

3. I submit this declaration in support of the oppositions to all of the motions for summary judgment filed by one or more of the individual defendants in this action.

4. Nominal defendant Reading International, Inc. (RDI or Company) is a Nevada corporation and is, according to its public filings with the United States Securities and Exchange

Commission (the "SEC"), an internationally diversified company principally focused on the development, ownership and operation of entertainment and real estate assets in the United States, Australia and New Zealand. The Company operates in two business segments, namely, cinema exhibition, through approximately 58 multiplex cinemas, and real estate, including real estate development and the rental of retail, commercial and live theater assets. The Company manages world-wide cinemas in the United States, Australia and New Zealand. RDI has two classes of stock, Class A stock held by the investing public, which stock exercises no voting rights, and Class B stock, which is the sole voting stock with respect to the election of directors. An overwhelming majority (approximately eighty percent (80%)) of the Class A stock is legally and/or beneficially owned by shareholders unrelated to me, EC or MC. Approximately seventy percent (70%) of the Class B stock is subject to disputes and pending trust and estate litigation in California between EC and MC, on the one hand, and me, on the other hand, and a probate action in Nevada. Of the Class B stock, approximately forty-four percent (44%) is held in the name of the Trust. RDI is named only as a nominal defendant in this derivative action.

5. I signed a verification of a Second Amended Verified Complaint (the "SAC") in this action. I stand by the substantive allegations of the SAC and incorporate them herein by reference.

The Position of CEO at RDI

6. Certain of the motions for summary judgment brought by the individual defendants in this action suggest that I was appointed CEO of RDI in August 2014 after what amounted to no deliberation by the Board of Directors. That is absolutely false. In fact, as early as 2006, James J Cotter, Sr. ("JJC, Sr."), then the CEO and controlling shareholder of RDI, had communicated to the RDI board of directors his proposed succession plan for the positions of President and CEO. That plan was for me to work under the direction of JJC, Sr. to learn the businesses of RDI, including by functioning in a senior executive role.

7. Since 2005, I was involved in most RDI executive management meetings and privy to most significant internal senior management memos. As mentioned above, I was appointed Vice Chairman of the RDI board in 2007. The RDI Board appointed me President of

Lewis Roca ROTHGERBER CHRISTIE
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Las Vegas, NV 89169-5996

RDI on or about June 1, 2013, and I filled those responsibilities without objection by the RDI board of directors.

8. Soon after I became CEO, my sisters, Ellen, who was an executive at RDI in the domestic cinema segment of the Company's business, and Margaret, who managed RDI's limited live theater operations as a third-party consultant, both communicated to me and to members of the RDI Board of Directors that they did not want to report to me as CEO. In fact, neither of them previously while working for or with the Company effectively had ever reported to anyone other than our father, JJC, Sr. Margaret in particular resisted and effectively refused to report to me until she no longer needed to do so, following my (purported) termination as President and CEO of the Company. They also co-opted at least one employee, Linda Pham, who claimed at some point in 2014 that I had created a hostile work environment for her, which accusation was not well-taken and, in any event, moot with the passage of time by Spring 2015, as director Kane acknowledged at the time.

Disputes With My Sisters

9. My sisters and I had certain disputes with respect to matters of our father's estate. The most significant and contentious dispute concerned who would be the trustee or trustees of the voting trust that, following our father's death, holds approximately 70% of the voting stock of RDI. According to a 2013 amendment to his trust documentation, Margaret was to be the sole trustee. Pursuant to a 2014 amendment to his trust documentation, Margaret and I were to serve contemporaneously as co-trustees. In early February 2015, Ellen and Margaret commenced a lawsuit in California state court challenging the validity of the 2014 amendment to our father's trust documents (the "California Trust Action").

10. My sisters and I also had certain disputes with respect to RDI. Most generally, they disagreed with my view and approach of running RDI like a public company, including hiring a senior executive qualified to oversee the development of the Company's valuable real estate and, more fundamentally, operating the Company to increase its value for all shareholders, not just its value to the Cotter family as controlling shareholders.

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Threatened Termination and Termination

11. Late in the day on May 19, 2015, I received from Ellen, as the chairperson of the RDI Board of Directors, an agenda for a supposed special meeting of the RDI board on May 21, 2015, two days later. I learned that the benignly described first item on the agenda, "status of president and CEO," apparently referred to a secret plan of Ellen and Margaret, together with Ed Kane, Guy Adams and Doug McEachern, to vote to remove me as President and CEO of RDI. However, that meeting commenced and concluded without the threatened vote being taken.

12. Next, on or about May 27, 2015, the lawyer representing Ellen and Margaret in the California Trust Action transmitted to my lawyer in that action a document that proposed to resolve the disputes between my sisters and me, including with respect to who would be the trustee of the voting trust and whether Margaret and Ellen would report to me as CEO of RDI. (A true and correct copy of the May 27, 2015 document, which was marked as deposition exhibit 322, is attached hereto as exhibit "A.")

13. On Friday, May 29, 2015, the (supposed) special board meeting of May 21 was to resume. That morning, before the meeting, I met with Ellen and Margaret. At that meeting, they told me that they were unwilling to mediate or to negotiate any of the terms of the May 27 document described above. They also told me that if I did not agree to resolve my disputes with them on the terms set out in that document, that the RDI Board of Directors would vote at the (supposed) meeting that day to terminate me as President and CEO.

14. The (supposed) special board meeting commenced on May 29 and the issue of my termination as President and CEO was the subject. At this (supposed) special meeting, or another, McEachern pressured me to resign as President and CEO. Eventually, the non-Cotter members of the RDI Board of Directors met with my sisters separately from me. Following that, the majority of the non-cotter directors, namely, Messrs. Adams, Kane and McEachern, advised me that the meeting would adjourn temporarily and resume telephonically at 6 p.m. They further advised that, if I had not reached a resolution of disputes between me and my sisters by the time the (supposed) special meeting reconvened telephonically at 6 p.m. that day, they would proceed with the vote to

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terminate me, meaning that the three of them would vote to terminate me as President and CEO of RDI.

15. That afternoon, Ellen and Margaret again refused to mediate and again refused to negotiate. Ultimately, I indicated a willingness to resolve disputes based on the document provided, subject to conferring with counsel. At or about 6 p.m., the (supposed) special RDI board meeting resumed telephonically, at which time Ellen reported to the five non-Cotter directors that we had reached an agreement in principle to resolve our disputes, subject to conferring with respective counsel. Ed Kane congratulated us and made a statement to the effect that he hoped that I was CEO of the Company for 30 years. No vote was taken on my termination.

16. On or about June 8, 2015, I communicated to my sisters that I could not agree to the document their lawyer had transmitted to my lawyer on or about June 2, 2015. Ellen called a (supposed) special board meeting for June 12, 2015, at which meeting each of Messrs. Adams, Kane and McEachern made good on their threat to vote to terminate me and did so.

Director Interest and Independence

17. One or more of the defendants' motions for summary judgment claim that SEC filings by RDI describe the non-Cotter directors as "independent," that I signed one or more of those SEC filings and that I therefore admit that those directors are independent for the purposes of this action. That is inaccurate. The term "independent" as used in RDI's SEC filings do not refer to matters of Nevada law. It referred usually to the fact that, pursuant to the terms of the Company's listing agreement with NASDAQ, the stock exchange on which RDI stock trades, directors meet the standard of independence of NASDAQ. None of the director defendants have ever suggested to me that they understood use of the term "independent" in RDI's SEC filings to communicate anything other than that non-Cotter directors were not members of the Cotter family which, in one manner or another, controlled approximately 70% of the voting stock of RDI. As among members of the RDI Board of Directors, the term "independent" was used historically to refer to directors who were not members of the Cotter family.

18. Ed Kane was a life-long friend of my father, having met when they were graduate students. Kane was in my father's wedding and was a speaker at my father's funeral. Over my

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lengthy tenure as a director at RDI, I observed Kane as a director of RDI acting at all times as if his job as a director was to carry out my father's wishes. Kane admitted to me that he was not independent for purposes other than the NASDAQ listing agreement and suggested after I became CEO that the Company would benefit from independent directors knowledgeable about its two principal businesses, cinemas and real estate.

19. On the contentious issue between me and my sisters regarding who would be the trustee(s) of the voting trust, Kane communicated to me that his view was that it was my fathers' wishes that Margaret alone be the trustee, and he pressured me to agree to that. At one point in the context of discussions regarding terminating me as President and CEO of RDI, Kane said to me angrily that he thought I "f*#*ed Margaret" by the 2014 amendment to my father's trust documentation, which amendment made me a co-trustee with Margaret of the voting trust.

20. Kane remains very close with my sisters, who still call him "Uncle Ed"" (which I ceased doing after joining RDI). They continue to get together socially, including for family meals during holiday periods, which is what they admittedly did around the Christmas holidays in 2015.

21. Guy Adams is a long time friend of my father. After Adams effectively became unemployed, my father attempted to provide him work and income. Eventually, my father through a company he wholly-owned entered into an agreement with Adams to pay Adams $1000 per month. That company now is part of my father's estate, of which my sisters are executors, such that they are in a position to control whether Adams is paid that money or not. Adams also has carried interests in certain real estate in which my father invested. My sisters as executors of my father's estate are in position to see to it that Adams is or is not paid any monies he is owed on account of those carried interests.

22. Prior to on or about May 2015, Adam's financial condition and, more particularly, his dependence on or independence from my sisters, in terms of his financial situation, had not arisen as a subject. When I suspected that Adams had agreed with my sisters to vote to terminate me as President and CEO of RDI, that raised the issue of whether he was financially dependent on them. I now know that he is. I learned from Adams' sworn declarations in his California state court divorce case that almost all of his income comes from RDI and from one or more companies

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3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-5996

that my sisters control. Adams is not independently wealthy. I asked him about his financial dependence or independence at the (supposed) May 21, 2015 special board meeting, at which time he refused to answer.

