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DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, v. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, Defendants. And READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	Case No. A-15-719860-B Dept. No. XI Coordinated with: Case No. P-14-0824-42-E Dept. No. XI Jointly Administered **DECLARATION OF AKKE LEVIN IN SUPPORT OF PLAINTIFF'S SUPPLEMENTAL OPPOSITION TO MOTION SUMMARY JUDGMENT NOS. 2 AND 5 AND GOULD SUMMARY JUDGMENT MOTION**

Case Number: A-15-719860-B

Docket 75053 Document 2019-23836

I, Akke Levin, state and declare as follows:

1. I am an attorney with Morris Law Group, counsel for Plaintiff James J. Cotter, Jr. I make this declaration based upon personal knowledge, except where stated upon information and belief, and as to that information, I believe it to be true. If called upon to testify as the contents of this declaration, I am legally competent to testify to its contents in a court of law.

2. Attached hereto as Exhibit 1 is a true and correct copy of excerpts from the deposition of William Gould, taken on June 8, 2016.

3. Attached hereto as Exhibit 2 is a true and correct copy of excerpts from the deposition transcript of William Gould, taken on June 29, 2016.

4. Attached hereto as Exhibit 3 is a true and correct copy of excerpts the deposition transcript of Robert Mayes, taken on August 16, 2016.

5. Attached hereto as Exhibit 4 is a true and correct copy of excerpts from the deposition of Ellen Cotter, taken on June 16, 2016.

6. Attached hereto as Exhibit 5 is a true and correct copy of excerpts from the deposition transcript of Margaret Cotter, taken on June 15, 2016.

7. Attached hereto as Exhibit 6 is a true and correct copy of excerpts from the deposition of Timothy Storey, taken on August 3, 2016.

8. Attached hereto as Exhibit 7 is a true and correct copy of Draft Minutes of the Board of Directors of Reading International, Inc. dated January 8, 2016, Bates labeled EK00001371-1374.

9. Attached hereto as Exhibit 8 is a true and correct copy of Email from Storey to William Gould dated June 29, 2015, which was marked as Deposition Exhibit 33 in this action.

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10. Attached hereto as Exhibit 9 a true and correct copy of an email chain attaching a Memo from Ellen Cotter to the Board of Directors dated August 2, 2015, which was marked as Deposition Exhibit 311 in this action.

11. Attached hereto as Exhibit 10 is a true and correct copy of Memo from Craig Tompkins to Board of Directors dated January 5, 2016, which was marked as deposition Exhibit 313 in this action.

12. Attached hereto as Exhibit 11 is a true and correct copy of Reading International, Inc. Meeting of the Board of Directors Telephonic Meeting June 30, 2015, which was marked as Deposition Exhibit 372 in this action.

13. Attached hereto as Exhibit 12 is a true and correct copy of a letter from Korn Ferry to Ellen Cotter dated July 9, 2015, which was marked as Deposition Exhibit 373 in this action.

14. Attached hereto as Exhibit 13 is a true and correct copy of an email from Robert Wagner to Craig Tompkins dated June 18, 2015, which was marked as Deposition Exhibit 374 in this action.

15. Attached hereto as Exhibit 14 is a true and correct copy of an email from Robert Wagner to Craig Tompkins dated June 21, 2015, which was marked as Deposition Exhibit 375 in this action.

16. Attached hereto as Exhibit 15 is a true and correct copy of an email from Robert Mayes to Douglas McEachern, et al. dated September 3, 2015, which was marked as Deposition Exhibit 378 in this action.

17. Attached hereto as Exhibit 16 is a true and correct copy of Minutes of the Board of Directors of Reading International CEO Search Committee December 29, 2015, which was marked as Deposition Exhibit 389 in this action.

18. Attached hereto as Exhibit 17 is a true and correct copy of Confidential Candidate Report on Ellen M. Cotter for the Position of Chief Executive Officer Reading International Inc. January 2016, which was marked as Deposition Exhibit 422 in this action.

19. Attached hereto as Exhibit 18 is a true and accurate copy of the Declaration of James J. Cotter Jr. In Opposition to All Individual Defendants' Motions for Partial Summary Judgment dated October 13, 2016 and filed in this matter.

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

Executed this 1st day of December, 2017.

/s/ AKKE LEVIN
Akke Levin

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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that I am an employee of MORRIS LAW GROUP and that on the date below, I cause the following document(s) to be served via the Court's Odyssey E-Filing System: **DECLARATION OF AKKE LEVIN IN SUPPORT OF PLAINTIFF'S SUPPLEMENTAL OPPOSITION TO MOTION SUMMARY JUDGMENT NOS. 2 AND 5 AND GOULD SUMMARY JUDGMENT MOTION** to be served on all interested parties, as registered with the Court's E-Filing and E-Service System. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 1st day of December, 2017.

By: /s/ PATRICIA FERRUGIA

RDI-A09242

Exhibit 1

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 8, 2016

VOLUME 1

JOB NUMBER 315485

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

E X H I B I T S (Continued)

PLAINTIFF'S	DESCRIPTION	PAGE REFERENCED
Exhibit 72	Minutes of the Meeting of the Board of Directors of Reading International, Inc. March 19, 2015 (Previously marked)	126
Exhibit 101	Email chain dated October 16, 2014 from Kane to Gould, et al. (Previously marked)	97
Exhibit 128	Email dated April 20, 2015 From Ellis to Gould, et al. (Previously marked)	160
Exhibit 271	Minutes of the Meeting of the Board of Directors of Reading International, Inc. January 15, 2015	80
Exhibit 272	Email dated October 14, 2014 From Gould to Adams and Storey	89
Exhibit 273	Email chain dated December 13, 2014 from McEachern to J. Cotter, Jr.	102
Exhibit 274	Email chain dated February 20, 2015 from Gould to Adams, et al.	108
Exhibit 275	Email chain dated March 24, 2015 from Gould to Adams	130
Exhibit 276	Email dated April 2, 2015 From Gould to Adams, et al.	132
Exhibit 277	Email dated May 19, 2015 from E. Cotter to M. Cotter, et al.	137
Exhibit 278	Email chain dated April 17, 2015 from Gould to Wizelman	151

E X H I B I T S (Continued)

PLAINTIFF'S	DESCRIPTION	PAGE REFERENCED
Exhibit 279	Email dated April 15, 2015 From Gould to Adams, et al.	158
Exhibit 280	Email dated 4/23/2015 from Gould to Adams, et al.	162
Exhibit 281	Email chain dated May 1, 2015 From Gould to Adams, et al.	207
Exhibit 282	Email chain dated 5/20/2015 From Gould to Storey	226

INFORMATION REQUESTED:

(NONE)

WITNESS INSTRUCTED NOT TO ANSWER:

Page 72, Line 16
Page 192, Line 7
Page 195, Line 16
Page 196, Line 13

LOS ANGELES, CALIFORNIA

June 8, 2016

* * *

VIDEOTAPE OPERATOR: We are on the record.

The time is 9:50 A.M. The date is June 8, 2016.

This is the beginning of media number one in the deposition of William Gould, volume one, taken by the plaintiff in the matter of Cotter, Jr. versus Cotter, et al. The case number is A-15-719860-B.

This deposition is being held at 1901 Avenue of the Stars, Los Angeles, California.

The court reporter is Patricia Hubbard. I am Brian Murphy, the videographer, an employee of Hutchings Litigation Services located at 3770 Howard Hughes Parkway, Las Vegas, Nevada.

This deposition is being videotaped at all times unless specified to go off the video record.

Would all present please identify themselves, beginning with the witness.

THE WITNESS: William Gould.

MR. RHOW: Ekwan Rhow on behalf of Mr. Gould.

MR. HELPERN: Noah Helpern with Quinn Emanuel for certain director defendants.

MR. SWANIS: Eric Swanis on behalf of Reading International.

MR. COTTER: James Cotter, Jr., plaintiff.

MR. KRUM: Mark Krum for plaintiff James Cotter, Jr.

VIDEOTAPE OPERATOR: And will the court reporter please swear in the witness.

WILLIAM GOULD4,

called as a witness, having been sworn, was examined and testified as follows:

MR. KRUM: So, before we begin I think we should ask the folks on the telephone to identify themselves, as well.

MR. UYENO: This is Mark Uyeno of Robertson and Associates on behalf T2 partners and Case Capital.

MR. PULLMAN: Larry Pullman on behalf of

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Q. But -- and I think we'll avoid it.
MR. SWANIS: That's fairly consistent with what I was trying to say, as well, but also to the extent that there was any advice provided not only to yourself but other members of the board or that are a part of the company.
THE WITNESS: Okay.
MR. SWANIS: Thanks.
THE WITNESS: Well, the process worked in this way. Korn Ferry had an interview with each of us that was very lengthy -- I'd say my interview was an hour and a half -- talking about what I thought was important in a C.E.O.
So I'm really going to speak for what they did with me.
And then what happened is based upon these interviews with the members of the committee, Korn Ferry presented a list of things that -- qualities and characteristics that they felt that the committee as a whole was looking for.
What we would do -- what I did was I would then mark up their -- what they sent me. And I think Craig Tompkins then coordinated the comments of all the people and helped and put it into one statement -- helped Korn Ferry put it into one

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statement.
BY MR. KRUM:
Q. So the comments you made, Mr. Gould, were those provided -- well, strike that.
So the first thing that -- that you and, to your knowledge, the other three members of the committee did is that you sat for an interview with Korn Ferry; is that right?
A. No. They were individual -- they were individual interviews. They were -- they were telephonic.
Q. Okay.
A. Excuse me. And --
Q. Do you know or were you told that each of Margaret Cotter, Ellen Cotter and Doug McEachern had telephonic interviews with Korn Ferry?
A. I was told that.
Q. Did Craig Tompkins have a telephonic interview with Korn Ferry?
A. I don't know.
Q. And directing your attention, Mr. Gould, to your testimony regarding having received a list from Korn Ferry that I believe you testified you marked up, did you actually interlineate a document from Korn Ferry?

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A. I don't recall. I can't recall exactly how that process actually worked.
Q. Did you provide feedback or comments with respect to the initial Korn Ferry list?
A. Yes, I did.
Q. And how did you do that?
A. I believe it was by telephone call with the Korn Ferry representative that was handling our matter.
Q. Okay. And I've skipped over a few things.
First of all, in your telephonic interview that you estimated lasted an hour and a half, who participated other than you?
A. It was myself and two representatives of Korn Ferry.
Q. Who were they?
A. I can't recall their names right now.
Q. Was Mr. Mayes one of them?
A. Yes, he was.
Q. Did you understand him to be the senior person of the two?
A. Yes.
Q. Do you have any understanding whether Mr. Mayes participated in interviews of the other

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three members of the C.E.O. search committee?
A. No.
Q. Okay. So let me backfill a little bit.
So the first step in the C.E.O. search process was formation of the committee; is that right?
A. Yes.
Q. And how did that come to pass?
A. Early on when -- there were two committees that were being formed. One committee was a committee -- was an executive committee, one committee was a search committee.
This happened, oh, I would say, in June of 2015, around that time, June or July.
Ellen asked me if I would like to be a member of the executive committee.
And I said "No, I don't have time for it." I knew that would be an extensive job. But I did tell her at that time that I would be willing to serve on the search committee.
So, when the board approved it, she basically included my name as one of the four persons who would be on that committee.
Q. Did Ellen select the four members of the committee?

MR. SWANIS: Objection. Form.
MR. RHOW: Speculation.
MR. HELPERN: Join.
MR. RHOW: If you know.
THE WITNESS: I think that Ellen suggested the four persons. She was then acting as the chairman. The board actually approved the committee.
BY MR. KRUM:
Q. Was there any discussion of who -- of the composition of the C.E.O. search committee?
MR. SWANIS: Objection. Form.
MR. HELPERN: Join.
THE WITNESS: Not much.
BY MR. KRUM:
Q. Okay. So the -- so the record is clear, at the board meeting to which you just referred, was there any discussion of the composition of the C.E.O. search committee beyond Ellen identifying the persons to be on the committee and the board approving?
A. There wasn't very much discussion.
Q. Do you recall any discussion beyond Ellen identifying the four members and the board approving it?

A. No.
Q. Was there any discussion of the composition of the executive committee?
MR. SWANIS: Objection. Form.
MR. HELPERN: Join.
THE WITNESS: Yes, there was.
BY MR. KRUM:
Q. And you understood I'm referring to the same board meeting?
A. Yes.
Q. Okay. What was -- at this board meeting where the executive committee was repopulated, as best you can recall, Mr. Gould, who said what?
A. I said what?
Q. No. Who said what about the --
A. Well, at this meeting it was proposed that we have this executive committee, which I was -- myself was wondering why we needed an executive committee. We had been functioning without one.
And at that meeting Tim Storey was very concerned about the executive committee. He felt that -- that it was a way to shuttle board decisions over to a smaller group.
Q. Did he say that in words or substance?

A. Yes.
Q. Did anybody respond?
A. There was responses, and I think, you know -- I think the general feeling was that as long as -- my feeling was -- I should just say it that way -- my feeling was I didn't feel as strongly about it as he did, because any major decisions of the executive committee would have to be reported to the board.
And I felt that a lot of corporations do have executive committees, and it didn't bother me as it bothered Tim.
Q. When you say, Mr. Gould, any major decisions would have to be reported to the board, are you saying that the executive committee would make the decision but that the board would learn to it?
MR. SWANIS: Object to form.
MR. HELPERN: Join.
MR. RHOW: I think it's vague, but you can answer.
THE WITNESS: Well, I think that, you know, the problem -- I think both reported, and I think -- I think the executive committee using its judgment would not make important decisions without

having them vetted out by the board. It's like the chief executive of the company would not make major decisions without clearing it with the board.
And so I -- I wasn't concerned until I saw the executive committee -- unless I saw that the executive committee was doing things outside their scope of what I thought their authority should be.
BY MR. KRUM:
Q. You understand that the executive committee set the date for the 2015 annual shareholders meeting, right?
MR. HELPERN: Objection to form.
MR. SWANIS: Join.
THE WITNESS: I wasn't aware of that. I mean I may have been aware of it at the time but I've forgotten it.
BY MR. KRUM:
Q. Do you recall that the executive committee set the date for the -- the record date with respect to the 2015 annual shareholders meeting?
MR. RHOW: Foundation.
MR. SWANIS: Object to form.
MR. RHOW: Foundation.
MR. HELPERN: Join.

that okay?
A. Yes.
Q. And by the five, I mean the directors prior to the addition of Ms. Codding and Mr. Wrotniak.
A. Uh-huh.
Q. Okay?
A. Yes.
Q. And what statements do you recall Mr. Adams making in support of terminating Jim Cotter, Jr., as president and C.E.O. of RDI?
A. I don't recall the exact statements themselves, but the essence of the statements was that the company was not functioning properly under Mr. Cotter and that a change had to be made right away.
Q. Directing your attention, Mr. Gould, back to the C.E.O. search process and to your testimony regarding providing comments about a list that Korn Ferry had provided following initial interviews of the four members of the search committee, do you recall that testimony?
A. Yes.
Q. Describe the list, if you would, please. What was the nature of that document?

A. The document set forth a profile of the ideal candidate and the characteristics that the board should be looking for as they interviewed candidates for the position and included such things as public company experience, experience in real estate, developing projects, maybe raising capital, things of that nature that these people had some experience in.
Q. Was there more than one version of this list of characteristics?
A. There was an earlier draft, and I think it was then superseded, my recollection, with comments -- as a result of the comments that each of the people made.
But I'm not certain of that, but that's my belief as I -- my memory serves me.
Q. And your recollection is that you made comments on the initial draft?
A. I made comments either by telephone or -- or writing on the initial draft, yes.
Q. To whom did you communicate those comments?
A. My recollection is I communicated them to the Korn Ferry representative.
Q. Is that Mr. Mayes?

A. Yes.
Q. You testified earlier something to the effect that Mr. Tompkins had collected some information or comments from board members.
Do you recall the testimony --
A. Yes, I do.
Q. -- to that effect?
A. I do.
Q. What exactly was -- did you provide him and did you understand him to do in that respect?
A. Well, he mentioned to me that one of the things that I had not focused on as much as I should have -- and he's right -- was the fact that this is a -- basically a motion picture exhibitor company, as well as a real estate company. We know both entertainment and that.
And in my earlier comments I focused most -- mostly on the real estate aspect of it. And I agreed with him.
Q. How did he know what your earlier comments had been?
A. I'm not sure.
Q. Were the earlier comments communicated orally or in writing?
A. Again I'm not sure which way they were

communicated, but I -- my recollection is that he probably saw the first draft compiled by Korn Ferry.
Q. And your earlier comments had focused on real estate development; is that correct?
A. Yes. I had been focusing almost -- because at that point in time it was very important in my mind the real estate development, and I was making sure that whoever became a C.E.O. would have some good familiarity with that aspect of the business.
Q. At the time was there anybody employed as an executive at RDI who had, to your knowledge, experience with real estate development?
MR. SWANIS: Objection. Form, foundation.
MR. HELPERN: Join.
THE WITNESS: The person primarily handling real estate development at that time was Margaret Cotter.
BY MR. KRUM:
Q. What real estate development experience, if any, did she have?
MR. SWANIS: Objection, form.
MR. HELPERN: Vague.
MR. SWANIS: Join.

THE WITNESS: Well, Margaret had been helping putting together the -- working on these projects. And she did not have, to my knowledge, any prior experience in developing a major real estate project.

BY MR. KRUM:

Q. Do you recall, Mr. Gould, that during his tenure as C.E.O., Jim Cotter, Jr., had articulated the view that the company needed to hire a senior executive with real estate development experience?

A. I do.

Q. The company, in fact, had hired Korn Ferry to conduct a search for such a person, correct?

A. Yes.

Q. Do you recall what happened with that search?

A. I think a few people were -- were proposed, and I don't think any -- I don't think it went anywhere. I think one or two candidates who were identified met with -- were met with criticism. And I think it just stalled.

Q. So, as of today has the company hired a senior executive with real estate experience?

MR. HELPERN: Objection. Form.

MR. SWANIS: Join.

BY MR. KRUM:

Q. When you say it stalled, do you recall exactly what happened?

A. Well, this was all happening during the period of the transition in management. So at that point when the -- when Mr. Cotter left, it just -- there was no more continuation of that -- of that search.

Q. Did you ever hear or learn or were you ever told that Ellen Cotter as interim C.E.O. determined to suspend the search for a senior executive with real estate development experience?

MR. HELPERN: Objection. Form.

MR. SWANIS: Join.

THE WITNESS: I don't recall that. I can't remember it.

BY MR. KRUM:

Q. Do you recall at some point RDI entered into some sort of agreement with a third-party to provide some services related to development of one or more New York City properties opened by RDI?

A. Yes.

Q. What do you recall in that regard?

A. At board meetings there were presentations made to the board from consultants in New York who were assisting on these -- this project, the Sutton Place project.

Q. What is your understanding as to what the role of the consultants is?

A. To provide the real estate know-how to budget the -- the -- whether or not the -- how much the project would cost, what kind of revenues could be expected, what the worth of the property would be before and after and whether this would be a good expenditure of the company's capital or whether the company should consider selling the project as it is now.

Q. And who at the company is responsible for supervising or managing these consultants?

A. It appears to me just judging from the way it comes out at the board meeting that both Ellen and Margaret are primarily involved in supervising these consultants.

Q. To your knowledge, does Ellen Cotter have any prior experience in real estate development of the type these consultants are providing services with respect to?

MR. SWANIS: Objection. Foundation.

MR. HELPERN: Join.

THE WITNESS: I don't believe she had prior experience on major real estate development projects.

She has done these projects, though, with respect to individual theaters.

BY MR. KRUM:

Q. And did I -- did I understand you to say correctly that one of the options presently being considered is to sell the project?

A. One of the options would be is if the project isn't going to -- if the company put its money and risk into the project and it wasn't worth that much more, then why would the company do it.

So that's one of the options, is should we just bring in a joint venture partner, sell the project, sort of unload the risk at this juncture or keep it and take our chances.

Q. Who at the company is responsible for making those decisions?

MR. HELPERN: Objection. Form.

MR. SWANIS: Join.

THE WITNESS: The board would be.

BY MR. KRUM:

Q. Who's going to advise the board about

those considerations?
A. Well, to date we've been advised by the management and by presentations from these consultants.
Q. And so we can put a name to it, are the consultants the Edifice people?
A. I'm not sure.
Q. Do you recall any of the names of the consultants --
A. If I heard the name, I would remember it.
Q. Is one of the individuals a person by the name of Michael Buckley?
A. Yes.
Q. He's made one or more presentations to the board, right?
A. Yes, he has.
Q. And when you referred to management a moment ago, you were referring to Ellen Cotter and Margaret Cotter?
A. No. I'm also referring to Dev Ghose and other people who participated in a very voluminous report on this subject.
Q. So, directing your attention, Mr. Gould, back to the C.E.O. search process, in terms of your

understanding or knowledge of what happened, what happened next after you provided feedback on the initial list that Korn Ferry generated?
A. Well, my understanding is that they then came back and modified the initial list or initial things we talked about.
And then they identified five candidates -- I believe there were five -- from their list who they felt the committee should interview.
Q. How long did it take to finalize this list of criteria?
A. I would say a couple of months.
Q. What is your understanding as to why it took that period of time?
MR. HELPERN: Objection to form.
MR. SWANIS: Join.
THE WITNESS: I have no understanding as to why.
BY MR. KRUM:
Q. Did you ever hear or learn or were you ever told that Craig Tompkins provided his own comments to Korn Ferry regarding the search criteria?
A. I believe I did.

Q. What did you hear or learn in that regard?
A. It is very fuzzy, but I believe that -- that Craig did offer some constructive comments on the profile.
Q. Was there any discussion, to your knowledge, of allowing all of the members of the RDI board of directors to provide input to Korn Ferry regarding what came to be search criteria?
A. I don't recall that. I don't remember that.
Q. Was there any discussion at the board of directors meeting at which the C.E.O. search process was first discussed about what involvement, if any, members of the RDI board of directors who were not going to be on the C.E.O. search committee would have in --
MR. SWANIS: Objection.
BY MR. KRUM:
Q. -- the process?
MR. SWANIS: Objection. Form, foundation.
MR. HELPERN: Join.
THE WITNESS: I don't recall that either.

BY MR. KRUM:
Q. Do you recall that there was some discussion or some document or both that indicated that the full board would be provided three final candidates for interviews as part of the C.E.O. search process?
A. I vaguely recollect that, but I can't remember when and where I heard it. But I do remember that vaguely.
Q. Okay. That did not happen, correct?
A. That did not happen.
MR. HELPERN: Objection. Form.
MR. SWANIS: Join.
BY MR. KRUM:
Q. So, what happened next, to your knowledge, in the C.E.O. search process after Korn Ferry identified five candidates?
A. The next step was that the committee then proceeded to interview the candidates.
Q. And by the committee, you mean each of the four members?
A. No. At that point before the very first interview was the time when Ellen came into the meeting and said she was no longer going to participate in the committee.

Q. What did she say?
A. She said that, "I decided to be a candidate for the job, and I think that disqualifies me from acting on this committee."
And we agreed, the committee agreed.
Q. What discussion, if any, was there about whether the process needed to be redone or revised or modified in any manner on account of Ellen Cotter's involvement?
MR. SWANIS: Objection. Form.
MR. HELPERN: Join.
THE WITNESS: Because of her involvement, I didn't understand that part of it.
BY MR. KRUM:
Q. When Ellen Cotter came in and announced that she was going to be a candidate and -- what else, if anything, did she say or did anyone else say other than what you've already testified?
A. That was it. She excused herself. She was only in the room I would say for no more than five minutes.
Q. Who was present when that happened?
A. Doug was present, Margaret was present.
Q. And you?
A. And myself.

Q. Craig Tompkins, was he there?
A. I have a recollection that he -- that he -- that he was there, but I can't say for sure.
Q. Was Ed Kane there?
A. No.
Q. Was Ed Kane ever present at any C.E.O. search committee activities, to your knowledge?
A. My recollection is that he did attend one of the interviews, I think it was the day before the -- the day of the Christmas party. And -- the Reading Christmas party.
And Ed happened to be there anyway. I think he did participate in one session, yes.
Q. Who was the interviewee of that session?
A. I believe this was the interview -- I can't recall which interview he was --
Q. Was it Ellen?
A. No. Well, maybe it was. Maybe it was Ellen. It might have been Ellen.
I can't remember who it was. But I know he participated in one.
Q. So what's your best recollection as to when in time the meeting at which Ellen announced she was a candidate occurred?
A. It would be sometime mid-December.

Q. Had any candidate interviews occurred prior to that?
A. No.
Q. What discussion, if any, was there of whether another director should be added to the C.E.O. search committee on account of Ellen ceasing to serve?
A. I don't recall there was any discussion.
Q. What discussion was there, if any, of whether the -- whether any part of the process that had occurred to date needed to be reviewed on account of Ellen's participation in it?
MR. SWANIS: Objection. Form, foundation.
MR. HELPERN: Join.
THE WITNESS: I don't recall any discussion of that either.
BY MR. KRUM:
Q. At any point in time, Mr. Gould, were you ever party or privy to a discussion in which the subject was whether any part of the C.E.O. search process should be reviewed or redone on account of the fact that Ellen Cotter had participated in it?
MR. RHOW: Vague.
MR. SWANIS: Same objection.

THE WITNESS: The only time I think I was part of that discussion would be at board meetings when Jim, Jr., made some concerns -- expressed some concerns about it. And maybe Jim, Jr., may have mentioned it to me as well, but I can't remember.
BY MR. KRUM:
Q. Okay. Whether at the meeting when Ellen Cotter announced her candidacy or at any time thereafter were you ever party or privy to or did you ever learn of any discussions regarding Margaret Cotter resigning from the C.E.O. search committee?
A. Never -- I never heard any conversation about Margaret resigning. I think Margaret recused herself from -- I think she did. I can't recall.
But I know when it came to a discussion of Ellen as the preferred candidate, I think she offered to recuse herself. And I think the committee felt she could sit in and listen.
Q. Who said what about Margaret recusing herself?
A. I don't recall exactly the way it came up, but when it became apparent to Doug and myself that we felt that Ellen was probably, given the situation, the preferred candidate, the obvious

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thing was because of -- to have frank discussions, somebody might say "why doesn't Margaret leave the room," and I think we decided it wasn't necessary for her to do so.

Q. What difference did it make whether Ellen was the preferred candidate or simply a candidate to whether or not Margaret Cotter should or should not continue to serve as a member of the C.E.O. search committee?

MR. HELPERN: Objection to form.

MR. SWANIS: Join.

THE WITNESS: Well, from my standpoint, since they were aligned together with this litigation, that they might be together, voting together, be more concerned about each other's situation.

And so we had to be very conscious because of all the various sides that were here, family disputes. And I think that's why a committee member might say, "Well, maybe to talk candidly perhaps Margaret should not be here."

BY MR. KRUM:

Q. In your next to last answer in which you referred to Ellen as the preferred candidate given the situation, to what were you referring by the

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words "given the situation"?

A. None of the candidates met the perfect profile that we all wish we would come up with, you know, somebody like from central casting.

Ellen did not have certain of the qualities we were looking for in the sense of the real estate experience and this and that. But none of the candidates had what we were looking for.

So, as we interviewed these candidates -- and by the way, all of them were very, very qualified good candidates. They really were. I was very impressed with the quality of the people that Korn Ferry had put forward.

And this became apparent to me, anyway, that Ellen was the type of person who would continue the continuity, that people liked her, that she had had a good reputation, we had been working with her for all these years. And given all those circumstances, she stood head and shoulders above a person who would be asked to come into this horrible vicious situation.

It made it almost an impossible task for somebody to enter this corporate management structure and be able to thrive.

Q. So is it fair to say your view was that

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once Ellen announced her candidacy, she was the presumptive favorite?

MR. HELPERN: Objection. Form, misstates testimony.

MR. SWANIS: Join.

MR. RHOW: Join.

THE WITNESS: No. It only became apparent to me after we had interviewed everybody, and I could see that by -- you know, she was definitely the most well-known to the directors, she provided the continuity, and she had a stake in the venture. You know, she had major share holdings with her family. And a new person would be coming in without that.

So she would be -- have her interests aligned with the shareholders.

BY MR. KRUM:

Q. By virtue of being a shareholder, you mean?

A. By being a major shareholder, yes.

Q. Mr. Gould, did it occur to you at any time prior to the meeting at which Ellen Cotter announced her candidacy for the C.E.O. position that she would or might be a candidate?

A. Yes.

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Q. When?

A. Early on. I mean I always thought that she might end up being a candidate. But she hadn't declared herself to do so.

Q. And when you say "early on," you mean early on in the C.E.O. search process?

A. Correct. It always occurred to me she might at some point enter the fray.

Q. Did you ever discuss that with her prior to the meeting at which she announced her candidacy?

A. No.

Q. Did you ever discuss the subject of Ellen possibly being a candidate for the C.E.O. position with anybody prior to the C.E.O. search committee meeting at which she announced her candidacy?

A. I can't recall that conversation with anybody. I'm sure there must have been conversations, but I don't -- I can't remember them.

Q. For example, did you have any discussions or communications with Doug McEachern regarding Ellen being a candidate for the C.E.O. position at any time prior to the C.E.O. search committee meeting at which she announced that she was a candidate?

Exhibit 2

DISTRICT COURT

CLARK COUNTY, NEVADA

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

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into existence on or about June 30, 2015, do you have that in mind?

A. I do.

Q. At the inception, what discussion, if any, was there of whether Ellen Cotter should be on the committee in view of the fact that she held the position as interim C.E.O. of the company?

A. At the outset I don't remember any discussion being held concerning that particular topic.

Q. Was there some discussion of that at any point in time prior to her tendering -- announcing her candidacy?

A. I don't recall it.

Q. Do you recall that there was a point in time when Tim Storey relayed to you that he had spoken to Margaret, including regarding the C.E.O. search, and had asked if she intended to be a candidate and had received what he characterized to be as a not-responsive or non-responsive response from her?

Do you recall that?

MR. FERRARIO: Do you mean Ellen? You said Margaret.

MR. KRUM: I said Margaret. I meant

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Ellen.

THE WITNESS: You mean Ellen?

BY MR. KRUM:

Q. Yes.

A. Very vaguely.

Q. At that point in time did you and Mr. Storey have any communications regarding the subject of whether Ellen should be a member of the C.E.O. search committee?

A. If we did, I can't recall it.

Q. Whether at -- on or about June 30, 2015, when the C.E.O. search committee was formed or at any point during the time you served on that committee, were you ever party to any communications regarding how to handle any internal candidates for the position of C.E.O.?

A. There was a communication saying that we -- that the company would be -- the search committee would be encouraging internal candidates to submit their feelings about being candidates for the job.

And I don't remember how we decided to handle them. I think the problem went away or the issue went away when Ellen announced her candidacy, and the other internal candidates at that point

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

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

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

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

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

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

A. I can't recall.

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

A. I think Mr. Mayes.

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

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A. I can't remember.

Q. How did it occur? In person or telephone?

A. My -- my recollection is that it occurred by telephone.

Q. How long did it last?

A. I would think -- I mean most of the calls with Korn Ferry were about a half an hour or more. So my guess is this particular one would be around that -- that amount of time.

Q. And approximately how long did the discussion regarding how to handle internal candidates last?

A. Not very long.

Q. Five minutes or less?

A. Five minutes or less is my recollection.

Q. Do you recall if the -- if at any point in time Korn Ferry interviewed any internal candidates, that is, prior to the interview of Ellen, in -- well, strike that.

Do you recall if Korn Ferry ever interviewed any internal candidates?

A. I don't believe they did.

Q. They did not interview Ellen either, did they?

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A. I don't know that. But I don't think they interviewed any other internal candidates.

Q. Well, to your recollection, did you as a member of the C.E.O. search committee ever receive any feedback, whether by way of formal assessment or even informally, from Korn Ferry regarding the candidacy of Ellen Cotter for the position of C.E.O. of RDI?

MR. RHOW: Vague.

You can answer.

THE WITNESS: No. I do not remember getting any assessment from Korn Ferry about Ellen.

BY MR. KRUM:

Q. What's your recollection as to how it came to pass that Korn Ferry was selected to be the recruiter engaged by the company for the C.E.O. search?

A. My recollection is that Ellen as the C.E.O. of the -- interim C.E.O. of the company at that time made the decision and made the recommendation to the board.

Q. Did you have any discussions with anyone regarding whether Ellen as the interim C.E.O. should be the person empowered to select the recruiter the company was going to use for the C.E.O. search?

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A. No.

Q. Do you know if there were any discussions by any board members of the subject of whether Ellen as the interim C.E.O. should be empowered to select the recruiter the company was going to use for the C.E.O. search?

A. I don't recall any such discussions.

Q. Did you or, to your knowledge, any other member of the C.E.O. search committee ever have any communications with Korn Ferry regarding a possible candidacy of Ellen for the permanent C.E.O. position at any time prior to Ellen's announcement of her candidacy?

A. I did not. And I don't know about the others.

Q. Do you know if Craig Tompkins ever had such communications?

A. I don't know that.

Q. Directing your attention, Mr. Gould, back to the subject of the engagement of Korn Ferry, what is your recollection, if any, as to what Ellen communicated about why she had selected Korn Ferry?

A. Ellen I believe had used Korn Ferry before. Korn Ferry is a well established independent national -- major national head hunting firm and has an excellent reputation.

And I don't think the board spent any time debating whether Korn Ferry was the right entity to conduct the work on this.

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Q. Now, the answer you just gave, Mr. Gould, was that what you recall Ellen Cotter saying or was that what you thought --

A. That's what I thought.

Q. Okay. What did Ellen Cotter communicate, to the best of your recollection, as to why she had selected Korn Ferry?

A. Just I think she said they're an outstanding firm, she had been familiar with them, I think she said she had used them before. And that was what she basically said to the board.

Q. Did she disclose to the board or subsequently to anybody in your presence what steps she had taken and on whom she had relied, if anyone, in making her determination to select Korn Ferry?

A. Not that I can recall.

Q. Do you have any understanding or information whether anybody else who was employed by or for RDI participated in the process, if there was a process, that resulted in Ellen selecting Korn Ferry?

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A. I believe Ellen was being assisted by Craig Tompkins.

Q. What's your basis for that belief?

A. Because Craig became the secretary to the committee and recorded the deliberations of the committee and seemed to be involved in the discussions that I had with Korn Ferry. And they mentioned Craig Tompkins in terms of delivering -- negotiating the contract with Korn Ferry and things of that nature.

Q. Did you ever hear or learn anything else that serves as a basis for your belief today that Craig Tompkins assisted Ellen Cotter in whatever steps she took that resulted in her selecting Korn Ferry?

A. Well, I looked -- at the time I remember Craig Tompkins was helping Ellen more like an administrative assistant to work out the details with Korn Ferry. And I had a conversation with Craig Tompkins at one point about some of the characteristics that we were looking for in a new C.E.O.

Q. The conversation to which you just referred between you and Craig Tompkins was at the point of the process when Korn Ferry was preparing

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something called a position specification; is that right?
A. Yes.
MR. KRUM: I'll ask the court reporter to mark as Exhibit 372 a document entitled "Reading International, Inc. Meeting of Board of Directors Telephonic Meeting June 30, 2015." It bears production numbers WG74 through 80.
(Whereupon the document referred to was marked Plaintiffs' Exhibit 372 by the Certified Shorthand Reporter and is attached hereto.)
THE WITNESS: I'm prepared.
BY MR. KRUM:
Q. Do you recognize Exhibit 372?
A. Yes, I do.
Q. What is it?
A. This is a -- some points concerning the formulation of the search committee's agenda and objectives in finalizing candidates for new C.E.O.
Q. Did you receive this document in advance of the June 30, 2015 telephonic board meeting?
A. I do.
Q. I direct your attention, Mr. Gould, to

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the second page. It's entitled,
"Chief Executive Officer Succession/Search Agenda For Discussion."
Do you see that?
A. I do.
Q. And I direct your attention in particular to item B that begins,
"Build Consensus View of Board: Search Objectives and Finalize Candidate Qualifications."
Do you see that?
A. I do.
Q. Did you ask how it came to pass that this discussion as set out on this page was framed in the manner in which it's framed?
A. No.
Q. Now, as a practical matter, the full RDI board of directors did not participate in setting search objectives or finalizing candidate qualifications, right?
A. That's correct.
Q. What discussion was there, if any, at the June 30, 2015 board of directors meeting about whether the full board would be involved in setting

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search objectives and finalizing candidate qualifications or whether only the C.E.O. search committee would?
A. I don't recall the discussion about that topic.
Q. Was it your view that the members of the RDI board of directors who were not on the C.E.O. search committee had no basis to provide input to -- into the search objectives or the candidate qualifications?
A. No. My view on it would have been that if any director wanted to look at anything, they could do so; but that the actual work in doing it would be left to this committee, so we wouldn't have to involve everybody trying to handle each item.
Q. Item B(2) on the second page of Exhibit 372 reads as follows:
"Agree to process for considering internal" -- "internal candidates."
Do you see that?
A. I do.
Q. And if I recall correctly, you recall no such discussions as among RDI board members?
A. Correct.
MR. TAYBACK: Objection. Asked and

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answered.
BY MR. KRUM:
Q. Item C on the second page of Exhibit 372 reads as follows:
"Interview finalist candidates with a view that the three top candidates will interview with the entire board of directors."
Do you see that?
A. I do.
Q. That didn't happen either, did it?
A. That did not happen.
Q. Okay. That's all we have with that document.
MR. KRUM: I'll ask the court reporter to mark as Exhibit 373 what appears to be an engagement letter between Korn Ferry and RDI. The document's dated July 9, 2015. It bears production numbers RDI5742 through 48.
(Whereupon the document referred to was marked Plaintiffs' Exhibit 373 by the Certified Shorthand Reporter and is attached hereto.)
THE WITNESS: I'm prepared.

Cotter reported to having considered were unknown to her prior to the process or steps she took to vet them?

A. I think each of the firms she was looking at were prominent search firms. And I think everybody knew of them. I'm sure Ellen knew of them, as well.

Q. Do you see that on the last page of Exhibit 373 there's a handwritten date to the right of Ellen Cotter's -- what purports to be Ellen Cotter's signature?

A. I do.

Q. August 3, 2015?

A. Yes.

Q. Does that comport with your recollection as to when Korn Ferry was formally engaged?

A. The time frame, it seems like it's about right.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 374 what purports to be an email chain of June 18, 2015, between Robert Wagner and Craig Tompkins. The document bears production number RDI18761 through 65.

(Whereupon the document referred to was marked Plaintiffs'

Exhibit 374 by the Certified Shorthand Reporter and is attached hereto.)

THE WITNESS: Thank you.

Okay. I'm ready.

BY MR. KRUM:

Q. Have you ever seen Exhibit 374?

A. I don't believe so.

Q. Well, you see that it's a series of emails between Craig Tompkins and Robert Wagner, right?

A. Yes.

Q. Have you read them, Mr. Gould?

A. Briefly, yes.

Q. Okay. Does that refresh your recollection at all as to what you knew or understood previously regarding Craig Tompkins's involvement in the actions of Ellen Cotter to meet with Korn Ferry?