23. Michael Wrotniak's wife Trisha was Margaret's roommate in her freshman year of college at Georgetown University. Margaret and Trisha have been life-long best friends starting with their first year in college together. Michael also went to Georgetown University where he met his wife Trisha and also developed a very close friendship with Margaret in college. Given that Margaret only has a few friends, her relationship with Trisha and Michael is extremely important. Margaret has spent a lot of time with Michael and his wife over the years, as all three live in metropolitan New York City. Margaret became like an aunt to Trisha and Michael's children. My sister Ellen and mother also know Trisha and Michael very well, and they have all attended social events together in New York, such as birthday and cocktail parties my sister Margaret has hosted at her apartment in New York City. I believe Margaret's oldest child refers to Trisha and Michael as Aunt and Uncle. Michael's communication with me as a director has been very guarded, which I understand to reflect his knowledge of the lawsuit and his close relationship with Margaret.

24. Judy Codding has had a very close personal relationship with my mother for more than thirty years. (Ellen lives with our mother, who has chosen my sisters' side in the disputes between us.) Ms. Codding has become close with my sisters Ellen and Margaret. On October 13, 2015, over breakfast I had with her, she expressed to me that RDI is a family business and that the only people who should manage it should be one of the Cotters and that she would help make sure of that, whether it be Ellen or me. Her reaction to the offer to purchase all of the stock of the Company at a price in excess of what it trades in the market (the "Offer"), first made by correspondence dated on or about May 31, 2015, reflected Ms. Codding's unwavering loyalty to Ellen. Before the board meeting at which the Board was going to discuss the Offer, she indicated to me that there was no way that the Offer should even be considered (clearly having spoken to Ellen about it before the board meeting).

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25. Bill Gould was a professional acquaintance and friendly with my father for years. Repeatedly since my termination as President and CEO, he has said to me that he has acquiesced as an RDI director to conduct to which he objects and/or to conclusions with which he disagrees, stating in words or substance that he must "pick his fights."

26. For example, at a board meeting at which the board was asked to approve minutes from the (supposed) special board meetings of May 21 and 29, 2015 in June 12, 2015, at which I objected because the minutes contained significant factual inaccuracies, at which I voted against approving the minutes and at which Tim Storey abstained, reflecting that he that too thought the minutes inaccurate (as he testified unequivocally in deposition in this case), Bill Gould voted to approve the minutes. When I asked him afterwards why he had voted to approve inaccurate minutes, he said that, although he could not remember the meetings well enough to state that the minutes were accurate, he thought the ultimate descriptions of action taken, meaning the termination of me, the appointment of Ellen as interim CEO and the repopulation of the executive committee, were accurate, and that he did not want to fight about them.

27. Also as an example, Bill Gould admitted to me that he thought the process deficient, and the time inadequate, to make a genuinely informed decision about whether to add Judy Codding to the RDI Board of Directors. At the board meeting when that happened, he described the decision to add her as a director as having been "slammed down," but he acquiesced.

28. It is clear to me that Bill Gould effectively has given up trying to do what he thinks is the proper thing to do as an RDI director, and is and since June 2015 has been in "go along, get along" mode. He first failed to cause any proper process to occur regarding my termination, and allowed the ombudsman process (by which then director Tim Storey as the representative of the non-Cotter directors was working with me and my sisters to enable us to work together as professionals, which process was to continue into June 2015) to be aborted. That, together with the forced "retirement" of Tim Storey, apparently so chastened Bill Gould that he became unwilling to take a stand on any matter in which doing so would place him in disagreement with my sisters. For example, he has acknowledged that Margaret lacks the experience and qualifications to hold the

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highly compensated job she now holds at RDI, but Bill Gould did not object to it or the compensation being given to her.

The Executive Committee

29. My sisters first proposed an executive committee as a means to avoid reporting to me or, as a practical matter, to anyone, in the Fall of 2014. I resisted that executive committee construct, which was not implemented at that time. As part of the resolution of our disputes that they attempted to force me to accept in May and June 2015, described above, they included an executive committee construct that would have had them reporting to the executive committee that they, together with Guy Adams who is financially beholden to them, would control. As part of their seizure of control of RDI, in addition to terminating me as President and CEO, they activated and repopulated RDI's Board of Directors executive committee. That executive committee previously had never met and never made a decision. After it was activated and repopulated on June 12, 2015, it was used as a means to exclude me and then director Tim Storey, and to a lesser extent Bill Gould, from functioning as directors of RDI and, in some instances, even having knowledge of matters that were handled by the executive committee that historically and ordinarily were handled by RDI's Board of Directors.

The Supposed CEO Search

30. When RDI filed a Form 8-K with the SEC and issued a press release announcing the termination of me as President and CEO, RDI also announced that it would engage a search firm to conduct the search for a new President and CEO. The board empowered Ellen to select the search firm. Ellen selected Korn Ferry ("KF"). She explained to the RDI Board of Directors the she selected KF because KF offered a proprietary assessment tool, which would be used to assess the three finalists for the position of President and CEO, which assessment she asserted would "de-risk" the search process. The Board agreed. Ellen also told the Board that the three final candidates would be presented to the Board for interviews. The Board agreed. Ellen selected herself, Margaret, Bill Gould and Doug McEachern to be members of the CEO search committee, which the Board accepted without substantive discussion.

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31. After the CEO search committee was put in place and KF engaged, the full board received effectively no information about whether and how the CEO search was proceeding. In the time frame from August through December 2015, Ellen for the CEO search committee provided approximately two reports, the latter of which was in mid-December which, as it turned out, was after the process had been aborted and Ellen selected, at least preliminarily. Tim Storey objected to the full board not being apprised of the status of the CEO search, prior to his forced "retirement."

32. Ultimately, in early January 2016, the CEO search committee presented Ellen as their choice for President and CEO. They did not offer, much less present, three finalists to the Board for interviews. They did not have KF perform its paid for, proprietary assessment of the finalists, or of anyone. Before that Board meeting, at which Ellen was made President and CEO, the material provided to the Board effectively amounted to a memorandum prepared by Craig Tompkins, which memorandum claimed to summarize the reasons for the CEO search committee selecting Ellen. The stated reasons are reasons thay no outside candidate could have met. The stated reasons are reasons that do not approximate, much less match, the criteria that the CEO search committee created and KF memorialized as the criteria to identify candidates and ultimately select a new President and CEO. The stated reasons for selecting Ellen were, as I heard them explained at the January board meeting, effectively distilled into a single consideration, namely, that Ellen and Margaret were controlling shareholders.

33. Although I did not agree with the termination of me as President and CEO, and thought and maintain that it was improper, I had hoped that the CEO search committee would conduct a bona fide search and provide to the board for interview three qualified finalists, as had been agreed. I now know that not only did that not happen, but that the CEO search committee terminated the search, and effectively terminated KF, after meeting with Ellen as a declared candidate for the positions of President and CEO. Independent of the results of that process, which at the time I asserted did not serve the interests of the Company, that the process was manipulated and/or aborted in my view amounts to abdication of the board's responsibilities.

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Actions to Secure Control and Use It to Pay those Who Have It

34. In April 2015, I learned that Ellen and Margaret had exercised options they held personally to acquire RDI class B voting stock and that, with the advice and assistance of Craig Tompkins, a lawyer who was a consultant to the Company, they sought to exercise a supposed option in my father's name to acquire 100,000 shares of RDI Class B voting stock. The factual context for the effort to exercise the supposed 100,000 share option is that a majority of the voting stock controlled by my father was held in the name of his Trust, of which the three of us were trustees. Because of that, Ellen and Margaret could not properly vote that stock without my agreement. The stock that was held—not owned—in my father's estate, which was controlled by Ellen and Margaret as the executors, approximated the amount of RDI class B voting stock held by third parties, including Mark Cuban. The point of the effort to exercise the supposed 100,000 share option was to ensure that Ellen and Margaret as executors would have more class B stock then third parties, including Mark Cuban.

35. There were a host of issues faced by the Company due to the request of Margaret and Ellen to exercise these supposed 100,000 share option. For example, one threshold question the Company would have needed to have answered was whether the option was legally effective. That question was not answered. Another threshold question was whether the supposed 100,000 share option automatically had transferred to my father's trust upon his death. That also was not answered, to my knowledge. Possibly due to such unanswered questions, the compensation committee of the Board did not authorize the exercise of the supposed 100,000 share option in April. Margaret and Ellen therefore delayed to the 2015 annual shareholders meeting. After the executive committee (at Ellen's request) had set the annual shareholders meeting for November (meaning that as a board member I had no say on the subject) and the record date for it in October 2015, Ellen had Kane and Adams as two of three members of the compensation committee authorize the request to exercise the supposed 100,000 share option, which was done in September shortly before a hearing in the Nevada probate case. I understand they did so so that the 100,000 shares supposedly could be registered with the Company in the name of Ellen and Margaret as executors prior to the record date. The Company received no benefit from this, in fact suffered the

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injury from replacing outstanding liquid class A stock with effectively illiquid class B stock and, I am informed and believe, from covering the tax obligation that belong to the person or entity exercising the option.

Monetary Rewards to Margaret, Ellen and Adams

36. In March 2016, the Board approved giving Margaret employment at the Company as the senior executive in charge of development of the Company's valuable New York real estate. That is a position Margaret had sought since my father passed. It is a position that I refused to give her, with the then support of all of the non-Cotter directors, because she was unqualified to hold it. She has no prior real estate development experience. What was discussed during my tenure as President and CEO was providing Margaret employment at the Company, so that she could have health benefits for herself and her two children, in a position in which she would continue to be responsible for the modest live theater operations and in which she could work in connection with any development of the Company's New York real estate, but not as the senior executive responsible for the development of the Company's New York real estate. In other words, Margaret could have a position, but she would not have a position that called upon her to do that which she had no experience doing and that which she was unqualified to do. That is the position Margaret was given in March. It is a highly compensated position that reflects its responsibilities. But Margaret has neither the prior experience nor the qualifications to hold it. Nevertheless, she is paid as if she does. Which, in my view, amounts to waste of Company monies. Additionally, the $200,000 paid to Margaret, ostensibly for concessions Margaret previously was willing to make for free to become an employee of the Company, and reportedly for prior services rendered which the Board year after year had not chosen to pay her, is simply a gift, presumably because Margaret made less money in 2015 due to the Stomp debacle.