MR. TAYBACK: Object to the form of the question. I'm not sure the witness indicated he didn't recall.

THE WITNESS: It doesn't refresh my recollection, but I can see -- on that point. But I do see that he was actively involved in coordinating

the meetings.

BY MR. KRUM:

Q. Did you see at the bottom of the first page of Exhibit 374 in the second line of that email it refers to Mr. Mayes as "Korn Ferry senior client partner real estate practice"?

A. I do.

Q. And do you see that it also indicates that Mr. Mayes had taken the lead on the -- on a prior search for Reading International for a real estate professional?

It's the next sentence to which I'm referring, next two lines.

A. Yes, I see that.

Q. Okay. Does that refresh your memory about whether you ever heard or learned anything about Mr. Mayes's particular responsibilities as a Korn Ferry executive?

A. It does.

Q. And what do you now recall that you didn't before reading this?

A. That he is -- that he had had a prior experience in connection with the real estate search and that he himself was a real estate specialist.

Q. Okay. And what is your best

recollection, Mr. Gould, as to when you first understood that Mr. Mayes himself was a real estate specialist?

A. I don't -- I don't recall.

Q. Okay. Do you recall when you learned that, whenever that was, whether you thought that made sense from RDI's perspective in the C.E.O. search?

A. I thought it made sense.

Q. Why?

A. Because one of the major assets of the company is really the real estate assets, and it was important that the person who comes in to me at that time would have a good understanding how to develop those assets.

Q. And when you refer to those assets, meaning those real estate assets, are you referring to any particular assets?

A. No. I'm really -- really referring to all the -- the real estate owned by the company and all of its developmental potential.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 375 a June 21 email from Robert Wagner to Craig Tompkins. It bears production number RDI21595 and 96.

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to a halt in the sense of the -- it was not being actively pursued, but that they still had the -- the finalists from the search, as they said, still -- I think they said still on hold or -- I forgot thing language that they used here in the email.

Q. And what was your understanding, if any, as to why the search had either come to a halt or at least was not being actively pursued?

A. I don't recall the reason except for the fact perhaps -- my recollection is that there was so much going on with the departure of Jim, Jr., that it was just on the back burner, and there were more important issues to be handled at that point.

Q. Do you recall that or is that your surmise?

A. That's my surmise.

MR. RHOW: You don't have to surmise.

THE WITNESS: Okay. Try not to.

BY MR. KRUM:

Q. I direct your attention, Mr. Gould, to the second paragraph on the first page of Exhibit 375.

At the end of the second line there's a sentence that talks about how Korn Ferry would treat internal candidates, which was like any other

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candidates that Korn Ferry would generate.

Do you see that?

A. I do.

Q. And do you see the next line says, among other things,

"Interviewing them at length"?

A. Yes.

Q. To your knowledge, did Korn Ferry ever interview an internal candidate?

A. To my knowledge, no.

Q. And at some point Wayne Smith was an internal candidate, right?

A. Yes.

Q. At some point Andrzej Matyezynski was an internal candidate?

A. Yes.

Q. And at some point Ellen Cotter was an internal candidate?

A. Yes.

Q. And your recollection is that none of those people were interviewed by Korn Ferry, correct?

A. Yes.

Q. Do you see the next part of that sentence that talks about Korn Ferry putting the

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internal candidates through Korn Ferry's unique proprietary assessment process.

Do you see that?

A. I do.

Q. Do you recall that Korn Ferry's proprietary assessment process was one of the stated reasons for engaging Korn Ferry?

A. No.

Q. Okay. To your knowledge, was any candidate put through a Korn Ferry proprietary assessment process?

A. To my knowledge, no.

Q. In fact, the C.E.O. search committee told Korn Ferry not to pursue that process with any candidates because the committee had already settled on Ellen Cotter, correct?

A. Yes.

Q. I direct your attention, Mr. Gould, further down on the second paragraph on the first page of Exhibit 375.

Toward the end of the line the sentence says -- reads as follows:

"But I think that it would be a big mistake for Reading to just anoint one of the internal candidates as

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the next C.E.O. in the interest of expediency."

Do you see that?

A. I do.

Q. Had you ever learned, heard or been told that that was Korn Ferry's view?

A. No.

Q. Do you see beginning at -- or strike that.

You see in the first sentence of the last paragraph on the first page of Exhibit 375 at the end of the sentence Mr. Wagner says,

"We made it clear that we are ready to start immediately"?

A. Yes.

Q. What's your recollection as to when Korn Ferry actually started?

A. I don't have any recollection.

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

BY MR. KRUM:

Q. Directing your attention to the top of the second page of Exhibit 375, do you see that Mr. Wagner says, referring to the Korn Ferry

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Q. Did Ellen Cotter participate in the interviews on Friday the 13th of any or all of Brooks, Cruse, Chin and Sheridan?

A. No.

Q. Why not, if you know?

A. Yes. At the beginning as we were about to begin our interviewing session we all arrived at the company, Ellen came into the room and said that she had decided that she was going to throw her hat into the ring for this job; and she felt that given that, it would be unethical and improper for her to be involved in the search committee.

Q. What was the discussion that ensued, if any?

A. I believe that all of us -- my rec- -- my -- my response and I know Doug's was that we agree we don't think she should be involved in the search committee if she, herself, is going to be a candidate.

Q. What else, if anything else, was discussed about the search committee or the search in view of Ellen's announcement that she was going to be a candidate?

A. I can't recall anything at that time other than that.

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Q. Do you recall anything at any subsequent point in time prior to the decision to select Ellen?

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

MR. FERRARIO: I'll object to the extent it calls for attorney-client communications.

MR. RHOW: Do you have --

THE WITNESS: I can't really recall anything else about that, about Ellen, her role in the search committee or anything else.

BY MR. KRUM:

Q. Did you or anyone else ask her when she had decided to be a candidate?

A. No.

Q. Did you or anyone else ask her when she first considered being a candidate?

A. No.

Q. Did you or anyone else ask her why she had not disclosed prior to the day of candidate interviews that she was a candidate?

A. Well, I believe in making her statement to the search committee members other than herself, she indicated that she had just decided that she was going to do it.

Q. So your -- your memory is that when she announced before the first candidate interview at or about 8:30 in the morning on November 13, 2015, that she had been decided -- she had decided to be a candidate that she also indicated that she had just decided or words to that effect?

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A. Words to that effect.

Q. And as best you can recall, what did she say in that respect?

A. Just the -- all I can remember is the notion that she said she had decided that she wanted to give it a try, and so she didn't think it would be proper for her to be on -- working with us on the search committee anymore.

Q. Okay. But the question I was asking was about what's your best recollection as to what she had said about when she had decided?

A. I can't recall actually what she said about that.

Q. And --

A. My impression was that she had just decided it. That's my impression.

Q. What's the basis for that impression?

A. Well, I don't know that. I can't give you any basis for it.

Q. Okay. Was there any discussion at that point, meaning after Ellen announced her candidacy and before the first interview with Mr. Brooks began on the morning of November 13, 2015, whether Margaret should remain on the C.E.O. search committee in view of the fact that her sister had announced her candidacy for the C.E.O. position?

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A. No, there was no discussion of that.

Q. Was there ever any discussion of that?

A. The only discussion of that came in at the time when the search committee was starting to make a determination as to whether Ellen would be the preferred candidate.

And at that point Doug -- Doug McEachern and I asked each other whether we should ask Margaret to leave the room. And both of us at that point felt that was not necessary, I recall.

Q. Well, prior to that point in time, did it occur to you that if you and Mr. McEachern did not agree on -- on either a candidate or the prioritizing or ranking, if you will, of candidates, that Margaret Cotter could be the deciding person in terms of what the committee did?

MR. TAYBACK: Objection. Incomplete hypothetical.

THE WITNESS: No. I don't -- I don't

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remember having thought about that.
BY MR. KRUM:
Q. Did you or, to your knowledge, Mr. McEachern seek the advice of counsel with respect to the conduct of the C.E.O. search at any point in time?
A. No.
Q. What happened next after the four candidate interviews of Friday, November 13, 2015?
A. After that -- after that there was a -- another candidate that was proposed by Korn Ferry. And I believe we had a subsequent session with Mr. Caverly. As I recall, he came in at a different time.
And then we had to interview Ellen.
So there was a subsequent -- one or two subsequent interview sessions sometime in December. One of them was done by Skype and one with the -- the new candidate, which Korn Ferry had recommended was in New York, was running a privately-owned hotel, had been running it. And we interviewed that gentleman on Skype.
Q. Do you recall his name?
A. No.
Q. Did it begin with a D?

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A. Could have.
Q. Okay. I'm sorry. I don't have the name at hand.
And what were your impressions of that candidate?
A. I thought the candidate was a --was good. I think it would have been better to have the interview in person where you get a better -- can see better the movements and look into their eyes and get a better feel for it.
It wasn't -- I don't think the interview on Skype was as good as a personal interview. He had the camera turned a little funny and it wasn't -- wasn't as good.
Q. When -- when relative to the other two candidate interviews that occurred after November 13, 2015, was Ellen interviewed?
A. Ellen was interviewed I believe after the Skype interview in -- with the fellow in New York, and then we had Ellen come in -- it could have been the same day as the -- as the Reading Christmas party.
And we interviewed Ellen -- I think she was the last candidate we interviewed.
Q. Who -- who is the "we"? You --

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A. It would be -- it would be Margaret, Doug and myself.
Q. Did Mr. Tompkins participate in any of these interviews?
A. No.
Q. Did you have any substantive discussions with Mr. Tompkins about the C.E.O. search process beyond the conversation about which you already testified and which he had substantive comments about the position specification?
A. No.
Q. Did Ed Kane participate in any of the candidate interviews or was he present as the case may be?
A. He was present for one. And he happened to be there either to go to a meeting, an audit committee meeting, but he did take place -- he did take -- he did participate in one interview.
Q. Which one?
A. I can't recall right now.
Q. Okay. And what did he say, if anything, during that --
A. Well, he asked questions and -- you know, but all the other interviewers did. And he just had his own thinking on the subject.

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If I recall, he wasn't too aggressive during that interview session.
Q. With respect to the interview of Ellen Cotter that occurred in December, perhaps on the day of the Reading holiday party, how long did that last?
A. My guess is it -- I'm mean I'm just trying to put it -- the exact time, I guess, is about 45 minutes.
Q. Okay. Who led that interview?
A. I did.
Q. What did you cover? What were the topics you covered?
A. Doug -- when I say I led it, I think it was really Doug and myself. He we covered all kinds of things; I mean what prior involvement, what she saw, what her future thinking was about the future of the company, how she saw her shortcomings.
We went through the whole gamut of -- of the same kinds of questions that we asked the others. The only difference with Ellen was that we had had 20 years of prior experience dealing with her. We knew a lot about her.
Q. So what did that -- what did that mean? That there was less in the interview learning about

prepared these minutes?

A. Craig Tompkins.

Q. When did he prepare it?

A. Shortly after this meeting.

Q. Who asked him to do so?

A. He was the recording secretary of the search committee appointed by Ellen.

Q. So, what happened, Mr. Gould, between the time of Ellen Cotter's interview and the telephonic meeting that's the subject of Exhibit 389 with respect to the C.E.O. search?

A. Korn Ferry was contacted and told and were asked to stand down. And other than that, I'm not sure what else was done.

Q. Why did this telephonic meeting not occur within days of Ellen Cotter's interview?

A. I think one problem may have been the Christmas season and the difficulties of getting everybody together for a call, but I don't know the exact reason why there was a delay.

Q. What communications, if any, did you have with Ed Kane between Ellen Cotter's interview and this telephonic meeting on December 29th?

A. I don't recall any conversations I had with Ed Kane.

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Q. Directing your attention, Mr. Gould, to the third paragraph on the first page of Exhibit 389, you see that it talks about the committee discussing whether it was appropriate for Margaret Cotter to vote on the matter.

A. I do.

Q. Is that the -- is that a different discussion than the one about which you testified this morning?

A. Yes.

Q. Does this fairly sum up what was discussed and concluded?

A. Yes.

Q. By the way, did you actually review and approve these minutes?

A. Yes.

Q. When?

A. I don't remember exactly when, but it was -- I believe I received a draft of these minutes for approval.

Q. Did you receive the draft promptly after the telephonic meeting?

A. I believe that I did.

Q. Do you have any knowledge or information regarding whether Mr. Tompkins had a draft prepared

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as of the commencement of the meeting?

A. No, I don't remember that.

Q. You see that it indicates at the end of the first paragraph that Mark Ferrario, outside counsel, was present at the invitation of the committee?

A. Yes, I do.

Q. Was Mr. Bonner available?

MR. TAYBACK: Objection. Foundation.

THE WITNESS: I don't know.

BY MR. KRUM:

Q. Okay. Well, I -- I'm not asking for any communications you had with either lawyers at the company or with certainly Mr. Bonner or Mr. Ferrario.

Did you ask -- did you personally ask for Mr. Ferrario to be present?

A. No.

Q. I direct your attention, Mr. Gould, to the second page of Exhibit 389 to the last bullet point on that page. It reads,

"The practical difficulties of having an executive management structure where two of the executives reporting up to a new

Page 414

outside chief executive officer would be members of the board and controlling stockholders of the company."

Do you see that?

A. I do.

Q. Does that -- having read that, does that refresh your recollection that it was a consideration in the view of either you and/or McEachern and/or Margaret that having Margaret and Ellen reporting to some to somebody else who reported to them in a different capacity, it was a problem or potential --

A. Well, it could be a potential problem. It does refresh my recollection a little bit but not much.

I don't think this was a problem that I had, because in my own mind if a subordinate executive does not report to the C.E.O., we've got a real problem.

Q. Well, in point of fact, if Margaret and Ellen run -- won the trust and estate case and proved to be the controlling shareholders, they were in a position to not report to anybody, whether it be the C.E.O., the board or anybody else, correct?

Page 415

A. No. As shareholders they wouldn't be, but as officers of the company they would be, because there is a direct reporting line to subordinate officers, the C.E.O. and the board. And the board members would have to act appropriately. And if they displease the controlling shareholders, the board members could be dismissed.

Q. Well, that's exactly right.

And the same would be true for the C.E.O., correct?

A. Correct. Correct.

Q. I direct your attention, Mr. Gould, to the third bullet point on the second page of Exhibit 389.

Do you see it refers to compensation demands of certain of the president and C.E.O. candidates?

A. Yes.

Q. Does that refer to anybody other than Chin?

A. Yes. Well, I think what this refers to is although Chin wasn't -- Chin was the most vocal about it, there were others who seemed to have the incorrect view that the business of the company was not doing well and that they should get some

don't need to repeats it.
A. Okay. I think I've -- I think I've given you the complete Storey earlier.
Q. On the last page of Exhibit 313 in the first paragraph, in the third line it refers to,
"On motion duly made and seconded, the committee resolved,"
So forth and so on with respect to Ellen Cotter being the selection.
You see that?
A. Yes.
Q. Was there actually a motion and a second, if you recall?
A. I don't remember there being one. I just -- I don't recall.
Q. And do you recall that there was a vote from which Ellen had abstained but stated her concurrence with the vote?
MR. RHOW: You mean Margaret?
BY MR. KRUM:
Q. Margaret?
A. Yes. I do remember that Margaret did say something to that effect.
Q. And the next thing that happened was the board meeting; is that correct?

A. That's the next thing that happened.
Q. Subsequent to the -- strike that.
Prior to December 17th when you were selected to be chairman of the C.E.O. search committee, was that a position or role that Ellen had -- had held or handled, whether formally or informally?
A. Well, there really wasn't -- at that point really Ellen's role had been acting as the lead in terms of selecting Korn Ferry and dealing with them on the contract, coordinating our responses.
But when she said she was going to be off the committee, then I think I basically just assumed that role.
Q. Why was it a month later that you were appointed officially to that role?
A. That was -- I don't know why. But I think I was kind of operating as the de facto head of the group at that point.
Q. Directing your attention, Mr. Gould, back to the board meeting at which Ellen Cotter was made president and C.E.O., what comments do you recall were made by Mr. McEachern, if any?
A. I can recall nothing more than that he

was very supportive of Ellen's being the nominee.
Q. Do you recall if he said in words or substance that he thought it was important to take into consideration that she was or might be the controlling shareholder or a controlling shareholder?
A. I do recall something to that effect, yes.
Q. Do you recall with any greater specificity than that?
A. No.
MR. KRUM: I'll ask the court reporter to mark as Exhibit 314 a document that purports to be a form 8-K issued filed by Reading.
MR. RHOW: I think you want 391.
MR. KRUM: Three --
MR. RHOW: 91.
MR. KRUM: Yes. I've regressed quite a bit, haven't I?
All right. Thanks, Ekwan.
I'll ask the court reporter to mark as Exhibit 391 what purports to be a form 8-K for RDI dated October 13, 2015.
(Whereupon the document referred to was marked Plaintiffs'

Exhibit 391 by the Certified Shorthand Reporter and is attached hereto.)
(Off-the-record discussion.)
THE WITNESS: Thank you.
I'm familiar with this.
BY MR. KRUM:
Q. What is Exhibit 391?
A. It's a Form 8-K filed with the S.E.C.
Q. Did you review this document prior to it being filed?
A. I believe I did, yes.
Q. Did you provide any comments with respect to the document you reviewed?
A. My recollection is I did not.
Q. And do you believe Exhibit 391 to be the document you reviewed?
A. Yes.
Q. I direct your attention, Mr. Gould, to the page that's labeled in the lower right-hand corner 3/5, which is the third page of Exhibit 391?
A. Yes.
Q. Do you have that?
A. I do.
Q. And you see at the top it says item

Exhibit 3

In the Matter Of:

Cotter, Jr. vs. Cotter, et al.

ROBERT MAYES

August 18, 2016

Job Number: 331292

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

spent five minutes on three candidates, we probably spent, you know, another 20 on one candidate in particular, and then sort of 30 minutes to talk about process and where we would go from there in terms of the next steps.

Q. Why was 20 minutes spent talking about one candidate?

A. There was one candidate in particular who -- who was of interest.

Q. When you say "of interest," does that mean -- are you telling -- strike that.

Does "interest" mean that one or more of Margaret Cotter, Bill Gould and Doug McEachern indicated that they viewed this candidates as of interest?

MS. LINDSAY: Objection. Lacks foundation.

BY MR. KRUM:

Q. Well, when you say "of interest," what does that mean?

A. Well, it -- it -- common practice, we force rank the candidates after the interviews, and he would have been at the top of the list.

Q. Who was that?

MS. GOODMAN: And before he discloses

the names of other candidates, is it possible that we can have the record designated confidential under the protective order in order to protect the confidentiality of candidates who were not hired into the role?

MR. KRUM: Well --

MS. HENDRICKS: We would have no objection to that.

MR. KRUM: Well, let's -- I'll just withdraw the question for the time being.

BY MR. KRUM:

Q. I think I've covered that with others. I don't need to repeat it with you, Mr. Mayes.

So, Directing your attention, Mr. Mayes to the meeting you recall you had on the Friday following the series of candidate interviews by Margaret Cotter, Bill Gould and Doug McEachern, what was the -- discussed in the approximate 30 minutes in which you discussed process?

A. Oh, boy. I mean it was -- we have these discussions for a living so I can't recall specifics. But -- but it was more or less talk about where we would go --

Actually I can tell you.

So the initial -- our initial focus was

to prioritize real estate experience, number one; and number two, some consumer-facing operating business experience, say hospitality.

And as a result of that discussion, we flip-flopped that. So, going forward we were going to prioritize the op- -- the operating company experience over real estate.

So that was -- that was really the gist of the second half of that -- that meeting.