37. The compensation package provided to Ellen in March 2016, like the one provided to Margaret, is a departure from the Company's practices, in terms of the amount paid relative to the skill and experience of the person being paid. Ellen now is the CEO of what basically is the same company of which I was CEO, but she has a compensation package that could pay her twice to three times as much. No board member has ever explained to me why they think this is

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appropriate, except to the extent they have alluded to the fact that they view Ellen and Margaret as controlling shareholders.

38. Adams in March 2016 was awarded what amounted to a $50,000 bonus for being a director. As a director, I have not seen him provide extraordinary service that warrants a payment such as that, which is a material departure from past practices at the Company, in which extra cash payments to Directors typically were $10,000. The sole notable exception was the $75,000 paid to Tim Storey for his work as ombudsman, but the amount of time and effort he put in that role, including travel between New Zealand and Los Angeles, exceeded by a multiple the amount of time Adams has devoted to being a director in 2015 and 2016. I have no doubt that Adams was paid $50,000 for what amounted to exemplary loyalty to Ellen.

The Offer

39. Ellen shared with the full Board, in or about early June, an offer by third parties to purchase all of the outstanding stock of RDI for cash consideration at a price of approximately 33% above the prices of which RDI stock then traded (i.e., the "Offer"). The Board met on June 2, 2016 regarding the Offer. At that time, Ellen proposed to have management prepare documentation regarding the value of the Company to be provided to Board members for their review and consideration in advance of another board meeting to consider the Offer. I objected, suggesting that an independent person or company be charged with preparing such documentation for review by the Board. My objection was noted and overruled, and the Board agreed to proceed in the manner Ellen suggested. Additionally, board members inquired what Elllen and Margaret as controlling shareholders wanted to do in response to the Offer.

40. On or about June 7, 2016, in view of the Offer, I asked Ellen to provide me the Company's business plan. I understood that there was none and her failure to respond confirmed that.

41. The Board reconvened on June 23, 2016, regarding the Offer. No materials had been delivered to Board members prior to that meeting. At that meeting, Ellen made an oral presentation regarding the supposed value of the Company. I found it difficult to follow her oral presentation with no prior or contemporaneous documentation. I cannot imagine how outside

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directors less familiar with the details of the Company followed it. Not one of the directors other than Ellen indicated that they had taken any action at all, whether reviewing Company documentation, speaking with experts such as counsel or bankers or doing anything else at all, to prepare to discuss the Offer. At that meeting, Ellen also indicated that she and Margaret would oppose any response other than rejecting the Offer, and added that it was their belief that the Company should proceed on its course as an independent company. No director asked questions about whether and how the Company could ever actualize the supposed value Ellen claimed it had. None asked questions about whether management was preparing a business plan to do so or, for that matter, simply preparing a long-term or strategic business plan. None exists. Instead, the non-Cotter directors simply ascertained that Ellen and Margaret wanted to reject the Offer and agreed that the price offered was inadequate. They all voted to proceed in the manner Ellen recommended.

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

DATED this 13th day of October, 2016

James J. Cotter, Jr.

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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

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

Plaintiffs,

vs.

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

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

Coordinated with:

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

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

Jointly administered

PLAINTIFF JAMES J. COTTER, JR.'S OPPOSITION TO DEFENDANT GOULD'S MOTION FOR SUMMARY JUDGMENT

[Business Court Requested: [EDCR 1.61]

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

TOMPKINS, and DOES 1 through 100, inclusive,

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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MEMORANDUM OF POINTS AND AUTHORITIES

Plaintiff James J. Cotter, Jr., ("JJC" or "Plaintiff"), by and through his attorney Mark G. Krum of Lewis Roca Rothgerber Christie LLP, files this Opposition to Defendant Gould Motion for Summary Judgment (the "Motion"), as follows.

I. INTRODUCTION

The motion for summary judgment (the "Motion") brought by defendant William Gould "(Gould") should be denied, for a number of independent reasons.

First, the Motion fundamentally misapprehends, or purposefully mischaracterizes, the nature of the allegations made in this action, which assert an ongoing course of self-dealing undertaken for entrenchment purposes, not a series of unrelated fiduciary breaches. That matters, both as a matter of fact, in terms of what evidence is to be considered in assessing the actual claims made, as a matter of law.

Second, the Motion is predicated on an incomplete and inaccurate depiction of the actual facts. As the evidence cited herein shows, there are at a minimum significant disputed material facts concerning both (i) affirmative actions by Gould as a RDI director and, separately, (ii) affirmative choices by Gould to fail to act in the face of a known duty to act, thereby demonstrating a conscious disregard for his duties. Moreover, the Motion entirely ignores certain matters, such as Gould's response to the Offer, for example, and in other instances (Gould causing or allowing RDI to issue inaccurate and/or materially misleading SEC filings and RDI press releases), invokes reliance on the advice of counsel he has not produced.

Third, the Motion scrupulously avoids any discussion of the applicable legal standards given the actual facts, which goes to the threshold issue (beyond the Rule 56 summary judgment standard) of which party bears what burden. Separately, where, as here, the director defendant is sued for breaches of the duty of loyalty and the duty of disclosure, as distinct from only for breach of the duty of care, the entire legal rubric changes. Independent of that, the Motion also fails to address the meaning of applicable operative language, "intentional misconduct," from the exculpatory statute it erroneously attempts to invoke.

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Simply put, the Motion is a feel-good exercise that ignores disputed material facts that required that it be denied and is based upon erroneous legal analyses which, independently, require denial of the Motion.

II. STATEMENT OF FACTS

A. Gould Admittedly Fails to Fulfill His Fiduciary Responsibilities

The record regarding the circumstances of the termination of Plaintiff as President and CEO of RDI is reflected in Plaintiff's motion for summary judgment and the MSJ No. 1 of the Interested Director Defendants. The record reflects that a majority of the non-Cotter directors determined to pre-empt the ombudsman process and terminate Plaintiff as President and CEO if he did not acquiesce to his sisters' demands to resolve their trust and estate disputes on terms satisfactory to the two of them.

Remarkably, Gould had advance notice of this scheme to seize control RDI, but took no action to prevent it until it was a *fait accompli*. (Appendix Ex. [1] (Guy Adams Depo 4/28/16 83:12-90:10).) Instead, Gould sent untimely e-mails that served only to acknowledge that he and the other director defendants had breached their fiduciary duties by, among other things, failing to have a genuine process leading to the determination to terminate the President and CEO of a RDI, a public company. (Appendix Ex. [2] (Edward Kane Depo Ex. 115).)

At the supposed board meeting of May 21, 2015, Plaintiff raised the issue of Adams' financial dependence on companies controlled by EC and MC. (Appendix Ex. [3] (William Gould Depo. 6/8/16 30:14-32:8).) Gould was present for this and full well knew, as evidenced by his subsequent observation that Adams was conflicted from serving on the Board of Directors compensation committee and deciding compensation of any of the Cotter family members, that this was a critical issue that needed to be resolved. (*Id.* at 32:14-34:24.) That was because Adams' vote to terminate Plaintiff broke a two to tie has among the non-Cotter directors.. Nevertheless, Gould did not insist that Adams disclose this information, instead acquiescing to a course of fiduciary breaches that would not have been occurred that he done then what he did later, which was to observe that Adams was conflicted.

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Having just witnessed and effectively acquiesced to the seizure of control of RDI by Plaintiff's sisters and those beholden to them, Gould promptly exhausted his last ounce of fiduciary conscience. First, he failed to object to the appointment of an executive committee that he knew or should have known, based on the events of the previous Fall, including an October 22, 2014 e-mail from EC proposing that she and MC report to an executive committee rather than their brother as CEO, was a means by which EC and MC would circumvent and undermine the function of RDI's Board of Directors. Next, when EC asserted that Plaintiff was required to resign from the RDI Board of Directors based on a provision in his executive employment agreement, into which he has entered years after becoming a director, Gould mustered his last ounce of fiduciary responsibility and stated that that was not what Plaintiff's executive employment agreement provided.

When EC wrote Plaintiff on June 15, 2015 and told Plaintiff that he must resign from the RDI Board of Directors or he would be in breach of his executive employment agreement, Gould took no action. (Appendix Ex. [3] (William Gould Depo 6/8/16 244:16 – 246:6).) When RDI filed the Form 8-K on or about June 18, 2015, which Form 8-K erroneously asserted that Plaintiff was required to resign as a director upon termination of his employment has an executive at RDI, Gould took no action. This was the beginning of Gould's sad role as a collaborator.

Gould's role as a collaborator, who affirmatively chose not to do what he thought and sometimes acknowledged should be done, began soon thereafter. At a board meeting at which the board was asked to approve minutes from the (supposed) special board meetings of May 21 and 29, 2015 and June 12, 2015, at which Plaintiff objected and voted against approving the minutes because they contained significant factual inaccuracies, at which Tim Storey abstained, reflecting that he that too thought the minutes inaccurate (as he testified unequivocally in deposition in this case), Bill Gould voted to approve the minutes. When Plaintiff asked him afterwards why he had voted to approve inaccurate minutes, he said that, although he could not remember the meetings well enough to state that the minutes were accurate, he thought the ultimate descriptions of actions taken, meaning the termination of Plaintiff, the appointment of EC as interim CEO and the

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repopulation and activation of the executive committee, were accurate, and that he did not want him to fight about them.