BY MR. KRUM:

Q. And who said what in that regard?

A. I can't recall.

Q. Do you recall what anybody said -- anything anybody said that gave rise to that -- that conclusion that you just described?

A. No. No. I mean it was just -- you know, I can tell you the outcome, the bottom line, and that was that we were redirecting our efforts.

Q. Okay. So what happened next in terms of the C.E.O. search after this meeting?

(Whereupon Mr. Vera entered the deposition proceedings at this time.)

THE WITNESS: We went back to work and focused on candidates from hospitality.

But not a whole lot of time elapsed between that point and the call with Craig Tomkins.

BY MR. KRUM:

Q. Okay. What communication, if any, did you have with anybody at RDI between this meeting following the initial set of interviews and the Tomkins call about which you've already testified?

A. I sent one -- I sent an additional candidate idea from -- a candidate from the hospitality world in New York that we were fairly excited about. And that was -- there may have been other sort of detail oriented emails, but that was the only major event.

Q. Okay. Was anybody else interviewed for the position, to your knowledge?

A. Not by -- not by RDI. Not by the board.

MS. LINDSAY: Objection. Vague.

BY MR. KRUM:

Q. Okay. Was this candidate from New York interviewed --

A. No.

Q. -- either in person, telephonic or by Skype or something?

A. He may have been interviewed telephonically by the board. I can't recall. I met

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.

Q. And then what else, if anything, happened with respect to Mr. -- with respect to Wayne Smith's candidacy?

MS. LINDSAY: Objection. Vague.

THE WITNESS: I don't -- I don't believe he was formally interviewed by the board.

BY MR. KRUM:

Q. What did -- what did Korn Ferry do, if anything, beyond the conversation you had with him; that is, in connection with his candidacy?

A. That was essentially it. We had a very candid conversation. And then Wayne recognized that, you know, 90 percent of the time when a board hires a search firm, it's the external candidate that wins the day.

Q. Did you ever speak to any other internal candidate or possible candidate?

MR. VERA: Objection. Vague.

MS. LINDSAY: Join.

THE WITNESS: I can't recall.

BY MR. KRUM:

Q. More particularly, did you speak to the other person that Ellen had mentioned as a candidate or possible candidate during the June 20 --

A. I can't recall who that was, so --

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

based on the interviews you did of Ellen Cotter, Margaret Cotter, Bill Gould and Doug McEachern?

A. Yes.

Q. So, directing your attention, Mr. Mayes, to page three of five of the position specification, near the top it reads "Specific responsibilities include," and then there follows at the bottom of that page and over to the next a series of bullet points.

Do you see those?

A. Uh-huh.

Q. Yes?

A. Yes.

Q. And those bullet points were created based on those conversations you had with Ellen Cotter, Margaret Cotter, Bill Gould and Doug McEachern?

MS. LINDSAY: Objection. Vague.

BY MR. KRUM:

Q. Is that right?

A. Yeah. I mean it's -- I want to say it's a combination of previous C.E.O. position specifications that were relevant and conversations with the search committee.

Q. Well, that's why people hire Korn Ferry,

A. Yes.

Q. Do you see that it references "Craig"?

A. Yes.

Q. Is that Craig Tomkins?

A. Yes.

Q. Did you speak with him regarding the position specification document?

A. We did. I did.

Q. Do you recall in substance what either -- what he said?

A. Craig -- Craig's input did run counter to the four members of the search committee. He emphasized the need for someone with theater or operating business experience.

Q. And what did the other four emphasize?

A. They emphasized real estate.

Q. Okay. Let me show you what previously was mark as Exhibit 381.

(Whereupon the document previously marked as Plaintiffs' Exhibit 381 was referenced and is attached hereto.)

BY MR. KRUM:

Q. Did you send Exhibit 381 on the date it bears, September 25, 2015?

Sorry.

Q. And how did that become clear to you?

MR. VERA: Objection. Calls for speculation.

MS. LINDSAY: Join.

THE WITNESS: I just -- I had -- well, when she recused herself from the search committee, I figured there was a reason for that.

BY MR. KRUM:

Q. Did you have any communications with any of the other members of the search committee, meaning Margaret Cotter, Bill Gould, and/or Doug McEachern, about Ellen Cotter as a candidate?

MS. LINDSAY: Objection. Vague.

THE WITNESS: No.

BY MR. KRUM:

Q. To your knowledge, did anyone at Korn Ferry?

A. I don't believe so.

MS. LINDSAY: Objection. Lacks foundation.

BY MR. KRUM:

Q. You were the senior person --

A. Yes.

Q. -- running this search, right?

A. Yeah.

Q. So your expectation was that anybody working with you would report to you anything relevant to the search, right?

A. Right.

MR. KRUM: We've been going an hour. Why don't we take a break.

MS. GOODMAN: Okay.

VIDEOTAPE OPERATOR: This concludes video file one. We are off the record at 10:33.

(Brief recess.)

VIDEOTAPE OPERATOR: This commences video file two in the deposition of Mr. Robert Mayes.

We are on the record at 10:44.

BY MR. KRUM:

Q. Mr. Mayes, is it common for an interim C.E.O. to chair a C.E.O. search committee?

MS. LINDSAY: Objection. Lacks foundation.

BY MR. KRUM:

Q. In your experience?

MS. LINDSAY: Calls for speculation and opinion.

MR. VERA: Join.

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.

goal. They can go -- they can be done in 45 days, they can go a year on occasion.

Q. Do you usually work with a search committee?

A. No. Those are almost ex- -- the only time there's a committee involved is for a C.E.O. search.

Q. So, who do you ordinarily work with?

A. C.E.O.'s, C.O.O.'s, C.F.O.'s, chief investment officers probably the most common.

Q. How is a position specification created?

A. Input from the stakeholders at the client company, and then me writing it.

Q. And so when you have a position specification, is that generally based on what the company is telling you they want?

A. Yeah.

Q. And it's not really an independent evaluation of what you think the company needs?

A. I'd say two thirds the -- the former, one third the latter.

Q. In your experience, how often does a position remain unfilled at the end of a search?

A. 10 to 15 percent of the time.

Q. Why might that happen?

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.

But were any of the other candidates taken through that comprehensive assessment?

A. No.

Q. Okay. Now, you said that -- that in your opinion, Ellen Cotter didn't have the real estate experience.

How much time did you spend with her or talking about her real estate experience?

A. We talked about the real estate needs of the company for a few hours.

Q. What about her background? Did you talk in detail about her real estate --

A. No. No.

Q. Okay. Now, let me ask you a few questions about Bill Gould.

On how many occasions did you have conversations with Mr. Gould?

A. I suspect we had two or three conversations with the search committee which he was on the phone for, and then I had one -- or Jim Aggen and I had one conversation with him relative to the development of the success profile.

Q. Okay. So you only had one conversation with him separate from the committee; is that correct?

A. Correct.

Q. Is that right?

A. I think so.

Q. Okay. Now, during the conversations with the search committee, did he ever express any personal opinions or give you any feedback about what he was looking for in a C.E.O.?

A. Yeah.

Q. What -- what did he say?

A. Like I can't remember the specifics, what I can tell you is that all four members of the committee were consistent at the outset. This company really needs real estate expertise, we have this land in Manhattan, we need to figure out what to do with it to optimize value. They were very consistent.

Q. So they were consistent also that they were trying to look for the right person for the job, correct?

A. Right.

Q. Okay. So, it was always clear that they were -- the whole committee, including Bill Gould, was trying to find the right person to be the C.E.O. of the company, correct?

MR. KRUM: Objection. Foundation.

Exhibit 4

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

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

Did you have the impression from the conversation you had with Margaret, in which she had indicated that she was impressed with a couple of the candidates, that Margaret was going to support someone other than you for the CEO of RDI?

A I think Margaret recognized at the time that while some of these candidates were qualified, that the experience that I brought to the table with the company and the way I had performed from the middle of June of 2015, I would have expected her to support me.

But she was -- she did interview a couple of these candidates and was impressed.

Q Did you have the same expectations with respect to Bill Kane -- Bill Gould?

A Well, as I said, Bill had -- my recollection was that Bill had encouraged me to consider being a candidate.

Q What communications had you had with Doug McEachern regarding you either becoming a candidate or being a candidate?

A I think Doug had also encouraged me to think about being a candidate.

Q What's your best recollection as to what

he said to you when?

MR. TAYBACK: With respect to encouraging her?

MR. KRUM: Yes.

A I don't remember the specifics of our conversation, but I remember Doug saying that you should consider this, we've watched you in this role and you should consider being candidate.

Q When did you have that conversation with him?

A I don't remember.

Q Some point before you decided to be a candidate?

A Yes.

Q Was anyone else present for that conversation?

A I had one conversation with Doug on the phone that I can remember. I don't know if anybody else in subsequent conversations. There might have been other people there, I don't recall.

Q In the conversation you had with Mr. McEachern on the phone that you remember, that was just between the two of you?

Exhibit 5

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

conversation or were you a part of any communication, such as an e-mail, in which a subject of -- of discussion was the waiver by Korn Ferry of the final payment due on the director of real estate search?

A I may have been. I don't recall.

Q What, to the best of your knowledge, happened in August 2015, if anything, following Exhibit 311 to advance the CEO search?

A In August, it appears that a search firm was identified and possibly retained. I don't know if they were actually retained in August or September.

Q Did you read the CEO success profile and assessment portion of Exhibit 311, which is all but the first two pages of it?

A I don't -- I don't recall reading this.

Q I'm sorry.

When you say you don't recall reading that, does that mean, as you look at it, it does not like familiar?

A No, I just don't recall reading it.

MR. KRUM: I'll ask the court reporter to mark as Exhibit 312, September 30, 2015 e-mails with the "Subject: RDI CEO Status Report,

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.	Case No. A-15-719860-B Coordinated with: Case No. P-14-082942-E Case No. A-16-735305-B

(Caption continued on next page.)

VIDEOTAPED DEPOSITION OF TIMOTHY STOREY

Wednesday, August 3, 2016

Wednesday, California

REPORTED BY:

GRACE CHUNG, CSR No. 6426, RMR, CRR, CLR

Job No.: 323867

A. My recollection is that Ellen had said previously she did not wish to be CEO, that she would act as interim until we found a CEO.

BY MR. KRUM:

Q. And during this -- the call that is summarized in Exhibit 33, what did you say to her, and what did she say to you about her being a candidate for CEO?

A. It appears that I would have said something like, "And I'm sure you are not going to be a CEO." I didn't get a -- or "you don't wish to be a CEO," and I didn't get a response saying that's correct. So I think I was implying or stating to Bill Gould as a feedback as to what I understood her position might be.

Q. Do you recall that the telephonic board meeting that is referenced in this e-mail here, Exhibit 33, first, that it occurred on or about June 30, the next day?

A. Yes.

Q. Do you recall that the -- there was a CEO search committee of Ellen, Margaret, Bill Gould, and Doug McEachern announced by Ellen that day?

MR. SEARCY: Objection. Vague.

A. I don't remember specifically, but I

Exhibit 7

Filed Under Seal

Exhibit 8

Filed Under Seal

Exhibit 9

Filed Under Seal

Exhibit 10

Filed Under Seal

Exhibit 11

Filed Under Seal

Exhibit 12

KORN FERRY

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

PRIVATE AND CONFIDENTIAL

July 9th, 2015

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

Dear Ellen,

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

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

OUR UNDERSTANDING OF YOUR REQUIREMENTS

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

THE PARTNERSHIP

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

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

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EXH 373
DATE
WI: PATRICIA HUBBARD

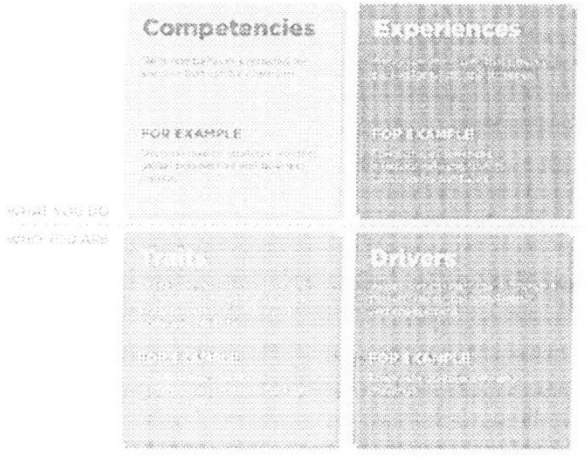
- Provide Korn Ferry with information on candidates you may have identified from other sources or from within your organization, so that they may be evaluated as part of the search process.
- Provide information to candidates about your company that will enable them to make informed career decisions.
- 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).



The creation of a success profile involves the following activities:

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

Step Two: Online Assessments

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

Step Three: Leadership and Skills Interview

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

Step Four: Data Analysis and Draft Reports

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

Step Five: CEO and Board Briefing

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

Step Six: Candidate Feedback and CEO Onboarding

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

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

PROFESSIONAL FEES AND EXPENSES

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

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

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

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

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

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

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

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

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

CLIENT SATISFACTION

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

KORN FERRY GUARANTEE

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

THE CONSULTING TEAM

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

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

KORN FERRY

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

CONCLUSION

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

Yours sincerely,

Robert Mayes
cc. Robert Wagner, Sidney Cooke

RDI0005747

RDI-A09323

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
Board Director
Reading International, Inc.

08/03/2015
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 13

From: Robert Wagner <Robert Wagner <Robert.Wagner@KornFerry.com>>
Sent: Thursday, June 18, 2015 10:08 PM
To: Craig Tompkins
Cc: Ellen Cotter
Subject: CEO search
Attachments: image001.jpg; image002.jpg; image003.jpg; Cooke_Sidney_Bio.pptx

Craig,

Bob and I have asked Sidney Cooke from Korn Ferry's Leadership & Talent Consulting division to join us for the meeting. Sidney (bio attached) has done great CEO and other assessment work with Caruso, and he would be an important addition to the search. Sidney will schedule his flight from San Francisco to Los Angeles once I have told him the time of the meeting.

Thanks,

Rob

From: Craig Tompkins [mailto:Craig.Tompkins@readingrdi.com]
Sent: Thursday, June 18, 2015 1:24 PM
To: Robert Wagner
Cc: Ellen Cotter
Subject: RE: CEO search

Thanks.

I will be up in Oregon tomorrow. We are in a meeting now, and will get back to you a bit later in the afternoon with a suggested time.

Craig

From: Robert Wagner [mailto:Robert.Wagner@KornFerry.com]
Sent: Thursday, June 18, 2015 12:58 PM
To: Craig Tompkins
Cc: Ellen Cotter
Subject: CEO search

Craig,

I was able to change my travel plans for tomorrow, and I will be able to meet with Ellen. I have a call into Bob Mayes, Korn Ferry's Senior Client Partner, Real Estate Practice who I asked to take the lead on the Head of Real Estate search that we started for Reading International in late March. Jim is also based in Korn Ferry's Los Angeles headquarters, and after about 2 ½ months on the search we have several serious candidates under consideration. Bob will also adjust tomorrow's plans in order to accommodate Ellen's schedule.

Will you be joining us for tomorrow's meeting?

Regards,

EXH 374
DATE 6-29-16
WIT Gould
PATRICIA HUBBARD

Robert A. Wagner
Senior Client Partner

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

Tel: +1 (310) 226-2672
Fax: +1 (310) 788-8408
email: robert.wagner@kornferry.com
www.kornferry.com

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From: Craig Tompkins [mailto:Craig.Tompkins@readingrdi.com]
Sent: Thursday, June 18, 2015 12:22 PM
To: Robert Wagner
Cc: Ellen Cotter
Subject: RE: Korn Ferry Featured in Wall Street Journal's "Boss Talk"

Rob,

As you may have seen in the press, Jim Cotter, Jr. is no longer our CEO/President. Ellen Cotter has been appointed as our new interim CEO/President, and the Board is currently contemplating doing an executive search for new CEO/President considering both outside and inside candidates. Ellen would like to meet you and learn about what you have been doing for Reading, and to talk about your potential involvement in the currently anticipated CEO search. Ellen is going to be in NYC all of next week, so it would be great if you have availability tomorrow. Ellen is in our West LA Office: 6100 Center Drive, Suite 900.

Ellen: set out below is Rob's contact information.

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

Tel: +1 (310) 226-2672
Fax: +1 (310) 788-8408
email: robert.wagner@kornferry.com
www.kornferry.com

From: Robert Wagner [mailto:Robert.Wagner@KornFerry.com]
Sent: Tuesday, December 09, 2014 6:47 PM
To: Craig Tompkins
Subject: Korn Ferry Featured in Wall Street Journal's "Boss Talk"

Craig,

Today *The Wall Street Journal* issued an article featuring Korn Ferry in the "Boss Talk" section. Below is the online version of the story, which will also be showcased in the print edition tomorrow.

Among other key areas, CEO Gary Burnison talks about our firm's performance, how we are "boosting" our talent management business, the importance of investing in talent, what Boards are looking for and the critical role of culture, diversity and learning agility within global organizations.

Regards,

Rob

http://www.wsj.com/articles/korn-ferrys-ceo-what-boards-look-for-in-executives-1418151461

Korn/Ferry's CEO: What Boards Look for in Executives

Gary Burnison Aims to Boost Company's Business in Talent Management

With nearly $1 billion in revenue in fiscal 2014, Korn/Ferry International is the world's largest executive-search firm, and its 400 some executive recruiters have helped place leaders atop Office Depot Inc., Puma SE, and Major League Baseball.

But only so many C-suite jobs open up each year. So the Los Angeles-based company has been trying to boost its business in talent management, offering recruiting and development tools aimed at professional employees.

Thanks in part to a recovering U.S. job market, there's plenty of opportunity there: Research firm IDC estimates that employers will spend around $20 billion to attract, assess and retain workers in 2014.

Chief Executive Gary Burnison, age 53, has been overseeing Korn/Ferry's slow transition by acquiring leadership-development firms like PDI Ninth House and Global Novations LLC, and converting its bank of knowledge about executive careers into a portfolio of products that organizations can buy or license, from interview guides to software that helps managers identify and cultivate high-potential employees. On Tuesday, Korn/Ferry announced a record quarter in revenue from fees, though sales in its talent-consulting division edged up only 0.5%.

Mr. Burnison, who has been CEO since 2007, spoke with The Wall Street Journal about why companies should seek curiosity in hires, the cost of turnover, and what boards want in executives these days. Edited excerpts:

WSJ: Your executive-search business was up in the first quarter by 9%. Are companies investing in growth, or are they mostly replacing people who leave?

Mr. Burnison: Industries like health care, technology and energy are going through massive change, and it's going to continue for the foreseeable future. That creates a need for new positions, whether it's about delivering health care remotely or finding new ways to tap people instantaneously through social media. Those needs didn't exist a decade ago.

WSJ: Executive search seems like an old-fashioned, Rolodex business. Are LinkedIn and other social-networking tools going to make it obsolete?

Mr. Burnison: CEOs are in this mad fight for growth and relevancy, so they're paying us not for finding people, but for finding out who people are. You can go lots of places to find people. But you're going to want somebody to answer, "Okay, but what is this person really like? What do others really say about them?"

WSJ: How do you answer those questions?

Mr. Burnison: For the boardroom or the C-suite, the technical competencies are a starting point. What we've seen through our research is that the No. 1 predictor of executive success is learning agility. So we want to get a real line of sight into a person's thinking style and leadership style. Right now, you're seeing me how I want you to see me. What you really want to know is "How does Gary make decisions under pressure?"

WSJ: What is learning agility?

Mr. Burnison: It comes down to people's willingness to grow, to learn, to have insatiable curiosity. Think about the levers of growth that a CEO has. You can consolidate, or tap [new markets], or innovate. When it comes down to the last two, particularly innovation, you want a workforce that is incredibly curious.

WSJ: What are companies getting wrong today about managing their employees?

Mr. Burnison: There's this gap between what [executives] say and how they invest in people's careers. They spend an enormous amount on development and performance management, but it's not well spent.

WSJ: Where are they investing poorly in talent?

Mr. Burnison: They should be asking, how do you develop people in their careers? How do you extend the life of an employee? This is not an environment where you work for an organization for 20 years. But if you can extend it from three years to six years; that has enormous impact. [Turnover] is a huge hidden cost in a profit-and-loss statement that nobody ever focuses on. If there was a line item that showed that, I guarantee you'd have the attention of a CEO.

WSJ: Why aren't CEOs focused on turnover?

Mr. Burnison: A CEO only has an average tenure today of five years. You have 20 quarters to show that you have a winning team. There is a trade-off between knowing in your heart that you've got to empower people, you've got to develop them. But then there's the other side, that says, "Oh, my gosh. I've got to win this next game."

WSJ: How should leaders look beyond the short-term horizon?

Mr. Burnison: The strategic partner to the CEO should be the CHRO [chief human-resources officer] in almost any organization. It shouldn't be the CFO. The person that is responsible for people should be the biggest lever that a CEO can pull. Too often, it's not.

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RDI-A09329

WSJ: You've been CEO for seven years. Is the clock ticking?

Mr. Burnison: We're all by definition "on the clock." However, that ticking clock should never impede the journey. I am having a lot of fun and there is still an enormous amount of work to be done.

WSJ: You're pushing to create more management products for companies. Why, and what are they?

Mr. Burnison: People are hard to scale. [Products are] very easy to scale. It's going to be based on predictors of success. By culture, by industry, by function, around the world. It could be a program for how we assess and develop people. It could be licensing a piece of content around onboarding or hiring. Candidates could take an online assessment. You would get feedback and you could license our interviewing technology to say, "With this person, you may want to probe this area and this area when you're interviewing them."

WSJ: What do your search clients ask for most often?

Mr. Burnison: The No. 1 request we get in the search business is diversity. Diversity in thought. Diversity in backgrounds. Diversity, yes, in gender. Diversity yes, in race. Diversity, yes in terms of cultural upbringing. That's got serious legs.

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Exhibit 14

From: Robert Wagner <Robert Wagner <Robert.Wagner@KornFerry.com>>
Sent: Sunday, June 21, 2015 3:53 AM
To: Craig Tompkins
Subject: Yesterday's meeting with Ellen

Craig,

Bob Mayes, Sid Cooke and I had a pleasant and informative 45 minute meeting with Ellen yesterday afternoon. She was understandably under a lot of stress due to the sudden developments of the past few days, but we had a productive discussion of Reading International's need for a new CEO. She discussed the option of hiring a consumer oriented versus a real estate oriented CEO, but she clearly felt that a real estate executive would be more appropriate. We agreed, given the company's many New York, Australian and other real estate assets. We told her that to conduct a dual track search for both consumer and real estate candidates would confuse the market place, and it would signal Reading's lack of focus (she agreed). Ellen asked us how long this executive search would take, and we responded three or four months. She seemed quite surprised by this answer, as she had anticipated that the project would take much longer based upon the length of the CFO search (nine months). We indicated that Korn Ferry did not conduct that search, but we mentioned that we were at offer stage with two finalist candidates after working on the Head of Real Estate search for three months (we have kept both candidates warm since Jim's departure). We allowed that the CEO search could take a bit longer due to summer vacation delays, but not a lot longer.

Ellen asked a lot of basic questions about Korn Ferry, our fee, the candidate sourcing process and how we would handle any internal Reading candidates, of which there appear to be several. We explained that we would treat their internal candidates like any other candidates that Korn Ferry would generate. This includes converting their resumes to our format, interviewing them at length, putting them through our unique proprietary assessment process and making them feel that they were being thoroughly considered. She was glad to hear that. Sid, who has a Ph.D. in clinical psychology from Baylor University, discussed how Korn Ferry's assessment methodologies and leadership & talent consulting tools would help the company to find candidates with the appropriate cultural attributes, which seemed to really resonate with Ellen. I sensed that she would be relieved to place this critical search in the hands of professionals that would work closely with her, her sister and the board to fill the position, but who knows what the board will say when she goes to New York next week. She was clearly weighing whether to go internal or external, but I think that it would be a big mistake for Reading to just anoint one of the internal candidates as the next CEO in the interests of expediency. She clearly wants to carry her father's legacy forward, although she appeared to be unsure as to whether she herself was interested in the role given how suddenly this situation has arisen. I mentioned that Korn Ferry has five offices in Australia and New Zealand which could source potential Australian candidates for the search, which she found to be an interesting option. I added that perhaps a partner from one of our offices could meet with Reading's Australia employees to give them some comfort as to how Korn Ferry would conduct the search, but this did not seem to interest her as much since she mentioned that a couple of the company's key Australia employees would be flying to the U.S. in the near future.

We left with a good understanding of what the company's needs are, and we made it clear that we are ready to start immediately. She seemed to really appreciate the meeting, too, and she indicated that our process and capabilities had given her a lot of comfort. The fact that Korn Ferry is globally headquartered in Century City seemed to be a positive to her, too, rather than our having a small outpost branch in Los Angeles like our East Coast-based competitors have (I don't think that Heidrick & Struggles even has a Los Angeles office

EXH 375
DATE 6-29-16
WIT Gould
PATRICIA HUBBARD

anymore). Bob, Sid and I discussed the situation outside the building after leaving the meeting, and we all felt that if Reading handles this critical project correctly the company will thrive. If it doesn't, it won't.

Thanks again for the introduction to Ellen, I liked her. Despite the current stress that she is under, she had a refreshing sense of humor and a good understanding of the company's options (that is often not the case in situations like this). Bob, Sid and I have all had considerable experience with fluid family organizations (including where lawsuits exist), and so these circumstances are nothing new to us. We will wait to hear from you or Ellen as to next steps.

Incidentally, my wife, Carolyn, and I will be in Portland on July 17 through July 19. We would be delighted to take you and your wife to dinner on Saturday, July 18 if this would be convenient for the two of you.

Regards,

Rob

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RDI-A09333

Exhibit 15

Filed Under Seal

Exhibit 16

Filed Under Seal

Exhibit 17

Filed Under Seal

Exhibit 18

DEC

MARK G. KRUM (Nevada Bar No. 10913)
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LEWIS ROCA ROTHGERBER CHRISTIE LLP
3993 Howard Hughes Parkway, Suite 600
Las Vegas, Nevada 89169
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Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

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

Plaintiffs,

vs.

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

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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

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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

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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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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., 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, Defendants. And READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	) Case No. A-15-719860-B) Dept. No. XI)) Coordinated with:)) Case No. P-14-0824-42-E) Dept. No. XI)) Jointly Administered)) **PLAINTIFF'S SUPPLEMENTAL**) **OPPOSITION TO MOTION**) **SUMMARY JUDGMENT NOS. 2**) **AND 6 AND GOULD**) **SUMMARY JUDGMENT**) **MOTION**)) **Hearing date: December 11, 2017**) **Hearing time: 8:30 a.m.**)

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I. INTRODUCTION[1]

Like the Interested Director Defendants' MSJ No. 6 before it, their "Supplement to Motions for Partial Summary Judgment Nos. 1, 2, 3, 5 and 6" (the "Supplement") largely addresses "straw man" issues and, based thereon, relies on law not relevant to the principal issue raised by the matters discussed, which issue is breaches of the duty of loyalty. Likewise, and contrary to what the Interested Director Defendants assume, most of the matters as framed by their MSJ No. 6 and Supplement are not matters which Plaintiff contends in and of themselves give rise to or constitute breaches of fiduciary duty, as distinct from in conjunction with other matters and as distinct from the manner in which Plaintiff has framed the issues (which of course is Plaintiff's right and obligation).

For example, Plaintiff does not contend that the "compensation packages of Ellen and Margaret Cotter" as such give rise to or constitute breaches of fiduciary duty. With respect to those matters, what Plaintiff contends is that: (i) the CEO search process was manipulated and aborted and that EC was made CEO as a result, notwithstanding the fact that she lacked the experience which was agreed to be the *sine qua non* to be RDI's CEO; and that (ii) MC was hired into a critical senior executive position for which she had no prior experience and with respect to which all non-Cotter directors had understood and agreed she was not qualified, both in order to accommodate the wishes of EC and MC as the controlling shareholders.

---

[1]Plaintiff concurrently is submitting four supplemental oppositions, one with respect to each of so-called Summary Judgment Motion Nos. 1, 3, 5, and 6. Because each addresses issues relating to Summary Judgment Motion No. 2 and to Gould's separate summary judgment motion, each also is submitted as a supplemental brief with respect to those motions, as well.

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Plaintiff does contend that, as framed by Plaintiff, these are matters which give rise to or constitute breaches of fiduciary duty independent of other complained of matters, not solely together with some or all of them.

MSJ No. 6 and the supplement do correctly identify the authorization by Adams and Kane of the 100,000 share option as a matter Plaintiff claims gives rise to or constitutes breaches of fiduciary duty in and of itself, not just together with other complained of conduct. However, MSJ No. 6 and the Supplement recast the duty of loyalty issues raised by Adams' and Kane's acts and omissions as merely a duty of care issue, thereby addressing another straw man argument that misses the point and is unavailing.

With the foregoing by way of introduction, and for reasons described in Plaintiff's briefs, including herein, the Individual Director Defendants' arguments in MSJ Nos. 2 and 6 and the Supplement are unavailing, and those motions should be denied.

II. SUPPLEMENTAL STATEMENT OF FACTS

A. The 100,000 Share Option.

As the Court knows well from the record before it, the request by EC and MC as executors of the estate of James J. Cotter, Sr. (the "Estate") to exercise a supposed option to acquire 100,000 shares of RDI Class B voting stock (the "100,000 share option") originally was precipitated in or around April 2015 by concerns that non-Cotter shareholders such as Mark Cuban would launch a proxy contest to acquire control of RDI at a time when EC and MC could not lawfully (under applicable California probate code provisions) vote the Class B voting stock held in the name of the Trust, of which they were only two of three trustees. Defendant Kane identified legal questions, the answers to which would result in him and Adams

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authorizing or not authorizing the requested exercise. Answers were not provided to those questions in the Spring of 2015, and the 2015 annual shareholders meeting ("ASM") was not scheduled and did not occur as it customarily did in or about May or June. Finally, in the Fall of 2015, after the ASM had been scheduled for early November (to comply with the Nevada 18-month rule) and a record date in early October had been set, Adams and Kane were faced with a deadline to provide that voting stock to EC and MC, or not. In late September 2015, Adams and Kane authorized the exercise of the 100,000 share option (so that the books and records of the Company could be changed to reflect ownership by the estate (of which EC and MC were executors) of that voting stock before the record date). The third member of the board audit and conflict committee, director Storey, was not satisfied with the legal advice on which Adams and Kane relied as the sole basis to authorize the exercise of the 100,000 share option, and conveniently was not included in the belatedly called and rushed audit and conflicts committee meeting at which Adams and Kane authorized the exercise.

B. The Aborted CEO Search and the Result, EC as CEO.

Plaintiff respectfully refers the Court to his separate brief which discusses in detail the purported, aborted search for a permanent CEO, which resulted in the CEO search committee of MC, Gould and McEachern selecting EC and presenting her to the full Board, which dutifully agreed.

C. Employment of Margaret as EVP RED NY.

MC being employed at RDI, in the position of the senior executive at the Company responsible for development of its valuable New York real estate (referred to as Union Square and Cinemas 1, 2 & 3), had been sought by MC since shortly after Mr. Cotter became CEO. *See*

Declaration of Akke Levin ("Levin Decl."), Ex. 1 (Storey 2/10/16 Dep. Tr. at 28:3-30:2; 31:5-34:22 and 39:15-42:16) and Exs. 4 through 11 (Deposition Exhibit Nos. 1-6, 109, and 110). However, Mr. Cotter as CEO and all non-Cotter members of the RDI Board agreed that the Company needed a senior executive experienced in real estate, which MC was not, to lead those projects. *Id*. However, those Board members also were of the view that MC could and should be made an employee of the Company, to accommodate her desire to have health benefits. *Id*.

This issue came to a head when in or about May 2015, Mr. Cotter as CEO, with the support of senior executives including General Counsel Bill Ellis, concluded that the Company should offer that senior executive position to a particular candidate with substantial real estate experience. *See* Ex. 2 (William Ellis 6/28/16 Dep. Tr. at 128:5-23). MC objected and EC effectively sided with Margaret. *Id*.

The issue was soon mooted because Mr. Cotter was terminated and EC as her first act as interim CEO suspended the search for a senior real estate executive, explaining disingenuously that the new permanent CEO should be involved in the decision. *See* Ex. 3 (Ellen Cotter 5/18/16 Dep. Tr. at 212:3-213:9).

Less than a year later, MC was given the position she sought, for what she had no prior experience and is unqualified. *See* James J. Cotter, Jr. October 13, 2016 Declaration ¶ 36, Ex. 18 to Supplemental Opposition to MSJ No. 2 and 5, and Gould MSJ (filed concurrently). She also was provided what amounted to a $200,000 pre-employment bonus, purportedly in consideration of concessions she previously had been willing to make for free to become an employee of the Company and obtain health benefits. *Id*.

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D. EC's Gift to Adams.

EC in March 2016, only two months after she had been made permanent CEO, "recommended" that Adams receive an extraordinary bonus of $50,000, purportedly for extra efforts he had made to be a helpful director. *See* James J. Cotter, Jr. October 13, 2016 Declaration, ¶ 38. Historically, RDI directors typically were paid $10,000 for providing time and effort above and beyond their ordinary board and committee duties. *Id*. Mr. Cotter, who as a director at the time, did not observe or learn of Adams providing extraordinary service that would warrant a $50,000 payment, which was a material departure from past practices at the Company. *Id*. His understanding is that Adams was paid $50,000 for what amounted to exemplary loyalty to EC. *Id*. Consistent with their practices, the non-Cotter members of the Board, as Board members and Board compensation committee members, approved the $50,000 being paid to Adams. *Id*.

As discussed in another brief regarding MSJs Nos. 1 and 2, most and in some years almost all of Adams' income is provided by companies EC and MC control, including RDI. As discussed therein, $50,000 is a material amount to him.

III. ARGUMENT

A. The Fiduciary Duties At Issue Here.

Because MSJ No. 6 and the recent "Supplement" construct a "straw man" argument about what is at issue on account of the authorization of the 100,000 share option, the hiring of MC to be EVP RED NY and the payment of $200,000 to her before she even became an executive employee of RDI, as well as the $50,000 payment to Adams, this brief summarizes the applicable legal duties before addressing what the evidence shows and what the result therefore must be with respect to MSJ No. 6.

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First, and contrary to what MSJ. No. 6 and the "Supplement" assume, the issues raised by of the authorization of the 100,000 share option, the hiring of MC to be EVP RED NY and the payment of $200,000 to her before she even became an executive employee of RDI and the $5000 payment to Adams are issues arising from the duty of loyalty. The duty of care therefore is discussed briefly below simply to provide a ready distinction between the two.

The duty of care typically is described as requiring directors to act on an informed basis. *Schoen v. SAC Holdings, Corp.*, 137 P.3d 1171, 1178 (Nev. 2006). 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).

The 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* 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, 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 is one element of the duty of loyalty. *Stone v. Ritter*, 911 A.2d 362, 370 (Del. 2006). 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).

A. The Interested Director Defendants' Arguments Address "Straw Man" Issues and Are Unavailing.

First, as a threshold point, several of the matters raised in MSJ No. 6 are not matters which Plaintiff contends in and of themselves give rise to or constitute breaches of fiduciary duty, as distinct from in conjunction with other matters. In particular, Plaintiff does not contend that the "compensation packages of Ellen and Margaret Cotter" as such give rise to or constitute breaches of fiduciary duty. Nor does Plaintiff contend that the "additional compensation to [MC] and Guy Adams" give rise to or constitute independent breaches of fiduciary duty, at least in the manner the individual director defendants depict.

As briefed elsewhere, Plaintiff contends that the CEO search committee members, MC, Gould and McEachern, and then the remaining director defendants then on the Board, breached their fiduciary duties on account of the aborted CEO search, not merely the result of hiring EC, who

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lacked the experience which was agreed to be the *sine qua non* to be RDI's CEO. The point is not the amount of money EC is paid as CEO. The point is how she came to be CEO in spite of the fact that she demonstrably failed to satisfy the critical position criteria, which was as a result of a purposefully manipulated and aborted CEO search as discussed in Plaintiff's Supplemental Opposition to MSJ Nos. 2 and 5. As to her compensation, actions taken subsequently, in 2017, toward tripling her salary to over $3 million, are evidence of the director defendants' ongoing breaches of the duty of loyalty in favor of protecting and perpetuating the control EC and MC exercise over RDI.

As to the "compensation package" MC received, presumably meant by the director defendants to include her annual salary and bonus, as well as the $200,000 she was paid before she even became an executive employee RDI, those matters are not claimed by Plaintiff to give rise to or constitute fiduciary breaches in and of themselves, but rather Plaintiff contends that they reflect categories of waste and/or damages resulting from the breaches of the fiduciary duty of loyalty that resulted in MC being hired for a position for which she had no prior experience and for which she is demonstrably unqualified. (One of plaintiff's experts, Al Nagy, will offer testimony regarding MC's abject lack of experience and qualifications for the position she holds.).

As to the $50,000 paid to Guy Adams, that too is not a compensation issue. Instead, it too is a duty of loyalty issue, at least for EC, whose status as a controlling shareholder and CEO enabled her to effectively cause those monies to be paid, which Plaintiff contends was either a payment for loyalty or a payment for services Adams did not provide as a director, and thereby another category of waste and/or damages.

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With respect to the authorization of the exercise of the 100,000 share option by Adams and Kane as members of the Board compensation committee, Plaintiff contends that their actions and omissions give rise to or constitute breaches of the duty of loyalty independent of other actions. In that regard, Plaintiff contends that Adams and Kane improperly authorized the exercise of the 100,000 share option not merely because they did not ascertain whether it was legally owned by the Estate, among other issues, but to the point for present purposes, that Adams and Kane authorized the exercise of the 100,000 share option for the purpose of assisting EC and MC in perpetuating their control of RDI. Of course, that is not a decision made because it was in the interests of RDI and its other shareholders. In that regard, Plaintiff also contends that the consideration provided for the exercise, RDI Class A non-voting shares, was not consideration of value or at least sufficient value to the Company to warrant approval of the exercise, and that the Company incurred losses and/or damages as a result.

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III. CONCLUSION

For the foregoing reasons, among others articulated in other briefs filed by Plaintiff herein, Plaintiff respectfully submits that MSJ Nos. 2 and 6 and Gould's motion for summary judgment should be denied.

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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that I am an employee of MORRIS LAW GROUP and that on the date below, I cause the following document(s) to be served via the Court's Odyssey E-Filing System: **PLAINTIFF'S SUPPLEMENTAL OPPOSITION TO MOTION SUMMARY JUDGMENT NOS. 2 AND 6 AND GOULD SUMMARY JUDGMENT MOTION**, to be served on all interested parties, as registered with the Court's E-Filing and E-Service System. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 1st day of December, 2017.