B. Gould Watches as Storey is Involuntarily "Retired" and Acquiesces to Stacking the RDI Board With Unqualified Friends of EC and MC, after What He Acknowledged Was an Inadequate "Process"

In order to further secure their control of RDI, in addition to using the executive committee --to which Gould never objected-- to circumvent the full RDI Board of Directors, EC and MC used a supposed special nominating committee of Adams and McEachern to select nominees to stand for election at the 2015 annual shareholders meeting. (Appendix Ex. [4] (Guy Adams Depo 4/29/16 42:8-17).) EC and MC advised Adams and McEachern that they would not vote to reelect Storey, and Adams and McEachern communicated that to Storey and secured his "retirement." (*Id.* at 33:13 – 34:2.) The supposed special nominating committee selected Judy Codding, a 30 year family friend of Mary Cotter, Ellen's and Margaret's mother with whom Ellen lives, and Michael Wrotniak, a long-time personal friend of Margaret, for whom Wrotniak's wife is one of her best friends. (*Id.* at 283:20-285:9).

Gould was advised of Codding's nomination only days before it happened . (Appendix Ex. [3] (William Gould Depo 6/8/16 170:6-171:22).) Gould objected to having inadequate time to perform his duties as a director but nevertheless agreed to add Codding to the RDI Board. (*Id.* at 174:16-175:3.) Promptly after the Company disclose the addition of cutting to the RDF board, the company learned that she was embroiled in a highly publicized affair involving a criminal investigation and substantial bad press. (*Id.* at 176:23-178:24.)

Although Gould touts the supposed process in his Motion, his approval as a director of the hiring of MC as the (highly paid) senior executive at RDI responsible for development of the Company's valuable New York real estate—at a compensation level that his Motion shows was pegged to the position, not to MC, who had no prior real estate development experience and was completely unqualified for the position she was given—was an affirmative choice by Gould to waste Company monies (paid to MC) and risk the Company's valuable New York real estate, to acquiesce to the wishes of EC and MC.

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C. Gould Acts as a Collaborator in Ongoing Entrenchment Conduct—the CEO Search Committee

When Gould was included on the CEO search committee with EC, MC and McEachern, Gould had the opportunity to demand fulfillment of fiduciary responsibilities. He failed to do so, instead voluntarily effectuating the plan of EC and MC to secure control of RDI. The supposed CEO search committee is the subject and MSJ No. 5. Plaintiff respectfully refers the Court to his opposition to MSJ No. 5 regarding the CEO search committee, and incorporates it herein by reference.

What happened is that the CEO search committee failed to deliver on the promise of a completed search for a CEO, chose not to provide the full Board of Directors the final three candidates for interview and affirmatively pre-empted the Korn Ferry proprietary assessment process. In short, the CEO Search Committee aborted a search process and effectively fired the search firm touted to RDI shareholders, all to make EC, an ostensibly controlling shareholder, the CEO.

On or about August 4, 2015, the Board of Directors belatedly was provided draft minutes from the supposed board meetings of May 21, 2015, May 29, 2015 and June 12, 2015. The draft board minutes were dishonest fiction, prepared in an effort fabricate a record of deliberation where none in reality existed, to defend this lawsuit's claim of breach of fiduciary duty arising from the termination of Plaintiff as President and CEO of RDI. Plaintiff objected to the minutes and said as much. (Appendix Ex. [5] (James Cotter Depo 7/6/16 662:23-664:21).) Director Storey abstained from the vote to approve the minutes. (Appendix Ex. [6] (Timothy Storey Depo 2/12/16 164:20-166:5).) At his deposition, however, he testified that he viewed the minutes as materially inaccurate, stating that it would have taken him hours to correct them. (*Id.* at 165:13-166:3.) The critical point is that Gould, as a lawyer and a director decision-maker, full well understood that fictional minutes, depicting a course of deliberation that did not occur because the decisions have been made prior to the first supposed board meeting, were false and purposefully so, but he nevertheless voted to approve them.

D. Gould Does Not Dispute that He Stood by Idly as RDI Filed Inaccurate SEC Filings and Mislead Its Shareholders

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Gould admits that he knew that the statements made by EC at the June 12, 2015 board meeting to the effect that Plaintiff was required to resign as a director upon termination of his employment as executive officer were inaccurate. (Appendix Ex. [3] (William Gould Depo 6/8/16 244:16-245:14).) Gould said so at the time. (*Id.* at 244:16-245:14).) Nevertheless, after the Company on or about June 18, 2015 filed a Form 8-K with the SEC and issued a press release, both of which made the same statement that Gould new to be inaccurate, namely, that Plaintiff's executive employment agreement required him to resign as director upon termination of his executive employment, Gould took no action. He did not raise the issue with EC. He did not raise the issue with the Board. He simply acquiesced to the Company making a false SEC filing and issuing a false press release.

This purposeful and affirmative abdication of directorial responsibilities ia a practice Gould followed previously and since. Gould caused or allowed RDI to disseminate materially misleading if not inaccurate information to its public shareholders and/or affirmatively chose to allow RDI SEC filings and press release that contained materially misleading if not inaccurate information to remain uncorrected. Gould did so with respect to the following press release(s) and/or SEC filings, each of which was misleading if not inaccurate by omission, commission or both:

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

b. On or about June 18, 2015, RDI filed with the SEC a Form 8-K which was materially misleading if not inaccurate in several respects, including that it stated

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

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

d. On or about October 13, 2015, RDI filed with the SEC a Form 8-K which was materially misleading if not inaccurate. In particular, the description in that Form 8-K of defendant Storey "retir[ing]" from the RDI Board of Directors is misleading if

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

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

f. On or about March 15, 2016, RDI filed with the SEC a Form 8-K which stated, among other things, that the RDI Board of Directors Compensation Committee and its Audit and Conflicts Committee each had approved payment of so-called "additional consulting fee compensation" of $200,000 to MC "for services rendered by her to the Company in recent years outside the scope" of a Theater Management Agreement dated January 1, 2002, between the Company's subsidiary, Liberty

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Theaters, Inc. and OBI, LLC, an entity wholly-owned by MC. The Form 8-K also stated that the RDI Board of Directors approved "additional special compensation" of $50,000 to be paid to Adams "for extraordinary services provided the Company and devotion of time in providing such services." The Form 8-K was materially misleading if not inaccurate because, among other things, those payments were awarded for reasons other and/or additional to those set in the Form 8-K.

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

III. ARGUMENT

A. Summary Judgment Standard

Summary judgment is only appropriate "where '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.'" *Fergason v. LVMPD,* 364 P.3d 592, 595 (2015) (*citing* NRCP 56(c) (emphasis added)). "'[T]he moving party will bear the burden of persuasion, [and] that party must present evidence that would entitle it to a judgment as a matter of law in the absence of contrary evidence.'" *Id.* (*citing Cuzze v. Univ. & Cmty. Coll. Sys.,* 172 P.3d 131, 134 (2007)).

"'Put more simply: 'The burden of proving the nonexistence of a genuine issue of material fact is on the moving party.'" *Id.* (*citing Maine v. Stewart,* 857 P.2d 755, 758 (1993)). "When the

party moving for summary judgment fails to bear his burden of production, 'the opposing party has no duty to respond on the merits and summary judgment may not be entered against him.'" *Id.* (*citing Maine,* 857 P.2d at 759 (reversing summary judgment where burden of production never shifted) (*citing Clauson v. Lloyd,* 103 Nev. 432, 435, 743 P.2d 631, 633 (1987) (reversing summary judgment where movant did not meet the test in NRCP 56)); *see* NRCP 56(e) (summary judgment burden shifts to the non-movant only when the motion is "made and supported as provided in this rule")).

"[I]n deciding whether summary judgment is appropriate, the evidence must be viewed in the light most favorable to the party against whom summary judgment is sought." *Ferreira v. P.C.H. Inc.,* 774 P.2d 1041, 1042 (1989).

B. The Motion Mischaracterizes the Allegations and Claims Made and Ignores Law Regarding Them, to Create "Straw Man" Claims Against Which to Move

Gould's motion for summary judgment mischaracterizes the nature of the claims made in this case. Contrary to what the motions assume, Plaintiff has not made a smorgasbord of unrelated claims. Although Plaintiff's initial complaint, filed the day he was terminated, addressed the only actions about which he had prior knowledge, namely, the actions of the Interested Director Defendants to threaten him with termination if he did not resolve trust and estate disputes with EC and MC on terms satisfactory to them and, when he failed to do so, execution on that threat, Plaintiff's FAC and now pending SAC assert an ongoing course of conduct that amounts to entrenchment. The SAC pleads various actions and omissions, including but not limited to the matters raised in Gould's Motion, including Gould aborting the CEO search to make EC the new CEO, and Gould and other director defendants giving MC a highly compensated executive position for which she has no prior professional experience or educational qualifications, all as part of the ongoing course of entrenchment and self-dealing.[1]

[1] For example, although Gould ignores it altogether, the Offer has been parsed out to be the sole subject of MSJ No.3, as if the response of the individual director defendants must be assessed solely in view of the record they attempted to create at the single board meeting at which they supposedly deliberated about the Offer, and without regard to their historical conduct and relationships. (That said, their carefully prepared minutes of that one meeting clearly evidence the wishes of EC and MC to retain control of RDI and the fact that the other director defendants acceded to the wishes of MC and EC in failing to take no action in response to the Offer.)

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Simply put, in his MSJ, Gould has assumed out of existence the plain allegations of Plaintiff's SAC and the very nature of the complained of course of conduct. He has done so in an effort to create discrete stand-alone "straw man" claims to challenge in his motion for summary judgment. In doing so, he ignores well-developed law that the various complained of acts and omissions upon which Plaintiff's claims are based must be viewed and assessed collectively, not separately and in isolation, as the Interested Director Defendants' multiple MSJs ask the Court to do. *See, e.g., In re Ebix, Inc. Stockholder Litig.*, 2016 WL 208402 (Del. Jan. 15, 2016) (rejecting director defendants' contention that bylaw amendments should be viewed individually rather than collectively); *Carmody v. Toll Brothers., Inc.*, 723 A.2d 1180, 1189 (Del. Ch. 1998) (finding that particularized allegations that directors acted for entrenchment purposes sufficient to excuse demand); *Chrysogelos v. London*, 1992 WL 58516, at *8 (Del. Ch. 1992) ("None of these circumstances, if considered individually and in isolation from the rest, would be sufficient to create a reasonable doubt as to the propriety of the director's motives. However, when viewed as a whole, they do create such a reasonable doubt . . ."); *Cal. Pub. Emps.' Ret. Sys. v. Coulter*, 2002 WL 31888343, at *__ (Del. Ch. 2002) (concluding that allegations that individually would be insufficient to show a lack of disinterestedness or independence were, taken together, sufficient to do so).