By: /s/ PATRICIA FERRUGIA

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DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, v. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, Defendants. And READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	) Case No. A-15-719860-B) Dept. No. XI)) Coordinated with:)) Case No. P-14-0824-42-E) Dept. No. XI)) Jointly Administered)) **DECLARATION OF AKKE LEVIN IN SUPPORT OF PLAINTIFF'S SUPPLEMENTAL OPPOSITION TO MOTION SUMMARY JUDGMENT NOS. 2 AND 6 AND GOULD SUMMARY JUDGMENT MOTION**)))

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Case Number: A-15-719860-B

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I, Akke Levin, state and declare as follows:

1. I am an attorney with Morris Law Group, counsel for Plaintiff James J. Cotter, Jr. I make this declaration based upon personal knowledge, except where stated upon information and belief, and as to that information, I believe it to be true. If called upon to testify as the contents of this declaration, I am legally competent to testify to its contents in a court of law.

2. Attached hereto as **Exhibit 1** are true and correct copies of excerpts from the deposition of Timothy Storey, taken on February 12, 2016.

3. Attached hereto as **Exhibit 2** is a true and correct copy of excerpts from the deposition transcript of William Ellis, taken on June 28, 2016.

4. Attached hereto as **Exhibit 3** is a true and correct copy of excerpts the deposition transcript of Ellen Cotter, take on May 18, 2016.

5. Attached hereto as **Exhibit 4** is a true and correct copy of the document marked as Deposition Exhibit 1 in this action.

6. Attached hereto as **Exhibit 5** is a true and correct copy of the document marked as Deposition Exhibit 2 in this action.

7. Attached hereto as **Exhibit 6** is a true and correct copy of the document marked as Deposition Exhibit 3 in this action.

8. Attached hereto as **Exhibit 7** is a true and correct copy of document marked as Deposition Exhibit 4 in this action.

9. Attached hereto as **Exhibit 8** is a true and correct copy of document marked as Deposition Exhibit 5 in this action.

10. Attached hereto as **Exhibit 9** a true and correct copy of document marked as Deposition Exhibit 6 in this action.

11. Attached hereto as **Exhibit 10** is a true and correct copy of document marked as Deposition Exhibit 109 in this action.

12. Attached hereto as **Exhibit 11** is a true and correct copy of document marked as Deposition Exhibit 110 in this action.

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

Executed this 1st day of December, 2017.

/s/ AKKE LEVIN
Akke Levin

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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that I am an employee of MORRIS LAW GROUP and that on the date below, I cause the following document(s) to be served via the Court's Odyssey E-Filing System: **DECLARATION OF AKKE LEVIN IN SUPPORT OF PLAINTIFF'S SUPPLEMENTAL OPPOSITION TO MOTION SUMMARY JUDGMENT NOS. 2 AND 6 AND GOULD SUMMARY JUDGMENT MOTION** to be served on all interested parties, as registered with the Court's E-Filing and E-Service System. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 1st day of December, 2017.

By: /s/ PATRICIA FERRUGIA

Exhibit 1

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

APPEARANCES OF COUNSEL:

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I N D E X

WITNESS: TIMOTHY STOREY

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THE VIDEOGRAPHER: This is the beginning of videotape number 1 in the deposition of Timothy Storey, taken by the plaintiff, in the matter Cotter, Jr. versus Cotter, et al., case number A-15-719860-B, held at 1453 Third Street Promenade, Santa Monica, California, on February 12th, 2016, at 9:30 a.m.

The court reporter is Teckla Hollins. I am William Sloggatt, the videographer, an employee of Litigation Services, located at 3770 Howard Hughes Parkway, Suite 300, Las Vegas, Nevada 86169.

This deposition is being videotaped at all times unless specified to go off the video record.

Would all present please identify themselves, beginning with the witness?

THE WITNESS: Timothy Storey.

MR. RHOW: Ekwan Rhow on behalf of the witness and Bill Gould.

MR. FERRARIO: Mark Ferrario for Reading.

MR. SEARCY: Marshall Searcy for Ellen Cotter, Margaret Cotter, Doug McEachern, Guy Adams and Ed Kane.

And also present today are Ellen Cotter and Doug McEachern.

MS. LAIOLO: Lauren Laiolo for Ellen Cotter, Margaret Cotter, Doug McEachern, Guy Adams, Ed Kane.

MR. ROBERTSON: Alex Robertson for T2 intervening

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as a listed company. But I think, you know, on the other hand, the board recognized the fact that three of those executives happened to be related, and there was the need to try and provide a forum so that discussions could be had to ameliorate issues between them.

Q. What issues were those?

A. Well, I think, firstly, there were issues arising out of the family litigation that we've all discussed and raised.

And secondly, I think there were just the usual kind of issues that would arise between three senior executives of a company when change was afoot. And, of course, that was exacerbated by the fact that they happened to be related.

Q. And by the "family litigation," are you referring to the trust and estate litigation?

A. Yes, although I think -- at that stage, I don't think litigation had actually been commenced. But it was, I think, apparent to everybody that there were issues between the three family members that needed ironing out, both in relation to the estate matters, but I see it as executives within the same company.

Q. Now, in terms of the issues between the three family members, what issues were those that were apparent?

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A. Well, I think the board, quite purposefully, tried to keep out of issues between the family members. I don't think -- Well, I certainly didn't see it as a matter affecting my position as a director of the company. But, you know, obviously, on the other hand, it was clear that there was some issues between them regarding the will and trust structures that Jim Cotter, Sr. had left.

Q. So for how long, if at all, was the board in any respect, in your judgment, successful in staying out of those family issues?

MR. SEARCY: Objection. Lacks foundation.

MR. RHOW: That's vague.

You can answer.

THE WITNESS: Well, you are talking about a quite lengthy period of time, so it's a bit difficult to make any kind of judgment. I think that the board did reasonably well to keep out of the family issues for most of the time, but you couldn't ignore the fact that those issues were there.

So I think it's fair to say that the board was concentrating on trying to run the company as a listed company, you know, business, and trying to remain outside of the family issues. But as I said, clearly they were there, and clearly they had effect from time

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to time.

MR. KRUM:

Q. Take a look again at the third page of Plaintiff's Exhibit 2, at the next bullet point that talks about the possible employment position of Margaret Cotter. Do you see that.

A. Yes.

Q. And it has brackets and a blank. Do you see that?

A. I do.

Q. And why was that?

A. This was part of a document that was being negotiated or discussed between the parties. The CEO at the time had concerns and issues about changing Margaret Cotter's status to an employee, and I guess this was an a document, as I say, as part of the process where I had put some wording down in the hope that we could find a position that was acceptable.

Q. What did Margaret Cotter want?

MR. SEARCY: Objection. Lacks foundation.

MR. KRUM: Well, okay.

Q. What was communicated to you by Margaret Cotter or anybody else who described what they said to Margaret Cotter about what she wanted?

A. Well, I think the previous Exhibit 1 sets out,

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as I recollect, basically the position.

Q. Okay.

Which was that she wanted to be an employee of the company?

A. Correct.

Q. And that she wanted to have responsibility for development of certain properties -- of real estate properties in New York?

A. Correct. How do you phrase that was the debate.

Q. And explain that, if you would, please.

A. Well, just what her role would be in the properties that were to be developed in New York.

Q. Is it correct that she wanted to be the senior person in charge of the development of those properties?

A. I think that was the case at times. Other times, she recognized that she needed assistance.

Q. Did she need assistance?

MR. SEARCY: Objection. Vague.

MR. RHOW: Calls for speculation.

MR. SEARCY: Speculation.

THE WITNESS: In my personal view, I think that things would have been better for the company if there were expert assistance there. I think that without that, really -- but, you know, as to Margaret having a

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role, I think it was considered all are around that there was a role available.

MR. KRUM:

Q. To whom did Margaret want to report, if you know, based on anything she said to you or you understand she said to anybody else?

A. Well, again, it was one of the matters in discussion. On the one hand, I think Margaret did not want to report to Jim Cotter, Jr., and wished to report to the board. At other times, I think it was the case that she recognized that Jim Cotter, Jr. was the CEO, and that he was the appropriate person to report to.

Q. I'll ask the court reporter to mark as Plaintiff's Exhibit 3, a two-page document bearing production numbers TS 280 and 281.

(Whereupon the document referred to is marked by the reporter as EXHIBIT 3 for identification.)

MR. KRUM:

Q. Mr. Storey, do you recognize Plaintiff's Exhibit 3?

A. Yes, I do recognize it. If I can just finish reading it, if I may.

Yes.

Q. What do you recognize Plaintiff's Exhibit 3 to be?

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A. It's an e-mail from me to the other directors prior to a discussion we were apparently going to have, which I assume was a board meeting, where we were going to talk about the framework.

Q. Directing your attention to the last full paragraph on the first page of Plaintiff's Exhibit 3 --

A. This is in parenthesis?

Q. Correct.

-- and more particularly, Mr. Storey, directing your attention to the last half of that paragraph, starting with the sentence that reads, "It is noted that it is likely that in the new year, the company will employ a director of U.S. real estate who will be a direct report to the CEO," and then it continues to talk about Margaret --

A. Yes.

Q. -- having a role. Do you see that?

A. Yes.

Q. My question, Mr. Storey, is about the last sentence, which reads, quote, "It is noted that the director role will be a major issue, and subject to that regime," closed quote. Do you see that?

A. Yes.

Q. What did you mean when you wrote that sentence?

A. I think if you look at the framework, from

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recollection, there's a definition of major issue, which meant that it had to be referred, I think, to the independent directors.

Q. Why was that?

A. I think that it was the view of both the board -- if you call it the independent board, to exclude the cause -- the independent board and the CEO that it was appropriate to have a well-qualified person involved in the development of the New York properties. That was clearly a contentious issue, particularly with Margaret, and there was a need to define what the reporting lines and the position would be if such a person was employed.

And so that sentence was included in draft to raise what was obviously an issue, so that it was clear to the board, but also clear in discussions with the Cotters, that there would be a director of real estate who would be reporting -- proposed to be reporting to the CEO.

Q. I'll ask the reporter to mark as Plaintiff's Exhibit 4, a two-page document bearing production number TS 462 and 463.

MR. RHOW: Two pages.

THE WITNESS: One page, yeah.

MR. RHOW: Is that accurate, by the way? Is the second page redacted or blank?

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MR. KRUM: Well, I don't know is the answer. My surmise, having reviewed a lot of documents, is that it's blank. It's typically -- There are a lot of pages that are stamped "Redacted."

MR. RHOW: That's fine.

MR. KRUM: It's yours, so ultimately you'll have to check and confirm that.

(Whereupon the document referred to is marked by the reporter as EXHIBIT 4 for identification.)

MR. KRUM:

Q. Mr. Storey, do you recognize Plaintiff's Exhibit 4?

MR. FERRARIO: Surmising it's blank.

THE WITNESS: I do.

MR. KRUM:

Q. What do you recognize Plaintiff's Exhibit 4 to be?

A. This is Bill Gold sending to the independent board an e-mail that he's received from James Cotter, Jr., regarding Margaret's position. It refers to further some further correspondence which doesn't appear to be attached.

Q. So do you recall that, in January of 2015, Margaret had taken the position that she wanted to lead the development of the two real estate projects in

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New York?
MR. SEARCY: Objection. Vague.
THE WITNESS: Margaret clearly, and understandably, wanted to lead those two projects. She had been involved with them for some time. But, as I said, it was -- the board, the independent board, and the CEO were of the view that it needed to be a highly-qualified and experienced person involved and leading that. But, of course, there was the desire as well to see -- by all parties, I think, to see how Margaret could be accommodated.
MR. KRUM:
Q. Why?
A. Well, I think for two reasons. One is that Margaret had been -- in one of her capacities, had been involved with the project for some time. But, of course, they were coming to a different phase.
And secondly, I think it was also desired not to let the family issues affect the operation of the business, and so I think we were looking for a compromise, a proper position that wouldn't be the case, that wouldn't affect the operation of the business.
Q. What was your understanding, at or about the time of Plaintiff's Exhibit 4, as to the personal professional dynamic between James Cotter, Jr. on the

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one hand and Margaret Cotter on the other?
MR. SEARCY: Objection. Vague.
THE WITNESS: I think all three of the Cotters -- the board and all three of the Cotters were trying to operate the business in a way that it wasn't affected by the family issues, which is appropriate. But, of course, from time to time, things flared up, and there was -- there were difficulties between particularly Jim and Margaret around how things should happen going forward.
MR. KRUM:
Q. When you say how things should happen going forward, are you referring to the subject about which you've already testified, namely Margaret's role in the real estate developments?
MR. SEARCY: Objection. Vague.
THE WITNESS: Do you know what the objection was?
MR. KRUM: The court reporter -- The court reporter didn't hear you.
THE WITNESS: Can you repeat the question?
MR. KRUM: Sure.
Q. When you mention in your prior answer about how things should happen going forward, were you referring to the subject of Margaret's role in the real estate development projects?

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A. I think for Margaret, that was the predominant issue at the time, but there were other issues, I'm sure.
Q. What other issues do you recall?
A. At an earlier time, maybe then Margaret was keen to be involved more in more detail in the operation of the business overall. She was keen -- or had and was keen to continue to attend various management meetings. In recollection in particular, the management of the Australian assets.
So there was one view that she was an executive who had no involvement in that side of the business, and therefore shouldn't be attending, which was a view Jim Cotter, Jr. advocated, understanding he was the CEO. And that was balanced by Margaret's view that she should have the opportunity to attend.
Q. Margaret had had no prior involvement in those business operations; correct?
A. I don't recollect that. I think, from memory, she had been to some meetings, I've been told. But I don't think she had any extensive involvement in the Australia operations.
Q. I'll ask the court reporter to mark as Plaintiff's Exhibit 5, a document bearing production number TS 464 through 467.

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(Whereupon the document referred to is marked by the reporter as EXHIBIT 5 for identification.)
MR. RHOW: Mark, so it is consecutive Bates numbering between P 4, P 5. And again, it is our production, but I just want to make sure. Do you know if from other documents produced by other parties -- if P 5 is the attachment to P 4?
MR. KRUM: I believe that it is.
MR. RHOW: Okay.
THE WITNESS: So P 4 is the one we said we didn't know?
MR. RHOW: P 4 is where you said attached are e-mails between Margaret and Jim which reflect the current relationship. And P 5 -- and I'm not saying anything that's not in the document, but you're not an addressee of the document. So I'm just speculating, since I don't know for sure, that these are the -- P 5 are the e-mails attached to P 4.
MR. KRUM: I think that's correct, and that's why I've --
MR. RHOW: Done in it that manner.
MR. KRUM: -- done it this way.
Let me just go through it, and we'll see what we can cover.
Q. Mr. Storey, have you ever seen Plaintiff's

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Exhibit 5 previously?
A. Given it's addressed to me in places, I assume so. Just can I finish the reading?
Q. Certainly.
Let me know when you've reviewed it to your satisfaction, Mr. Storey.
A. Uh-huh -- Yes, I've read to my satisfaction.
Q. Okay.
Do you recall if Plaintiff's Exhibit 5 was one of the attachments to Plaintiff's Exhibit 4?
A. I think it's most likely, yes.
Q. Okay.
And do you recall -- Well, did you review Plaintiff's Exhibit 5 on or about the date of Plaintiff's Exhibit 4?
A. I would assume so, yes.
Q. And do you recall -- Let me ask it differently. Directing your attention to the bottom of the second page, and the top of the third page of Plaintiff's Exhibit 5, in particular to the e-mail exchange between Margaret Cotter and Jim Cotter, Jr. about the two real estate development projects in New York, first you see what it says; correct?
A. Yes.
Q. Does that comport with your recollection that

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there was -- as of January 2015, there remained a disagreement between Margaret -- Well, let me rephrase that.
Does that comport with your recollection that, in or about January of 2015, Margaret was still insisting that she would be the person running those developments, those real estate developments?
A. Yes.
MR. SEARCY: Objection. Lacks foundation. Vague and argumentative.
MR. KRUM:
Q. I'll ask the court reporter to mark as Plaintiff's Exhibit 5, a two-page document --
MR. RHOW: 6, maybe.
MR. KRUM: 6. Thank you. That didn't take long.
I'll ask the court reporter to mark as Plaintiff's Exhibit 6, a two-page document bearing production numbers TS 294 and 95.
(Whereupon the document referred to is marked by the reporter as EXHIBIT 6 for identification.)
MR. KRUM: And while Mr. Storey is reviewing it, I will state for the record that it purports to be a March 6th, 2015 e-mail from him to William Gould.
Q. As you know, Mr. Storey, the first question is, do you recognize the document? And answer that when

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you're ready to do so.
A. Yes, I have read that.
Q. Okay.
Is this an e-mail that you sent on or about the date it bears, March 6th, 2015?
A. Yes.
Q. Directing your attention, Mr. Storey, to the middle of the first page, and particularly to the fourth paragraph that begins with the words, "There are clear issues the business needs to address." Do you see that, sir?
A. I do.
Q. And then do you see beneath that there are five bullet points?
A. Yes.
Q. In those bullet points, you use the word "we" several times. Do you see that?
A. Yes.
Q. To whom does the "we" refer?
A. All independent board members.
Q. Okay. And --
MR. FERRARIO: What did you say?
THE WITNESS: All independent board.
MR. FERRARIO: All independent board.
THE WITNESS: So the board, excluding the Cotters.

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MR. FERRARIO: Got it.
MR. KRUM:
Q. Did these statements regarding "we" reflect your then present understanding of the view of the independent, meaning the non-Cotter, directors?
A. They do. I mean, clearly there was some discussion around these things, but my recollection is that we were all generally on the same page.
Q. So there was agreement that Jim, Jr. should remain as CEO as among the five non-Cotter directors?
MR. SEARCY: Objection. Lacks foundation.
MR. KRUM:
Q. Is that correct?
A. I think this document was a precursor to that discussion to finalize that. But as I said, my view at the time was that the independent board members all agreed that that was the best course.
Q. And likewise, at the time of this document, March 6th, 2015, the five non-Cotter board members also agreed that RDI needed to hire a director of real estate for the purposes of the two real estate developments in New York; correct?
MR. SEARCY: Objection. Vague. Lacks foundation. Assumes facts.
THE WITNESS: Same qualification as the previous

answer.

MR. KRUM:

Q. Now, directing your attention, Mr. Storey, to the third bullet point, the second sentence in that bullet point reads, quote, "We do need to manage or help Jim manage Margaret's expectations and involvement, closed quote." Do you see that?

A. I do.

Q. And was the point of that that, as of the date of this document, Margaret was still maintaining that she should be the senior person running those real estate development projects?

MR. SEARCY: Objection. Vague.

THE WITNESS: Yes, she -- with the document, she clearly wanted to be the person running the New York real estate development projects.

MR. KRUM:

Q. Take a look at the second page of Plaintiff's Exhibit 6, please. You see there's a big black mark there?

A. Yes.

Q. Take such time as you need to read this to determine the context. My question for you is, what was the subject matter of that text?

A. The black --

Q. Yeah, not what does it say, not the substance. Just what was the subject matter?

A. I don't know.

Q. Okay.

Do you recall whether by March 6th, 2015, Ellen and Margaret had commenced a lawsuit in California superior court?

A. Well, I'm sure that can be clarified for me. I think that probably is the case. I think they commenced it in February, but whether that --

What do you call it, "dedactions"?

MR. RHOW: Redactions.

THE WITNESS -- whether that redaction related to that. I don't know.

MR. KRUM:

Q. Were there discussions as among the five non-Cotter directors of the potential effects on the company of that lawsuit?

MR. SEARCY: Objection. Vague.

THE WITNESS: I think the directors were well -- particularly by this stage, were well aware of the issues, and that the issue was there. I think the independent directors were very clear in their mind that we really -- it was none of our business and it really wasn't a matter of assisting, considering the governance

of the company. As I said previously, obviously there was an issue between them which we didn't want to affect the company.

MR. KRUM:

Q. When you say that the independent directors were well aware of the issues, what were those issues?

A. Well -- Well, I should rephrase that. I think the independent directors were aware of the fact that the proceedings had been issued, and that there were significant matters between the three Cotters. But as to the specifics of it, I don't -- certainly, I didn't have any particular knowledge of it.