C. Directors' Fiduciary Duties

1. Director Defendants' Fiduciary Duties

The power of directors to act on behalf of a corporation is governed by their fiduciary relationship to the corporation and to its shareholders. *Shoen v. SAC Holding Corp.*, 137 P.3d 1171, 1178 (Nev. 2006) (citations omitted). Generally, those duties are described as the duty of care and is the duty of loyalty. (*Id.*) The duty of good faith may be viewed as implicit in the duties of care and loyalty, or as part of a "triumvirate" of fiduciary duties.

a. The Duty of Care

The duty of care typically is described as requiring directors to act on an informed basis. *Schoen*, 137 P.3d at 1178. Whether directors acted on an informed basis "turns on whether the directors have informed themselves "prior to making a business decision, of all material

information reasonably available to them." *Smith v. Van Gorkom*, 488 A. 2d 858, 872 (Del. 1985) (*quoting Aronson v. Lewis*, 473 A. 2d 805, 812 (Del. 1984). Due care thus is a function of the decision-making process, not the decision. *See, e.g., Citron v. Fairchild Camera & Instrument Corp.*, 569 A. 2d 53, 66 (Del. 1989). This necessarily raises "[t]he question [of] whether the process employed [in making the challenged decision] was either rational or employed in a good faith effort to advance the corporate interests." *In re Greater Se. Cmty. Hosp. Corp. I*, 353 B.R. 324, 339 (Bankr. D.D.C. 2006).

b. The Duty of Loyalty

The director's duty of loyalty requires that directors "maintain, in good faith, the corporation's and its shareholders' best interests over anyone else's interests." *Schoen*, 137 P.3d at 1178 (citations omitted). The duty of loyalty was described in the seminal Delaware Supreme Court case of *Guth v. Loft, Inc.* as follows:

> "Corporate officers and directors are not permitted to use their position of trust and confidence to further their private interests. While technically not trustees, they stand in a fiduciary relation to the corporation and [to] its shareholders. A public policy, existing through the years, and derived from a profound knowledge of human characteristics and motives, has established a rule that demands of a corporate . . . director, peremptorily and inexorably, the most scrupulous observance of his duty [of loyalty], not only affirmatively to protect the interests of the corporation committed to his charge, but also to refrain from doing anything that would work injury to the corporation [or its shareholders] . . . The rule that requires an undivided and unselfish loyalty to the corporation demands that there shall be no conflict between duty and self-interests."

Guth v. Loft, Inc., 5 A.2d 503, 510 (Del. 1939).

The duty of loyalty is "unremitting." *See, e.g., Malone v. Brincat*, 722 A.2d 5, 10 (Del. 1998). The duty of good faith, discussed elsewhere herein, is one element of the duty of loyalty. *Stone v. Ritter*, 911 A.2d 362, 370 (Del. 2006). The terms "loyalty" and "good faith," like the terms "independence" and "candor," are "words pregnant with obligation" and "[d]irectors should not take a seat at the board table prepared to offer only conditional loyalty, tolerable good faith, reasonable disinterest or formalistic candor." *In re Tyson Foods, Inc., Consol. S'holder Litig.*, 2007 WL 2351071, at *4 (Del. Ch. Aug. 15, 2007).

c. The Duty of Good Faith

The element of good faith requires the director to act with a "loyal state of mind." *Hampshire Group, Ltd., v. Kuttner*, 2010 WL 2739995, at *12 (Del. Ch. July 12, 2010). The concept of good faith is particularly relevant in cases in which there is a "controlling shareholder with a supine or passive board." *In re Walt Disney Co. Derivative Litig.*, 907 A.2d 693, 761 n.487 (Del. Ch. 2005), *aff'd*, 906 A.2d 27 (Del. 2006). In such cases, "[g]ood faith may serve to fill [the] gap [between a fiduciary duties of care and loyalty] and insure that the persons entrusted *by shareholders* to govern [the] corporation do so with an honesty of purpose and with an understanding of whose interests they are there to protect." *Id.*

d. The Duty of Disclosure

"Whenever directors communicate publicly or directly with shareholders about the corporation's affairs . . . directors have a fiduciary duty to shareholders to exercise due care, good faith and loyalty." *Malone v. Brincat*, 722 A.2d at 10. "Shareholders are entitled to rely upon the truthfulness of all information disseminated to them by the directors [of the corporation]." *Id.* at 10-11. When directors communicate with stockholders, they must do so with "complete candor." *In re Tyson Foods*, 2007 WL 2351071, at *3. *Backman v. Polaroid Corp.*, 910 F.2d 10, 16 (1st Cir. 1990) identifies two complimentary notions, one that the disclosures must not be "so incomplete as to mislead[,]" and the other that there is a duty to update in the event a prior disclosure becomes materially misleading in light of subsequent events. *Id.* at 16 and 17. Here, RDI to make disclosures that were misleading because they were incomplete and, with respect to at least the dynamic between Plaintiff and his sisters, and the EC Committee, misleading in light of subsequent events.

Any suggestion that directors of a public company have no responsibility for the SEC filings made by the company of which they are directors not only contradicts the allegations of the FAC, it is erroneous. One need only look at the Delaware Supreme Court opinion in *Malone v. Brincat*, 722 A.2d 5, 12 (Del. 1998) to see that it is viewed as an unremarkable proposition that directors are responsible for, and may have liability on account of, the disclosures of the company of which they are directors:

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> "shareholders are entitled to rely upon the truthfulness of all information disseminated to them by the directors they elect to manage the corporate enterprise. Delaware directors disseminate information in at least three contexts: public statements made to the market, including shareholders; statements informing shareholders about the affairs of the corporation without a request for shareholder action; and, statements to shareholders in conjunction with a request for shareholder action. Inaccurate information in these contacts may be the result of a violation of the fiduciary duties of care, loyalty or good faith..."

Malone, 722 A.2d at 11.

An affirmative failure to cause an inaccurate or materially misleading disclosure, or even an affirmative choice not to correct one, constitutes a breach of the duty of loyalty, duty of disclosure or both. *O'Reilly v. Transworld Healthcare, Inc.*, 745 A.2d 902, 914-15, 920, n.34 (Del. Ch. 2014) ("complaint alleges or pleads facts sufficient to support the inference that the disclosure violation was made in bad faith, knowingly or intentionally, the alleged violation implicates the duty of loyalty" and is relevant to the availability of the exculpatory provisions of section 102(b)(7)): *In re Wheelabrator Techs., Inc. S'holders. Litig.*, 1992 Del. Ch. LEXIS at *41 n.18, 1992 WL 212595, at *12 n.18 (Del. Ch. Sept. 1, 1992) (§102(b)(7) did not require dismissal where the plaintiffs pleaded that "the breach of the duty of disclosure wasn't intentional violation of the duty of loyalty"). The business judgment rule does not apply to duty of disclosure claims, because the issue in such instances is "whether shareholders have . . . been provided with appropriate information upon which an informed choice on a matter of fundamental corporate importance may be made." *In re Anderson, Clayton S'holders Litig.*, 519 A.2d 669, 675 (Del Ch. 1986).

e. Directors' Fiduciary Duties Are Owed to All Shareholders, Not Just the Controlling Shareholder(s)

Directors owe all stockholders, not just the stockholders who appointed them, "an uncompromising duty of loyalty." *In re Trados Inc. S'holder Litig.*, 73 A.3d 17, 36 (Del. Ch. 2013). Under some circumstances, it is a breach of loyalty for directors not to act to protect the minority stockholders from a controlling stockholder. *Louisiana Mun. Police Emp. Ret. Sys. v. Fertitta*, 2009 WL 2263406, at *8 (Del. Ch. July 28, 2009) (finding that the failure to act in the face of a controlling stockholder's threat to the corporation and its minority stockholders

supported a reasonable inference that the board of directors breached its duty of loyalty by deciding not to cross the controlling stockholder); *see also McMullin v. Beran*, 765 A.2d 910, 919 (Del. 2000) (finding that directors are required to make informed, good faith decisions about whether to the sale of a corporation to a third party that had been proposed and negotiated by a controlling stockholder would maximize the value for minority stockholders).

2. The Business Judgment Rule Is a Rebuttable Presumption, Rebutted 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. Derivative Litig.*, 906 A.2d 27, 52 (Del. 2006) (*quoting Aronson v. Lewis*, 473 A.2d 805, 812 (Del. 1984).[2] 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 presumptions 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, at least each of the last three elements is absent.

As to MC and EC, there is no dispute that, as to at least any and all matters of disagreement between them and JJC, including but not limited to ultimate control of RDI by controlling the voting trust as trustee(s), immediate control of RDI, whether by removing JJC as CEO, constraining his authority as CEO and/or having a newly activated and repopulated executive committee, and matters involving the employment status, titles and compensation of MC and EC, among other things, MC and EC lack disinterestedness and lack independence. The

[2] 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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Interested Director Defendants admit that in their summary judgment motions, including as follows:

> The Individual Defendants, for the purposes of this motion [regarding "director independence"], do not contest the independence of Ellen and Margaret Cotter as RDI directors with respect to the transactions and, or corporate conduct at issue---which are addressed in the Individual Defendants' other, contemporaneously-filed summary judgment motions.

("Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: the Issue of Director Independence" at p. 14, fn. 2.)

a. Individual Defendants' Lack of 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 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.

As the Interested Director Defendants acknowledge, EC and MC 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 to date, including each of the matters raised in Gould's Motion.

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 conduct throughout 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 repeatedly 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 and the activation and repopulation of the executive committee with him as a

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member, and continuing to date with his reliable support for EC and MC to secure senior executive positions at, and rich compensation from, RDI.

b. Individual Defendants' Lack of 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 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.*)

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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.

"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)).

Here, the evidence demonstrates that (1) with respect to all matters raised in Gould's Motion, EC and MC were not independent but, on the contrary, consistently had a personal stake in the disposition of those matters.

Kane's personal relationship with JJC, Sr., Kane's view of JCC, Sr.'s intentions, Kane's unwavering support of MC and EC, together with their personal stakes in the matters raised in Gould's Motion, evidence Kane's 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 the presumptions of the business judgment rule have been rebuffed.

c. Individual Defendants' Lack of Good Faith

The element of good faith requires the director to act with a "loyal state of mind." *Hampshire Group, Ltd., v. Kuttner*, 2010 WL 2739995, at *12 (Del. Ch. July 12, 2010). The concept of good faith is particularly relevant in cases in which there is a "controlling shareholder

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with a supine or passive board." *In re Walt Disney Co. Derivative Litig.*, 907 A.2d 693, 761 n.487 (Del. Ch. 2005), *aff'd*, 906 A.2d 27 (Del. 2006). In such cases, "[g]ood faith may serve to fill [the] gap [between a fiduciary duties of care and loyalty] and insure that the persons entrusted *by shareholders* to govern [the] corporations do so with an honesty of purpose and with an understanding of whose interests they are there to protect." *Id.*

d. The Individual Defendants Failed to Exercise Due Care

Even had the individual defendants acted in good faith and in a manner that each reasonably could have believed to be in the best interests of RDI in taking the actions complained of herein, which was not the case, they failed to engage in a process to decide and act on an informed basis in view of the nature and importance of the decisions made, for the reasons described herein, including but not limited to aborting the CEO search process.

3. Gould Cannot Satisfy the Entire Fairness Standard

a. Entire Fairness Is The Standard

In *Shoen v. SAC Holding Corp.*, 122 Nev. 621, 137 P.3d 1171 (2006), the Nevada Supreme Court adopted the entire fairness doctrine, citing *Oberly v. Kirby*, 592 A.2d 445, 469 (Del. 1991). *Id.* at 640 n.61, 137 P.3d at 1185 n.61 Under that doctrine, when a transaction is effected or approved by directors with an interest therein, the director defendants "bear the burden of proving the entire fairness of the transaction in all its aspects, including both the fairness of the price and the fairness of the directors' dealings." *Oberly*, 592 A.2d at 469; *accord Reis v. Hazelett Strip-Casting Corp*., 28 A.3d 442, 459 (Del. Ch. 2011) ("Once entire fairness applies, the defendants must establish to the court's satisfaction that the transaction was the product of both fair dealing and fair price.") (quotation omitted).

"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 presumption of [the] business judgment [rule]." *Solomon v. Armstrong*, 747 A.2d 1098, 1112 (Del. Ch. 1999). *Horwitz v. Sw. Forest Indus., Inc.,* 604 F. Supp. 1130, 1134 (D. Nev. 1985),

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which defendants cite for the platitude that the business judgment rule applies to claims of breach of fiduciary duty against a director, is not to the contrary and does not address circumstance of where, as here, the plaintiff has rebutted the presumptions of the business judgment rule.

Gould's Motion simply ignores the factual and legal issues of disinterestedness, independence and entire fairness.

b. The Test Is a Fair Process and a Fair Result

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. S'holders Litig.,* 2005 WL 3642727, at *9 (Del. Ch. Sept. 29, 2005).

The Motion makes no mention of this standard. In addition the Motion does not discuss the "omnipresent specter" that the Defendants were acting primarily in their own interests or for entrenchment purposes. *Unocal Corp. v. Mesa Petroleum Co.*, 493 A.2d 946, 954 (Del. 1985); *see also eBay Domestic Holdings, Inc. v. Newmark*, 16 A.3d 1, 36 (Del. Ch. 2010).

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. IIC Indus., Inc.,* 902 A.2d 1130, 1145 (Del. Ch. 2006), subsequent proceedings, 2006 WL 2521441 (Del. Ch. Aug. 22, 2006); *see also Venhill Ltd. P'ship v. Hilman*, 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*, 2008 WL 2270488 at *22. Here, Defendants cannot carry their burden of proving the entire fairness of their actions, as part of an ongoing course of entrenchment oriented conduct, aborting the CEO search they touted to RDI

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shareholders and the public to select EC for regions that had nothing to do with the skills and experience they had previously determined was necessary to even be a candidate for RDI's CEO position.

c. The Threat to Terminate Plaintiff, the Termination of Plaintiff and the Implementation of an Executive Committee

For the reasons explained in Plaintiff's motion for summary judgment and in his opposition to the interested director defendants' MSJ No. 1, these actions give rise to breaches of the duties of care and loyalty. Gould, who had advance warning from Adams of what was afoot, indisputably failed to take action to preserve the ombudsman process, which indisputably was aborted, as part of a scheme to threaten Plaintiff with termination, and if the threats failed, to terminate him and implement a long sought after executive committee, the purpose of which Gould full well knew was to enable EC and MC to avoid reporting to the RDI Board of Directors. Gould effectively argues that, although he breached his duty of care by failing to preserve the ombudsman process and by failing to cause a proper process to occur before Plaintiff was terminated, breaches of the duty of care does not give rise to liability. That analysis is erroneous because it incorrectly assumes that Gould has been sued solely for breach of the duty of care, which is not the case (See infra §III. C.5). Indeed, by his actions and purposeful inaction described herein, Gould has engaged in what constitutes intentional misconduct, such that he cannot avail himself of Nevada's exculpatory statute, which applies only to duty of care claims alone. (Id.)

d. Gould Made an Affirmative Choice to Abdicate His Fiduciary Responsibilities in Acquiescing to Stacking RDI's Board of Directors With Unqualified Loyalists

By his motion for summary judgment, Gould effectively admits that he did not have the opportunity to fulfill and did not fulfill his duty of care with respect to the addition of at least Codding, if not both Codding and Wrotniak, to the RDI Board of Directors. He effectively attempts to depict his conduct in this regard as mere negligence, for which he contends that he can have no liability because it does not constitute intentional misconduct. As observed herein, because Gould also has been sued for breach of the duty of loyalty, including the duty of disclosure, he cannot avail himself of Nevada's exculpatory statute, NRS 78.138(7). Even if he could, however, he made an affirmative choice not to fulfill his fiduciary duty of care, which

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amounts to intentional misconduct as a director. (*Id.*) Finally, the suggestion in Gould's Motion (Motion at 17:14-17) that a controlling shareholder's rights under NASDAQ Listing Rules somehow limits or eliminates Gould's fiduciary duties as a director is both nonsensical and, as shown herein, wrong as a matter of law.

e. Gould's Conduct in Connection With the CEO Search Constitutes Breaches of the Duties of Care and Loyalty

Working with Korn Ferry, the CEO search committee created a position specification document that was agreed to be used to identify candidates, vet candidates, select those to be interviewed and, ultimately, select a new CEO. (Appendix Ex. [7] (William Gould Depo Ex. 115).) That was done right up to the point when EC declared her candidacy and was interviewed and the decision was made to simply disregard the approximate two dozen qualifications that have been agreed as those that would be used to select the new CEO.

First, as to the process, the evidence shows that the CEO search process was aborted and that Korn Ferry effectively was terminated promptly after EC announced her candidacy and was "interviewed." The Korn Ferry proprietary assessment of the full board interviews of three finalists likewise disappeared into the ether.

The fact that the CEO search committee approved a position specification document with approximately 2 dozen criteria, and simply ignored it after EC belatedly declared her candidacy, alone evidences breaches of the duties of care and loyalty. What possible explanation is there for utterly abandoning the criteria they had agreed should be used to identify candidates and select the new CEO other than that the CEO they selected was a controlling shareholder? In so acting, Gould demonstrated unremitting loyalty—to EC.

Equally damning is the fact that, position specification criteria notwithstanding, Gould and McEachern each solicited EC to become a candidate, according to EC, notwithstanding the fact that she failed to even approximate the criteria set out in the position specification. [EC Depo. 6/16/16 3:12 – 94:21]. Once EC declared her candidacy and met with the CEO search committee, the search promptly was aborted and Korn Ferry effectively was terminated. To insure that Korn Ferry's proprietary assessment did not show EC to be as unqualified as the position specification

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did, the CEO search committee directed that no assessments be performed, even though the Company had paid for that previously. Finally, in an effort to fabricate evidence suggesting that Korn Ferry had vetted EC, Tompkins instructed Korn Ferry—after EC had been selected – to create an EC resume in the Korn Ferry format, which evidences both a plan and an effort to conceal it. . (Appendix Ex. [8] (Robert Mayes Depo 8/18/16 63:21-64:23).) (Appendix Ex. [9] (Mayes Depo Ex. 422).) Separately, with respect to disclosure, the directors told RDI shareholders that the search would be conducted with an outside search firm.).) (Appendix Ex. [10] (Ellis Depo Ex. 347 Form 8K dated 6/12/15).) But they aborted the search and terminated the Korn Ferry and the search process. Nevertheless, in announcing the selection of EC, they issued a press release that touted the supposedly thorough process, further misleading RDI shareholders about what transpired. (Appendix Ex. [11] (Gould Depo Ex. 390).)

The agreed search process was to have resulted in the three final candidates being presented to the full Board of Directors for interview. The CEO search committee did not do that and not one board member other than Plaintiff objected. (Appendix Ex. [12] (McEachern Depo Ex. 119).) The agreed process was that Korn Ferry would perform a proprietary assessment of the finalists. The CEO search committee affirmatively insured that that did not happen and not one board member other than Plaintiff objected. . (Appendix Ex. [12] (McEachern Depo Ex. 119).) Simply put, the full board agreed to a process, the search committee began it and then aborted it to select EC, which the full board (excluding Plaintiff), including two directors (Codding and Wrotniak) who had been on the board for less than three months, accepted as if the process had never been discussed, much less agreed. Had they attempted to make a record of making a decision solely to accede to the wishes of EC and MC, they would have done little different. Indeed, one of the reasons stated for selecting EC was that she and MC were controlling shareholders.