Q. Well, did there come a time, Mr. Storey, when you learned and were told that one of the issues in that litigation had to do with whether Margaret and Jim, Jr. would be trusties of the voting trust or whether Margaret alone would be the trustee?

A. Yes --

Q. What do you recall --

A. -- in some stage.

Q. What do you recall about when you first learned that and how you first learned that?

A. I was aware in very general terms that there had been a change made, I think, before the 2014 amendment was made, and that there were issues around

whether that 2014 amendment had been made properly or not.

Q. And what did the -- What was your understanding as to what the 2014 amendment provided in terms of who would be trustees of the voting trust that would vote RDI class B stock?

A. I think it was --

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: It all seemed very complex. And, frankly, I didn't want to get into it because I didn't see it as any of my business. But as I understood it, there was a debate as to who would control the voting stock, or who would vote. As I recollect, on the one hand, Margaret Cotter could, as I understand it, under the 2013 provision. And under the 2014 provision, there was some process where the stock could change yearly between Margaret and Jim.

MR. KRUM:

Q. What's your best recollection, Mr. Storey, as to when you first learned about what you just described?

A. I would say early 2015, late 2014.

Q. Do you recall how you first learned what you first learned?

A. No, but I was in reasonable regular discussions with both Jim and Ellen and, to a degree, Margaret.

Exhibit 2

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM D. ELLIS

TAKEN ON JUNE 28, 2016

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

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copy to Jim Cotter, Jr. The subject is Randy Boggan resume.

Let me know when you've reviewed that?

A. I have.

Q. Do you recognize Exhibit 354?

A. Yes.

Q. Is this an email that you sent transmitting Randy Boggan's resume --

A. Yes.

Q. -- on March 17, 2015?

A. Yes.

Q. And you knew Mr. Boggan, right?

A. Yes.

Q. How?

A. We worked on Lehman Brothers together for about 20 years.

Q. And his resume speaks for itself, but in your own words how would you describe his real estate development experience?

A. I think he is highly qualified, diverse background, a very good candidate for what Reading needed.

Q. And was his experience in construction and development or asset management and leasing or some experience in each of those areas?

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A. Some experience in each, more -- better rounded than the other folks we had talked to.

Q. Your email on the first page of Exhibit 354 reads in part as follows:

"His attached resume shows more C.F.O. type experience, but it has all been for real estate companies. And he prepared this for the C.F.O. market. We originally considered him for the C.F.O. position, but he lacks public company experience."

All that was accurate, right?

A. Correct.

Q. What happened to Mr. Boggan's candidacy to become the director of real estate at RDI?

A. They hired him on as a consultant instead. He works there right now as a consultant and has been there for over a year.

Q. That happened after the director of real estate search was suspended, correct?

A. That is true, yes. I think that's -- I'm not sure the exact time, but that sounds right.

Q. Do you know the scope of the responsibilities he was hired to handle as a consultant?

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A. Most things involving real estate from the business side. He deals with leases and landlords and tenants and asset management, just about everything.

Q. At some point a candidate by the name of Jon Genovese was considered for the position of director of real estate at RDI, right?

A. Yes.

Q. What was the nature of his experience, if you recall?

A. He was more on the developer/leasing side. I believe he could build things and lease them out. He worked for Westfield.

Q. Did you make any recommendations regarding whether RDI should hire him as director of real estate?

A. I recommended that they hire him.

Q. What happened?

A. I'm sorry?

Q. What happened?

A. Jim wanted to hire him and apparently Ellen and Margaret did not, so it did not go forward.

Q. What discussions, if any, did you have with Ellen and/or Margaret about Jon Genovese?

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A. I don't -- I don't recall talking to Margaret, because she was really in New York a lot at this time. Ellen didn't -- I -- I'm a little vague.

Ellen and Margaret had heard some kind of rumors about something with him that spooked them a bit about his background or something with Westfield. I never saw anything really in writing or anything that resonated with me. Something about how he departed under bad terms or something. I'm a little rusty on that.

But it sounded like scuttlebutt to me. And I -- I don't think it changed my mind.

MR. KRUM: I'll ask the court reporter to mark next in order a document bearing production number RDI43965 and 66.

THE REPORTER: Exhibit 355.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 355 by the Certified Shorthand Reporter and is attached hereto.)

THE WITNESS: Thank you.

BY MR. KRUM:

Q. Mr. Ellis, you've been provided

Exhibit 3

DISTRICT COURT

CLARK COUNTY, NEVADA

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

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A. I don't know if I responded in an email or in writing.
Q. Did you respond orally?
A. I don't remember.
Q. So as you sit here today you don't recall whether you responded?
A. I don't.
MR. KRUM: I'll ask the court reporter to mark as Exhibit 204 a May 19 email from Jim Cotter, Jr., to other members of the RDI board of directors. The subject is director of real estate confidential. The document bears production numbers MC11461 and 62.
(Whereupon the document referred to was marked Plaintiffs' Exhibit 204 by the Certified Shorthand Reporter and is attached hereto.)
THE WITNESS: Yep.
BY MR. KRUM:
Q. Do you recognize Exhibit 204?
A. I do.
Q. Did you receive Exhibit 204 on May 19th?
A. I assume I did.
Q. Do you see that four paragraphs from the bottom of the first page of Exhibit 204 Jim Cotter, Jr., reports that Korn Ferry doubled up the reference check on Jon and came back with uniformly favorable references?
A. I see that.
Q. Is that what you were referencing in your testimony earlier about Korn Ferry following through on the -- the report that Bob Smerling forwarded from somebody else?
A. Yes.
Q. And you see that in the first paragraph at the top of the second page of Exhibit 204 there's a reference to the prior Bob Smerling report?
A. Yes.
Q. Did you respond to Exhibit 204?
A. I'm not sure if I did or not.
Q. As you sit here today what reason, if any, can you recall for having not responded to 204, Exhibit 204, orally or in writing, and communicating approval -- your approval to offer Jon Genovese the position of director of real estate -- U.S. real estate at RDI?
MR. SEARCY: Objection. Assumes facts, vague.
THE WITNESS: I don't recall why I didn't respond to this.
BY MR. KRUM:
Q. Well, you ultimately decided not to offer that position to Mr. Genovese, correct?
A. What are you referring to? When I became interim C.E.O.?
Q. Yes.
A. When I became interim C.E.O., hiring a director of real estate was not the most important thing on my agenda. I wanted to make sure that the company was continuing to run smoothly. And we were going to reach out to a search firm which ultimately became Korn Ferry.
And so if we were going to be hiring a new C.E.O., this position would have been important. And I wanted whoever the C.E.O. was to have the opportunity to hire somebody that they wanted to have in that role.
Q. So you concluded that it was not important for RDI to have a director of real estate with experience of the sort that Jon Genovese possessed --
A. No.
Q. -- on or about June 12 of 2015, right?
MR. SEARCY: Objection. Argumentative, misstates testimony.
THE WITNESS: No. What I said was when I became the interim C.E.O., this -- hiring Jon Genovese did not need to be dealt with at that moment. Transitioning the company and making sure that the operations were dealt with was important. And if we were going to hire a new C.E.O., I wanted to make sure that this role was hired by the new C.E.O.
BY MR. KRUM:
Q. Well, you already testified that the work -- such predevelopment work and any development work with respect to Union Square and Cinemas 1, 2 & 3 was not put on hold when you became interim C.E.O., right?
MR. SEARCY: Objection. Lacks foundation. It's also argumentative.
THE WITNESS: It was not put on hold.
BY MR. KRUM:
Q. And in the middle of August 2015, two months after you become interim C.E.O. and Korn Ferry had not even finalized search criteria for the C.E.O. search, did you have any conversations with anybody regarding whether the decision to not hire a director of real estate should be revisited?

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Exhibit 4

Filed Under Seal

Exhibit 5

Filed Under Seal

Exhibit 6

Filed Under Seal

Exhibit 7

Filed Under Seal

Exhibit 8

Filed Under Seal

Exhibit 9

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Exhibit 10

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Exhibit 11

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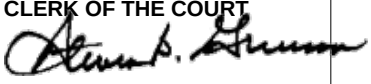

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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR. individually and derivatively on behalf of Reading International, Inc., Plaintiffs, v. MARGARET COTTER, *et al*., 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** **REPLY IN SUPPORT OF THE INDIVIDUAL DEFENDANTS' RENEWED MOTIONS FOR PARTIAL SUMMARY JUDGMENT NOS. 1 AND 2** Judge: Hon. Elizabeth Gonzalez Date of Hearing: December 11, 2017 Time of Hearing: 8:30 a.m.

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INTRODUCTION

As confirmed by the end of fact discovery and recent clarifications to Nevada's business judgment rule by the Nevada Legislature and Nevada Supreme Court, Plaintiff James J. Cotter, Jr.'s breach of fiduciary duty claim stemming from the RDI Board's June 12, 2015 decision to terminate him as President and CEO is legally meritless and factually unsupportable. Plaintiff's Supplemental Opposition brief, which relies upon little more than bluster, baseless assertions of fact, and the importation of an inapplicable foreign legal framework, does nothing to allay these defects. Summary judgment in favor of the Individual Defendants, who include members of the RDI Board that voted in favor of removing a poorly-performing employee, is warranted.

First, as the Nevada Supreme Court recently emphasized in *Wynn*, Nevada law establishes a policy of judicial noninterference with business decisions and rejects a substantive evaluation of director conduct. Indeed, the plain text of Nevada's corporate law statutes make clear that the business judgment rule is not to be overridden in context of everyday, purely-operational decisions, like the removal of an officer, since such decisions do not implicate a board's fiduciary duties to shareholders. In order to proceed with his "sour grapes" termination claim, Plaintiff tries to import Delaware's "entire fairness" test to the employment context. Not only is this attempt to "supplant" or "modify" Nevada's laws clearly contrary to the Nevada Legislature's recent declaration of intent in NRS SB 203, § 2, not even Delaware law recognizes an "entire fairness" test in the context of employee termination claims.

Second, Plaintiff's preferred legal framework, in which the "independence" of directors is somehow relevant to Nevada's business judgment presumption in the context of his termination, is contrary to explicit Nevada law. Instead, under applicable Nevada law, "independence" is an issue only where the business judgment is being made in those limited circumstances where a director stands on *both s*ides of a transaction or resists a change of control—neither of which were present in the termination decision. *See* NRS 78.139; 78.140.

Even if "independence" were relevant to the application of Nevada's business judgment rule when a board considers whether to continue an officer's employment (which it is not), a majority of the RDI Board members who voted to remove Plaintiff from his position as President

and CEO were "independent" as a matter of law, thereby securing the application of the business judgment rule even under Plaintiff's distorted view of the law. Plaintiff attempts to confuse the issues in his Supplemental Opposition (i) by attacking the independence of individuals who were either not on the RDI Board at the time of his termination and did not participate in that decision (Dr. Codding and Mr. Wrotniak) or who voted against his termination (Mr. Gould), and (ii) by asserting that subsequent board decisions with which he disagreed are somehow relevant to his would-be independence inquiry, even though they occurred after his termination. They are not. The record establishes that each of the non-Cotter directors that voted in favor of terminating Plaintiff's employment were independent. Plaintiff admitted during his deposition that Director Douglas McEachern was independent. The undisputed facts show that Director Ed Kane had no personal relationship specific to Ellen and Margaret Cotter, but not Plaintiff, that would have affected his independence, nor do any of his actions indicate bias on his part when evaluating Plaintiff's employment. And while Director Guy Adams does have some financial ties to the Estate of James J. Cotter, Sr. (not Ellen or Margaret Cotter directly), those ties are set by contract and pre-date his joining the RDI Board. To the extent that Plaintiff claims that Mr. Adams cannot possibly be "independent" because a portion of his current income comes from his RDI Board service or preexisting financial deals, that compensation is not material to his overall finances and the caselaw rejects Plaintiff's notion that only millionaires can be board members.

Third, even adopting Plaintiff's Delaware law standard for evaluating merger and acquisition transactions, not only was the RDI Board's decision to terminate Plaintiff "entirely fair" given major failings in his leadership, lack of practical corporate knowledge, and inability to work with key executives, as the Individual Defendants have established in prior briefing, Plaintiff once more ignores that he has presented no evidence that any breach involving his termination involved "intentional misconduct, fraud, or a knowing violation of the law"—an essential element of his fiduciary duty claim, as reaffirmed by the Nevada Legislature when it recently amended NRS 78.138(7). The Individual Defendants pointed out this failing again in their Supplemental Motion, and Plaintiff's Supplemental Opposition avoids the issue entirely. This alone is sufficient to warrant judgment in the Individual Defendants' favor.

With no legal or factual support for Plaintiff's termination claim, the Individual Defendants are entitled to summary judgment.

ARGUMENT

I. RECENT SUPPLEMENTAL AUTHORITY CONFIRMS THAT PLAINTIFF CANNOT STATE AN ACTIONABLE BREACH OF FIDUCIARY DUTY CLAIM RELATING TO HIS TERMINATION UNDER NEVADA LAW

As Individual Defendants noted in their Supplemental Motion, a "recent clarification to Nevada law," which includes (i) the legislative declaration set forth in NRS SB 203, § 2, and resulting amendments to NRS 78.138 and NRS 78.139, as well as (ii) the Nevada Supreme Court's recent decision in *Wynn Resorts, Ltd. v. Eighth Jud. Dist. Ct. In & For Cnty. of Clark*, 399 P.3d 334 (Nev. 2017), is relevant to the business judgment analysis in this case and further undermines the legal merits of Plaintiff's breach of duty claim relating to his termination. (*See* Ind. Defs.' Supp. Mot. at 3-4, 10-11.) Plaintiff, in response, argues unconvincingly that this intervening authority is of no moment. (Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2 at 3-4.) Plaintiff is wrong, and he fundamentally misapprehends Nevada law.

Plaintiff's entire termination argument rests upon his unsupported assumption not only that "independence" is somehow a condition to the applicability of Nevada's business judgment presumption but, moreover, that if any of the directors voting for his removal were not "independent" with respect to the RDI Board's decision to end his employment, then all Individual Defendants automatically lose the presumptive application of the business judgment rule. (*See id.* at 12.) According to Plaintiff, in that event, *Delaware's* "entire fairness test"—rather than Nevada law—should be applied when evaluating any alleged breach of fiduciary duty relating to his termination. (*See id.*) The Individual Defendants have said all along that Plaintiff's legal framework is incorrect, and the recent clarifications by the Nevada Legislature and Nevada Supreme Court further support the Individual Defendants' position. (*See, e.g.*, Ind. Defs.' 10/13/16 Opp'n to Pl.'s Partial MSJ at 20-22; Ind. Defs.' 10/21/16 Reply in Supp. of MSJ No. 1 at 7-8.)

First, *Nevada law*—not Delaware law—governs Plaintiff's termination claim. Nevada's business judgment rule, codified by statute, 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." NRS 78.138(3) (emphasis added). To the extent that other states (such as Delaware) have a different business judgment rule, the Nevada Legislature has now made clear that such foreign law must not be allowed to "supplant" or "modify" Nevada's home statute, and failure of a Nevada director to 'consider" or "conform the exercise of his or her powers" to such foreign law "does not constitute or indicate a breach of a fiduciary duty." NRS SB 203, §§ 2(3)-(4). Irrespective of whatever foreign law may be, Nevada's corporate law identifies only two situations where the business judgment presumption may be disturbed: (1) where directors take certain actions to resist "a change or potential change in control of the corporation," NRS 78.139(1)(b), 2-4; and (2) in an "interested director transaction" which involves "self-dealing" between a director and a corporation, NRS 78.140. Plaintiff has conceded that "[b]y their terms, on their face, those two statutory provisions do not speak to circumstances other than those described" and are therefore not relevant to his termination claims. (Pl.'s 10/13/16 Opp'n to Ind. Defs.' MSJ No. 1 at 15 n.4.) But Plaintiff has not identified any Nevada statute or legal decision that has disturbed the application of the business judgment rule outside of these two situations. Nor have the Individual Defendants been able to locate one.[1]

The conclusion is simple: the RDI Board's business decision to remove a CEO was a purely operational decision that is one of those "matters of business" always entitled to the Nevada statutory presumption of reasonable business judgment under NRS 78.138(3). In Nevada, there is a marked contrast between "operational decisions," such as removing an officer or changing a marketing strategy, and "transactional decisions," where a director is on both sides of a particular transaction. The latter may be subject to closer scrutiny, including a "fairness" test (which looks at whether a deal was fair to the company), while the former retain the business judgment presumption *at all times*.

[1] Indeed, the business judgment rule as codified in Nevada does not include an "independence" prerequisite or condition, nor is the lack of "independence" listed as one of the items that would invalidate the application of that rule. *See* NRS 78.138; NRS 78.139.

This is fully consistent with the wide discretion afforded to corporate boards under Nevada law on matters that determine the course of the company, *see* NRS 78.120, 78.135, 78.138; whether or not to sell the company, *see* NRS 78.139; and the limitations on liability, *see* NRS 78.037, 78.751, 78.7502. And it is fully consistent with the parameters outlined by Nevada Supreme Court in its recent *Wynn* decision, in which it emphasized that Nevada's business judgment rule regime "expresses a sensible policy of judicial noninterference with *business decisions*" and "legislative rejection of a substantive evaluation of director conduct." 399 P.3d at 342-43 (citations omitted). As Nevada corporate policy, these statutes are designed to vest decision-making in the board, and to protect directors who are called upon to make these decisions (usually working on a part-time basis, sometimes with less-than-perfect knowledge, and typically for not much money). *See also* NRS 78.138(7) (providing additional legal protections to directors with respect to potential personal liability). Plaintiff's suggestion that Nevada courts should involve themselves in the minutiae of corporate decision-making with respect to the termination of employees is directly contrary to the strict "policy of judicial noninterference" emphasized in *Wynn*; not only would it lead to an explosion of litigation in Nevada, in which plaintiffs would use hindsight and manufactured independence issues to second-guess any termination decision by a corporate board, it "would accomplish by the back door that which is forbidden by the front"—a substantive evaluation of directorial judgment on the most intimate of corporate concerns, officer performance. *Wynn*, 399 P.3d at 343.

Second, Plaintiff, in his Supplemental Opposition, continues to avoid the fact that there is not ***a single case*** in which ***any court*** (let alone a Nevada court) has subjected a board's decision to terminate an officer to Delaware's "entire fairness" test or even a "fairness" test. In essence, Plaintiff is trying to import "due process" concepts used in wrongful termination cases, even though *this is a derivative case*; in a derivative action, fairness—to the extent that it is at issue—must be determined from the point of view of fairness to the company, not the terminated employee. Indeed, when evaluating derivative claims, Delaware itself has applied its "entire fairness" test only in inapposite situations, such as where a board is alleged to have breached its duties when faced with a corporate merger or sale, or where there is an accusation that corporate

assets have been misused—noticeably absent is any case law in which the employment of an officer is at issue. *See, e.g.*, *McMullin v. Beran*, 765 A.2d 910, 917 (Del. 2000) (proposed sale of corporation); *Cinerama, Inc. v. Technicolor, Inc.*, 663 A.2d 1156, 1163 (Del. 1995) (two-stage tender offer/merger transaction); *Paramount Commc'ns Inc. v. QVC Network Inc.*, 637 A.2d 34, 42 (Del. 1994) (merger); *Venhill Ltd. P'ship v. Hillman*, C.A. No. 1866-VCS, 2008 WL 2270488, at *22 (Del. Ch. June 3, 2008) (partner accused of improper investments and misuse of trust assets). Even former Justice Myron Steele, Plaintiff's Delaware law expert, has been unable to find a single on-point decision that supports Plaintiff's assumed legal framework.