The facts described herein, including immediately above, show that the January 11, 2016 press release that said the selection of EC was the result of a "thorough search process" was materially misleading if not inaccurate. The search process may or may not have been thorough through the interviews that occurred on or about November 22, 2015, but it was aborted and

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ignored to select EC. The Company's disclosures before and after the search, that it employed an outside search firm, which was Korn Ferry, likewise were materially misleading because they create the misimpression that the search firm participated in the selection of the EC when, in fact, the search firm was terminated so EC could be selected without interference from it.

Simply put, the individual director defendants themselves made a thorough record of what they should have done and what they did, which did not approximate what they themselves agreed they should have done, but which, consistent with their prior and subsequent conduct, amounted to acceding to the wishes of EC and MC.

Likewise, as to the end result, the individual defendants cannot satisfy their burden of showing that the selection of EC, who woefully failed to even approximate satisfying the criteria the CEO search committee set, is entirely fair to RDI and its shareholders, particularly after she made MC the head of real estate development for New York.

f. Gould Knowingly Allowed RDI to Issue Inaccurate and Materially Misleading SEC Filings and Press Releases, and Knowingly Failed to Act to Correct Them, Thereby Breaching His the Duties of Disclosure and Loyalty

As described above, Gould repeatedly allowed RDI to make inaccurate and materially misleading SEC filings and public disclosures. For example, he did that on or about June 18, 2015 when he took no action whatsoever to stop or correct the Form 8-K and the June 15, 2015 press release issued by the Company, which announced the termination of Plaintiff and which erroneously (according to Gould himself at the time) asserted that Plaintiff was required to resign from the RDI Board of Directors due to his termination. Gould did so previously when he took no action whatsoever with respect to the Company's inaccurate and materially misleading SEC filings stating that the director Storey had "retired." Cotter siblings were working together cooperatively. He did so repeatedly when he failed to take any action whatsoever to have the Company correct its recurring inaccurate disclosures that omitted to disclose that Adams was financially dependent on and beholden to the Cotter sisters. He did so doubly when he allowed the Company to disclose that EC had been selected as the new CEO following hanging "thorough search." This is an ongoing course of conduct that Gould's Motion seeks to excuse by inviting reliance on Company counsel -- without producing the advice on which Gould claims to have

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relied. Plaintiff either is entitled to Rule 56(f) discovery or Gould cannot invoke reliance on the advice of counsel.

g. Gould Breached His Fiduciary Duties in Failing to Take Any Action to Make a Good Faith, Informed Decision Regarding the Offer

As summarized in the accompanying declarations of Plaintiff, Gould and the other director defendants failed to take any actions whatsoever to place themselves in position to make an informed, good faith decision regarding how to respond to the Offer. Instead, they asked what the controlling shareholders wanted to do and agreed to do what the controlling shareholders wanted to do. Gould, as a lawyer supposedly well-versed in matters of corporate governance, full well knew that nothing, or next to nothing, did not satisfy his duty of care. He also full well knew that he owes fiduciary duties to all shareholders, not just a controlling shareholders. He nevertheless failed act in a manner that reflected that knowledge.

4. Use of an Executive Committee Here Is Additional Evidence of the Alleged Entrenchment Scheme, to Which Gould Acquiesced

The fact that delegation to an executive committee is not a violation of the Company's by-laws or Nevada law does not mean that, as it was done here, it does not constitute a breach of fiduciary duty with respect to which equitable relief is appropriately awarded. *Schnell v. Chris-Craft Indus., Inc.*, 285 A.2d 437, 439 (Del. 1971) ("inequitable action does not become permissible simply because it is legally possible").

Moreover, and contrary to what the Motion assumes, the right of a board of directors to delegate is not unlimited, and delegation by a board of directors may give rise to a claim for breach of fiduciary duty. *Grimes v. Donald*, 1995 WL 54441, at *9 (Del. Ch. Jan. 11,1995), quoted in *Quickturn Design Sys., Inc., v. Shapiro*, 721 A.2d 1281, 1292 n.43 (Del. 1998) (a board "may not either formally or effectively abdicate its statutory power and its fiduciary duty to manage or direct management of the business and affairs of th[e] corporation.") *CA, Inc., v. AFCSME Emps. Pension Plan*, 953 A.2d 227, 239 (Del. 2008) ("internal governance contracts" such as bylaws are invalid if they "prevent the directors from exercising their full managerial

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power in circumstances where their fiduciary duties would otherwise require them" to act in a manner contrary to the contract or bylaw.)

In view of such law, it is no surprise that respected commentators have suggested that "to the extent a board may exclude a director through the use of a board committee, it could only do so if the director faces a specific and direct conflict of interest with respect to the matter under discussion." J. Travis Laster and John Mark Zeberkiewicz, *The Rights and Duties of Blockholder Directors*, THE BUS. LAWYER, Winter 2014-2015, at 59. Furthermore, if a "director has been excluded for an extended period of time, and if the committee has been tasked with the full power of the board and is effectively carrying out the board's role, then the excluded director may have powerful equitable arguments in his favor" in light of the fact that "the ability of a board majority to exclude minority directors stands in tension with the concepts of director involvement and collective deliberation . . ." (*Id.* at 60.)

5. N.R.S. 78.138(7) Does Not Preclude Liability in This Case

The individual director defendants in most if not all of their MSJs cite to NRS 78.138(7) and, in particular, to the portion that requires that fiduciary breaches "involve[] intentional misconduct, fraud, or a knowing violation of law" and, based on that language, and cases that quote that language, conclude that they are "protected" or "immune" from liability. (*See e.g.*, MSJ No. 4 at 8:3-8.) In doing so, they invariably provide no substantive discussion of the notion of "intentional misconduct." Indeed, they cite only one case, a Federal District Court case from the 10th Circuit, for the proposition that intentional misconduct and a knowing violation of law "both require knowledge that the conduct was wrongful." In other words, the complained of conduct needs to be something beyond and unintentional breach of the duty of care.

First, invocation of Nevada's exculpatory statute, NRS 78.138.7, misapprehends the function of the statute, which is to limit monetary liability and recovery, not to serve as a means by which the legal sufficiency of a fiduciary duty claim is assessed. *Emerald Partners v. Berlin*, 787 A.2d 85, 92 (Del. 2001) ("a Section 102(b)(7) provision does not operate to defeat the validity of a plaintiff's claim on the merits," but "it can operate to defeat the plaintiff's ability to recover monetary damages.")

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Second, even if the exculpatory statute were properly invoked, which it is not, it has no application where, as here, duty of loyalty (and disclosure) claims also are made. *McMillan v. Intercargo Corp.*, 768 A.2d 492, 501 n. 41 (Del. Ch. 2000) (the exculpatory statute does not apply to breaches duty of loyalty because "conduct not in good faith, intentional misconduct, and knowing violations of law" are "quintessential examples of disloyal, i.e., faithless, conduct"). Here, the complained of or challenged conduct also and obviously entails breaches of the duty of loyalty (and disclosure). *Orman v. Cullman*, 794 A.2d 5, 41 (Del. Ch. 2002) (plaintiff pleaded a breach of the duty of loyalty claim where it "pled facts which made it reasonable to question the independence and disinterest of a majority of the Board that decided what information to include in the Proxy Statement"); *O'Reilly v. Transworld Healthcare, Inc.*, 745 A.2d 902, 914-15, 920, n.34 (Del. Ch. 2014) ("right complaint alleges or pleads facts sufficient to support the inference that the disclosure violation was made in bad faith, knowingly or intentionally, the alleged violation implicates the duty of loyalty" and is relevant to the availability of the exculpatory provisions of section 102(b)(7)): *In re Wheelabrator Techs., Inc. S'holders Litig.*, 1992 WL 212595, at *12 n.18 (Del. Ch. Sept. 1, 1992) (§ 102(b)(7) did not require dismissal where the plaintiffs pleaded that "the breach of the duty of disclosure wasn't intentional violation of the duty of loyalty").

"Intentional misconduct" is one of three ways in which a fiduciary can fail to act in good faith. *In re Walt Disney Co. Derivative Litig.*, 906 A.2d 27, 67 (Del. 2006). The first occurs "where the fiduciary intentionally acts with a purpose other than that of advancing the best interests of the corporation." *Id.* The second occurs "where the fiduciary acts with the intent to violate applicable positive law." *Id.* *The third occurs "where the fiduciary intentionally fails to act in the face of a known duty to act, demonstrating a conscious disregard for his duties." Id.*

Gould is guilt of both the first and third type of intentional conduct. Plaintiff has proffered substantial evidence of an ongoing course of self-dealing and entrenchment undertaken for the purpose of protecting and furthering the personal financial and other interests of EC and MC, as well as other individual director defendants, including for example maintaining Adams' principal sources of income. These actions on their face and by their very nature were and are "intentional[]

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acts with a purpose other than that of advancing the best interests of [RDI].” Does Gould really expect the Court to determine on summary judgment that the activation and repopulation of an executive committee, which Gould full well knew was intended to and had the effect of limiting the function of RDI’s board, was not an intentional act with a purpose other than advancing the best interests of RDI? Does he really expect the Court to determine on summary judgment that, in effectively firing Korn Ferry and in completely ignoring the criteria set by the CEO search committee for identifying candidates and hiring a new CEO, was not an intentional act with a purpose other than advancing the best interests of RDI? Does he really expect the Court to decide on summary judgment that hiring and paying MC as if she had decades of experience in real estate development when, in fact, she had no prior experience, was not an intentional act with a purpose other than advancing the best interests of RDI?

IV. CONCLUSION

For all of the foregoing reasons, Plaintiff respectfully submits that MSJ No. 5 should be denied.

DATED this 13th day of October, 2016.

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CERTIFICATE OF SERVICE

I hereby certify that on this _13th___ day of October, 2016, I caused a true and correct copy of the foregoing to be electronically served to all parties of record via this Court's electronic filing system to all parties listed on the E-Service Master List.

/s/ Luz Horvath
An employee of Lewis Roca Rothgerber Christie LLP

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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

Supreme Court Case No.: 75053

Dist. Court Case No.: A-15-719860-B

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

VOLUME V

APPELLANT READING INTERNATIONAL, INC.'S APPENDIX VOLUME V of VIII FOR CASE 77733 (PAGES RDI-A07425 to RDI-A8592)

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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	
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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	
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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
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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	
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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	

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

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	

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

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

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 655,600 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 1989 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 L. Cotter, Sr. (1)	$ --	$ --	$ --	$ --
James L. Cotter, Jr. (1)	$ 59,000	$ --	$ --	$ 59,000
Ellen M. Cotter (1)	$ --	$ 39,000 (4)	$ --	$ 39,000
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 Villasenor (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 Villasenor, 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. Villasefior, 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 Villasefior, 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%	80,000	5.2%
Margaret Cotter (5)	682,870	3.1%	38,100	2.3%
Guy Adams (6)	20,000	*	--	--
William D. Gould (7)	84,840	*	--	--
Edward L. Kane (7)	65,000	*	100	*
Douglas J. McEachern (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	--	--	--	--

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
Mark Cuban (12) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,611	13.9%
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (13) 875 Prospect Street, Suite 301 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 102,791 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 43,730 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 Villaseñor 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 $230 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 $300,000 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 $300,000 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 $300,000 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, Jr.	2013	700,000	1,000,000	700,000 (1)	--	1,455,000 (2)	28,000 (3)	3,883,000
Chairman of the Board	2012	700,000	500,000	950,000	--	2,633,000	24,000	4,807,000
and Chief Executive	2011	600,000	500,000	700,000	--	--	29,000	1,775,000
Officer								
Andrzej Matyczynski	2013	300,000	25,000	--	33,000	50,000 (5)	26,000 (4)	434,000
Chief Financial Officer	2012	300,000	--	--	33,000	250,000	34,000	617,000
and Treasurer	2011	300,000	--	--	31,000	--	22,000	353,000
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	--	--	--	--	28,000 (4)	363,000
Chief Operating Officer	2012	335,000	66,000	--	--	--	28,000	429,000
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	--	$ 5.53	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. Sserling	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.	--	$ --	123,209	$ 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.

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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.

INDEFENDENT 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 $350,000 and $393,000, 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.

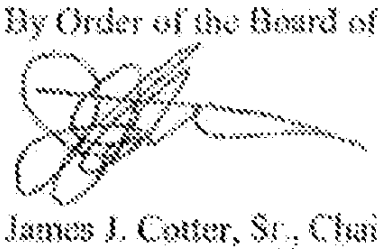
DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

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

READING INTERNATIONAL

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.

000186

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.

EXHIBIT 22

EXHIBIT 22

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

EXH 392
DATE 6-29-16
WIT Gold
PATRICIA HUBBARD

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:

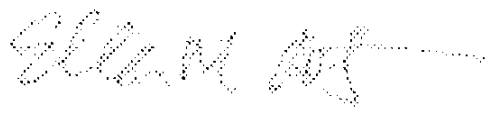
The 2015 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at The Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292, on Tuesday, November 10, 2015, at 11:30 a.m., local time, for the following 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 1,308,988 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 Villasenor, 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	84	Director(1)(2)
Judy Codding	79	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 South 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 422,808 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 399,765 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 31, 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 Cush Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn, specializing in corporate law, from September 1977 to May 2001. 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 686,088 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 457,808 shares of our Class B

Stock (representing 23.5% 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 Committees 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 2013 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)				
Guy W. Adams (2)	40,000	69,000	0	109,000
William D. Gould				
Edward L. Kane	63,000	0	0	63,000

Douglas J. McEachern				
Tim Storey	51,000	0	21,088(3)	72,000
Alfred Villaseñor (4)				

(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 1,398,988 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, 698,980 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)				
Margaret Cotter (3)(8)				
Guy W. Adams	--	--	--	--
Judy Codding	--	--	--	--
William D. Gould (4)	*	--	--	--
Edward L. Kane (5)	17,500	*	100	*
Andrzej Matyczynski (12)		*	--	--
Douglas J. McEachern (6)	37,300	*	--	--
Michael Wrotniek	--	--	--	--
Robert F. Smerling (7)	43,750	*	--	--
Wayne Smith		*	--	--
5% or Greater Stockholders				
James J. Cotter Living Trust (8)				
Estate of James J. Cotter, Sr. (Deceased) (8)	326,800	1.5	427,808	25.5
Mark Cuban (10) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,611	13.1
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (11) 875 Prospect Street, Suite 301 La Jolla, California 92037	--	--	97,500	6.2

All Directors and executive officers as a group (12 persons) (13)	5,318,993	23.7	1,209,088	71.9

(1) Percentage ownership is determined based on 22,425,038 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 30,000 shares subject to stock options as well as 399,765 shares held directly. The Class A Stock shown also includes 102,781 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 retain 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, 2008 (Case No. BP158978). 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 686,080 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 686,080 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 850,280 shares held directly. The Class A Stock shown also includes 289,390 shares held by the Cotter 2005 Grandchildren's Trust and 302,751 held by the Cotter Foundation. Ms. 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 811,601 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	52	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 30 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	Inland Real Estate Corp.
Amalgamated Holdings Ltd.	Kite Realty Group Trust
Associated Estates Realty Corp.	LTC Properties Inc.
Carmike Cinemas Inc.	Ramco-Gershenson Properties Trust
Cedar Shopping Centers Inc.	Regal Entertainment Group
Cinemark Holdings Inc.	The Marcus Corporation
Entertainment Properties Trust	Urstadt Biddle Properties Inc.
Glimcher Realty Trust	Village Roadshow Ltd.
IMAX Corporation	

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

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

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

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

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

Salary: $750,000

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

Discretionary Cash Bonus Up to $750,000

In 2013, the Compensation Committee recommended and our Board approved a total cash bonus to Mr. Cotter, Sr. of $1,000,000, as compared to the target bonus of $500,000. This resulted in total 2013 compensation to Mr. Cotter, Sr. above the 75th percentile of the peer group and total direct compensation near the 66th percentile. At its meeting on February 27, 2014, the Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s discretionary cash bonus for 2014 to $750,000 from the 2013 target level of $500,000. The bonus was subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless his employment were to terminate earlier due to his death or disability. No other benchmarks, formulas or

quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in 2013, the Compensation Committee also reserved the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of our Company or Mr. Cotter, Sr.'s exceptional performance, as determined in the Compensation Committee's discretion.

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

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

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

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

Following his appointment on August 7, 2014 as our Chief Executive Officer 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	432,000	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)	33,000 (4)	3,988,000
	2012	700,000	500,000	950,000	--	2,435,000 (3)	24,000 (4)	4,607,000

James J. Cotter, Jr.(5) Former President and Chief Executive Officer	2014	333,000	--	--	--	--	27,000	(7)	362,000
	2013	193,000	--	--	--	--	20,000	(7)	213,000
	2012	--					0		0
Andrzej Matyczynski (9) Former Chief Financial Officer, Treasurer and Corporate Secretary	2014	309,000			31,000	150,000	26,000	(7)	516,000
	2013	309,000	35,000	--	31,000	50,000	26,000	(7)	451,000
	2012	309,000	--	--	11,000	250,000	25,000	(7)	617,000
Robert F. Smerling President - Domestic Cinema Operations	2014	330,000	28,000	--	--	--	22,000	(7)	397,000
	2013	356,000	60,000	--	--	--	33,000	(7)	422,000
	2012	350,000	50,000	--	--	--	22,000	(7)	422,000
Ellen M. Cotter (10) Interim President and Chief Executive Officer, Chief Operating Officer - Domestic Cinema	2014	335,000	--	--	--	--	78,000	(7) (8) (7)	410,000
	2013	335,000	--	--	--	--	25,000		360,000
	2012	335,000	60,000	--	--	--	25,000	(7)	420,000
Wayne Smith Managing Director - Australia and New Zealand	2014	324,000	36,000	--	--	--	19,000	(7)	388,000
	2013	339,000	--	--	--	--	20,000	(7)	359,000
	2012	337,000	36,000	--	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 $37,000 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 $30,000 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 Awards	Grant Date Fair Value of Stock and Option Awards

Name	Threshold (s)	Target (s)	Maximum (s)	Threshold (s)	Target (s)	Maximum (s)

James J. Cotter, Jr.	12/31/2014	$	135,000	$	200,000	$	200,000				
Wayne Smith (1)	12/31/2014					6,000	6,000	6,000			
William Ellis	12/31/2014								60,000	$ 800	175,427

(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 $600,000, 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 $244,850 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		--		09/05/2017	--	--
James J. Cotter, Jr.	A	12,500	--	3.87	07/07/2015	--	--
James J. Cotter, Jr.	A		--		01/18/2017	--	--
James J. Cotter, Jr.	A	100,000	--	6.31	02/06/2018	--	--
Ellen M. Cotter	A		--		03/06/2018	--	--
Ellen M. Cotter	B	80,000	--	10.24	09/05/2017	--	--
Andrzej Matyczynski	A				08/22/2023	--	--
Robert P. 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.	--	--		
Andrzej Matyczynski	35,1[illegible]0	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		$	$--
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	1,625,090
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-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. 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 2.5% 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 20.6% 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 $2.3 million of cash and $255,880 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 3, 2015.

VOTE BY INTERNET [illegible]

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m., PT, on November 3, 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 **1-800-393-7886**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m., PT, on November 3, 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: Pacific Coast Stock, Inc., P.O. Box 3672, Rancho Santa Fe, CA 92067-9811.

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 nominee(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 (if held jointly)

Date

NOTE: Please sign proxy exactly as your name appears hereon. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If a corporation, please sign in 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

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