Other jurisdictions have recognized that it makes no sense to apply Delaware's "entire fairness" test to an employee termination, which is not an extraordinary transaction or a "transaction" in which one or more directors sit on the other side of the deal. *See Nahass v. Harrison*, 207 F. Supp. 3d 96, 104 (D. Mass. Sept. 13, 2016) (questioning how the "entire fairness" doctrine ever "would apply to employment decisions," and rejecting fiduciary duty claim by officer terminated by company's directors).[2] Indeed, as Plaintiff concedes (*see* Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2 at 12-13), Delaware's "entire fairness" test is concerned with whether "the transaction was the product of both fair dealing and fair price." *Cinerama*, 663 A.2d at 1163; *Gesoff v. IIC Indus., Inc.*, 902 A.2d 1130, 1145 (Del. Ch. 2006) (describing the "fair dealing" standard as "simulating arm's length-bargaining"). But it is difficult to image how

[2] *See also Kasper v. LinuxMall.com, Inc.*, No. Civ. A. 00-2019 ADM/SR, 2001 WL 230494, at *3 (D. Minn. Feb. 23, 2001) ("[T]here can be no breach of fiduciary duty stemming from the termination of [an officer's] employment."); *Carlson v. Hallinan*, 925 A.2d 506, 540 (Del. Ch. 2006) (holding that plaintiff could not "articulate a theory as to how Carlson's removal as President . . . could be a breach of fiduciary duty"); *Riblet Prods. Corp. v. Nagy*, 683 A.2d 37, 39-40 (Del. 1996) (no breach of fiduciary duty where stockholder was "an employee of the corporation under an employment contract with respect to issues involving that employment"); *Ingle v. Glamore Motor Sales, Inc.*, 73 N.Y.2d 183, 190 (1989) (denying fiduciary duty claims asserted by operating manager and minority shareholder upon his firing); *Hackett v. Marquardt & Roche/Meditz & Hackett, Inc.*, No. X02CV990166881S, 2002 WL 31304216, at *2 (Conn. Sup. Ct. Sept. 17, 2002) (rejecting breach of fiduciary duty claim, and holding that "the law of employment relations seems to provide sufficient protection for any civil wrongs" in the event of a purportedly unlawful termination); *Datto Inc. v. Braband*, 856 F. Supp. 2d 354, 384 (D. Conn. 2012) (plaintiff's allegations of "breach of fiduciary duty" based "on her allegedly wrongful termination . . . fail to state a claim").

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an "arms length-bargaining" standard would apply to a termination case (*i.e.*, whether it would extend to all employees, or just executive officers), and fairness of the price is not a relevant consideration in the removal of an officer—there is no price to review other than the price that was negotiated at the time of the executive's hiring (*i.e.*, severance benefits).

Delaware's "entire fairness" test is also not consistent with Nevada law, and therefore—as the Nevada Legislature has directed—it must be disregarded. *See* NRS SB 203, § 2(3). For instance, the Delaware test is an objective standard, *see In re Orchard Enters., Inc. S'holder Litig.*, 88 A.3d 1, 30 (Del. Ch. 2014) (outlining contours of the "entire fairness" test), while under Nevada law a director is bound only to exercise his or her duties in subjective good faith. *See* NRS 78.138; NRS 78.140. Moreover, the only "fairness" test recognized under Nevada's corporate law occurs in the context of an interested director transaction (where the director is in fact on both sides of the specific transaction being reviewed), and that "fairness" test evaluates whether "[t]he contract is fair as to the corporation at the time it is authorized or approved." NRS 78.140(2)(d). It would defy logic and run contrary to the recent instructions of the Nevada Legislature to imply a more stringent standard for operational decisions like the termination of an executive (*i.e.*, Delaware's "entire fairness" test) than there is under existing Nevada statute where a director sits on both sides of a specific transaction (*i.e.*, the NRS 78.140 "fair as to the corporation" analysis).

Shoen v. SAC Holding Corp., 122 Nev. 621, 137 P.3d 1171 (2006), is not to the contrary. *Shoen* was confined to the NRS 78.140 context. It involved allegations by stockholders that various directors of AMERCO failed to properly supervise or willfully disregarded their duties with respect to unfair transactions between the corporation and entities owned by executive officers of the company. *See* 122 Nev. at 626-631, 137 P.3d at 1174-1179. Indeed, in *Shoen*, the Nevada Supreme Court specifically emphasized that it was addressing "when an interested fiduciary's transactions with the corporation are challenged," and that it was doing so "[w]hen evaluating demand futility." *Id.* at 640, 137 P.3d at 1184 n.61. Neither situation is present here, where the merits of Plaintiff's attempted termination claim are at issue. *Shoen* does not apply outside of "interested director" transactions (as recognized by NRS 78.140), or to situations other

than demand and demand futility, which applies to a procedural step and provides no basis for finding ultimate liability. Furthermore, demand futility does not look to a "business decision," and accordingly is outside of the business judgment presumption. In short, *Shoen* does not upset the statutory business judgment presumption on regular "matters of business" (such as the firing of an officer), and it in no way adopts Delaware's "entire fairness" in any situation.[3]

Because the business judgment rule would automatically apply under Nevada law in the event that an officer's termination is contested, and no more stringent test exists under Nevada law to evaluate the removal of an officer by a board of directors, Plaintiff cannot show that a triable issue of fact remains with respect to his termination claim, which is unsustainable as a matter of law. Summary judgment is therefore appropriate.

II. PLAINTIFF CANNOT DEMONSTRATE THAT A TRIABLE ISSUE OF FACT EXISTS REGARDING THE INDEPENDENCE OF A MAJORITY OF THE DIRECTORS WHO VOTED TO TERMINATE HIM

Even adopting Plaintiff's incorrect legal framework and assuming *arguendo* that (i) a former employee, such as Plaintiff, could ever state an actionable claim for breach of a fiduciary duty stemming from his termination *and* (ii) the business judgment presumption could potentially be overcome in such a situation, Plaintiff's termination claim would still fail as a matter of law. Discovery has confirmed that a majority of the RDI Board members who voted in favor of his termination on June 12, 2015 were independent, and no triable issue of fact exists otherwise.

A. Contrary to the Court's Directive, Plaintiff Did Not Address Independence on an Action-by-Action Basis

At the October 7, 2016 hearing, the Court made plain that it expected "the independence issue . . . to be evaluated on a transaction or action-by-action basis, because you have to separately evaluate the independence as related to each." (Helpern Decl. Ex. A (10/27/16 Tr.) at 84:21-85:3.) In doing so, the Court warned counsel for Plaintiff that he would need "to give

[3] The same is true of the Nevada Supreme Court's similar decision in *In re DISH Network Deriv. Litig.*, 401 P.3d 1081, 1087-1092 (Nev. 2017), in which the independence of a special litigation committee was considered in deciding whether its decision to terminate a derivative complaint was appropriate.

me more information like I've asked for . . . following the completion of [discovery]." (*Id.*) The Court explicitly reemphasized this requirement in its subsequent December 20, 2016 order "continuing" the Individual Defendants' Motion for Partial Summary Judgment (No. 2) re: the Issue of Director Independence. (Helpern Decl. Ex. D (12/20/16 Order) at 3.) However, in his Supplemental Opposition to Motion for Summary Judgment Nos. 1 and 2, Plaintiff clearly fails to meet the standard set by the Court.

Rather than attempting to establish lack of independence on "a transaction or action-by-action basis" with respect to his termination claim, Plaintiff muddies the waters. For instance, he includes an attack on the independence of Directors Judy Codding and Michael Wrotniak (Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2 at 10-11) despite the fact that Dr. Codding joined the RDI Board on October 5, 2015 and Mr. Wrotniak joined on October 12, 2015—months *after* the Board terminated Plaintiff on June 12, 2015. Obviously, given that Dr. Codding and Mr. Wrotniak were not members of the RDI Board at the time of his termination, they cannot be liable for claims involving that decision and their independence is entirely irrelevant to that claim. Similarly, Plaintiff includes an extended attack on the independence of Director William Gould (*see id.* at 9-10) despite the fact that Gould voted against the termination of Plaintiff on June 12, 2015 due to his belief that the Board should hold off firing Plaintiff until all of the pending litigation between the Cotters was resolved. Given that Director Gould voted against the challenged decision, the question of his independence is entirely irrelevant as to whether the majority's decision to terminate Plaintiff fell within its business judgment (or, in the alternative, was entirely fair). *See In re Tri-Star Pictures, Inc. Litig.*, No. Civ. A. 9477, 1995 WL 106520, at *2 (Del. Ch. Mar. 9, 1995) ("[A] director who plays no role in the process of deciding whether to approve a challenged action cannot be held liable on a claim that the board's decision to approve that transaction was wrongful."); *In re Wheelabrator Tech., Inc. S'holder Litig.*, No. Civ. A. 11495, 1992 WL 212595, at *10 (Del. Ch. Sept. 1, 1992) (similar).

With respect to the non-Cotter directors that were actually members of the RDI Board during the relevant time and voted in favor of Plaintiff's termination (Directors McEachern, Kane, and Adams), Plaintiff in his Supplemental Opposition attacks the independence as to each

by citing corporate decisions he disagrees with made months—if not years—*after* the termination of Plaintiff's employment. (Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2 at 5-6.) For instance, Plaintiffs identifies actions taken by one or each of these directors on September 21, 2015 (authorization of a 100,000 share option), December 29, 2015 (selection of Ellen Cotter as permanent CEO), March 10, 2016 (hiring of Margaret Cotter as an employee), June 24, 2016 (first rejection of Patton Vision's below-market indication of interest), and December 19, 2016 (second rejection of Patton Vision's inadequate indication of interest) as somehow bearing on their independence with respect to Plaintiff's June 12, 2015 termination. (*Id.*)

But it is well settled that conduct or events post-dating a contested board decision are *per se* irrelevant to the merits of that decision; a director's independence is determined by reference to the facts at the time of the relevant action, not after. *See, e.g.*, *Kahn v. M & F Worldwide*, 88 A.2d 635, 648 (Del. 2014) (claimed activity showing lack of independence "occurred months after the Merger was approved and did not raise a triable issue of fact concerning Dinh's independence from Perelman"); *Rales v. Blasband*, 634 A.2d 927, 937 (Del. 1993) ("ability of a majority of the Board to exercise its business judgment decision in a decision on a demand" determined "at the time this action was filed"); *Beam ex rel. Martha Stewart Living Omnimedia, Inc. v. Stewart*, 845 A.2d 1040, 1051 (Del. 2004) (in independence inquiry, court may consider "evidence that in the past the relationship caused the director to act non-independently"). Plaintiff's citation of subsequent events to try to camouflage the lack of evidence supporting the non-independence of the challenged directors at the time of his termination cannot save his failing case. As explained below, Directors McEachern, Kane, and Adams were clearly independent as a matter of law at the time of Plaintiff's termination.

B. Plaintiff's Supplemental Opposition Confirms That Directors McEachern, Kane, and Adams Were Independent With Respect to the Decision to Terminate Plaintiff

Plaintiff concedes that, even under his theory of the law, he must establish that Directors McEachern, Kane, and Adams were not independent with respect to his termination to overcome Nevada's strong business judgment presumption and have the jury consider his termination. (Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2 at 12.) This is a difficult task (*see* Ind. Defs.' Supp. MSJ

Nos. 1 & 2 at 8 (collecting cases)), especially in light of the "presumption that directors are independent." *In re MFW S'holders Litig.*, 67 A.3d 496, 509 (Del. Ch. 2013).[4] None of these three directors were "interested" in Plaintiff's termination; by definition, "[n]o issue of self-interest exists where directors did not stand on both sides of the transaction or receive any personal financial benefit." *La. Mun. Police Emps.' Ret. Sys. v. Wynn*, No. 2:12-cv-509 JCM, 2014 WL 994616, at *4 (D. Nev. Mar. 13, 2014) (applying Nevada law); NRS 78.140(1)(a) (defining "interested director").

Absent directorial interest in the transaction itself, Plaintiff must under the Delaware law standard still prove that Directors McEachern, Kane, and Adams were "beholden" to Ellen and Margaret Cotter "or so under their influence that their discretion would be sterilized" when deciding upon his removal as President and CEO. *Rales*, 634 A.2d at 936 (Del. 1993); *Shoen v. SAC Holding Corp.*, 122 Nev. 621, 639 (2006) (independence in the context of demand futility, not application of the business judgment presumption). As Plaintiff's Supplemental Opposition makes evident, Plaintiff cannot make the required showing. Summary judgment based on the application of Nevada's business judgment rule is therefore warranted.[5]

[4] In addition, as the Individual Defendants have emphasized in previous briefing, RDI's corporate Bylaws do not require "independence" by board members when deciding to terminate the company's officers. Rather, the Bylaws provide that officers such as Plaintiff serve solely "at the pleasure of the Board of Directors," and may be "removed at any time, with or without cause by the Board of Directors by a vote of not less than a majority of the entire Board at any meeting thereof." (Ind. Defs.' 9/23/16 MSJ No. 1 at 15 (quoting HD Ex. 19 (Am. & Restated Bylaws of RDI, dated Dec. 28, 2011), Art. IV, § 10).)

[5] Putting aside that Nevada law applies here, the Delaware Supreme Court has noted that "Delaware courts have often decided director independence as a matter of law at the summary judgment stage." *Kahn v. M & F Worldwide Corp.*, 88 A.3d 635, 649 (Del. 2014) (citing *In re Transkaryotic Therapies, Inc.*, 954 A.2d 346, 369-70 (Del. Ch. 2008) and *In re Gaylord Container Corp. S'holders Litig.*, 753 A.2d 462, 465 (Del. Ch. 2000)); *see also SEPTA v. Volgenau*, C.A. No. 6354-VCN, 2013 WL 4009193, at *12-21 (Del. Ch. Aug. 5,2013) (holding, on summary judgment, that directors on the special committee were disinterested and independent).

1. Director Douglas McEachern

In his Supplemental Opposition, Plaintiff identifies a number of board decisions supported by Director Douglas McEachern with which he disagrees as evidence of McEachern's purported lack of independence. (Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2 at 7-8.) Plaintiff's belated challenge to Director McEachern's independence cannot withstand scrutiny. As the Individual Defendants have repeatedly noted, but Plaintiff avoids (*see* Ind. Defs.' 9/23/16 MSJ No. 2 at 5, 15, 23; Ind. Defs.' 10/21/16 Reply in Supp. of MSJ No. 2 at 4), Plaintiff has already admitted that Director McEachern was *independent*. When asked at his deposition, "Mr. McEachern, is he independent, in your view?" Plaintiff answered: "Yes. I mean, he's – I mean, again, he's independent. He's got no relationship with Ellen and Margaret or, you know, no business relationship with Ellen and Margaret." (HD#2[6] Ex. 7 (5/16/16 Cotter, Jr. Dep.) at 84:21-85:1.) When pressed as to whether, "in your view, Mr. McEachern is independent and has always been independent," Plaintiff responded "Okay. Yes." (*Id.* at 85:6-86:4.)

In addition to Plaintiff's critical admission, all but one of the board decisions identified by Plaintiff post-dated his termination; as noted above, such after-the-fact decisions are irrelevant with respect to Director McEachern's independence in making the termination decision. The one action Director McEachern participated in pre-dating Plaintiff's removal, which involved the RDI Board's delay of a final decision on Plaintiff's termination to consider a possible settlement that would have resolved the Cotter trust litigation and reduced Plaintiff's authority as CEO, was clearly proper based on the actual facts, as the Individual Defendants have established and which Plaintiff's conclusory Supplemental Opposition, which cites no evidence, does nothing to rebut. (*See, e.g.*, Ind. Defs.' 10/13/16 Opp'n to Pl.'s Partial MSJ at 11-14; Ind. Defs.' 10/21/16 Reply in Supp. of MSJ No. 1 at 16; Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2 at 7-8.)

[6] "HD#2" refers to the Declaration of Noah Helpern filed in support of the Individual Defendants' Motion for Partial Summary Judgment (No. 2) re: the Issue of Director Independence on September 23, 2016. Rather than inundate the Court with further duplicative paper, the Individual Defendants refer the Court to that previously-attached exhibit.

Moreover, the fact that Plaintiff disagrees with a decision supported by Director McEachern does nothing to alter the independence analysis. As the Nevada Legislature recently emphasized, the point of Nevada's strong business judgment rule is that its directors and officers may take corporate action "without fear of personal liability simply because of a disagreement over policy or after-the-fact second-guessing of decisions." Ex. K to the May 25, 2017 Minutes of the Meeting of the Assembly Committee on Judiciary, Senate Bill No. 203 Clarifying Nevada Corporate Law at 1.[7] Notwithstanding the fact that he may periodically disagree with Director McEachern, Plaintiff has introduced no facts showing that, or reasons explaining how, Director McEachern was somehow "beholden" to Ellen and Margaret Cotter in a way that "sterilized" his discretion when deciding upon Plaintiff's employment as President and CEO of RDI. As such, Plaintiff has not met his burden of identifying "admissible evidence" showing "a genuine issue for trial" regarding McEachern's independence with respect to Plaintiff's termination. *Posadas v. City of Reno*, 109 Nev. 448, 452 (1993); *Shuck v. Signature Flight Support of Nev., Inc.*, 126 Nev. 434, 436 (2010) ("bald allegations without supporting facts" are insufficient). There is no evidence that McEachern was on both sides of any transaction to which RDI was a party.

2. Director Ed Kane

Plaintiff's Supplemental Opposition adds nothing to the record already developed as to the independence of Director Ed Kane; Plaintiff cites no new evidence and simply relies on brief, conclusory assertions. (*See* Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2 at 8-9.) Outside of irrelevant RDI Board decisions supported by Kane that post-date Plaintiff's removal, Plaintiff asserts that Director Kane was not independent with respect to the termination decision because of (i) his "personal relationship" with James J. Cotter, Sr. (the father of Plaintiff, as well as Margaret and Ellen Cotter), and (ii) his view that Cotter, Sr. "intended" that Margaret Cotter "control the Voting Trust and his actions to make that happen." (*Id.*) Not only are Plaintiff's arguments

[7] *Available at* https://www.leg.state.nv.us/Session/79th2017/Exhibits/Assembly/JUD/AJUD1245K.pdf.

factually unsupportable in light of the actual record, they are legally insufficient to call into question Kane's independence.

First, as previously established by the Individual Defendants, Director Kane's has no "personal relationship" relevant to his independence with respect to the termination decision. (*See* Ind. Defs.' 9/23/16 MSJ No. 2 at 16-17; Ind. Defs.' 10/21/16 Reply in Supp. of MSJ No. 2 at 5.) As Plaintiff concedes, the friendship of which he complains was actually between Director Kane and his father—not between Kane and Ellen or Margaret Cotter. (*See* Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2 at 8.) Plaintiff has never cited any evidence indicating that Kane's friendship with James J. Cotter, Sr. has resulted in him having a closer relationship with Cotter, Sr.'s daughters than with his son. Indeed, while Ellen and Margaret Cotter have, at times, referred to Director Kane as "Uncle Ed," so has Plaintiff. (HD#2 Ex. 3 (5/2/16 Kane Dep.) at 29:4-35:6; HD#2 Ex. 7 (5/16/16 Cotter, Jr. Dep.) at 83:6-12.) Plaintiff does not dispute that he has known Director Kane all of his life and even visited Kane at his home as late as the spring of 2015, just weeks before his termination, to personally implore Kane to help Plaintiff resolves his disputes with his sisters and retain his position as CEO. (HD#2 Ex. 3 (5/2/16 Kane Dep.) at 35:10-22; HD#2 Ex. 8 (7/26/16 Cotter, Jr. Dep.) at 753:9-754:8.) Even if Director Kane were Ellen and Margaret's actual "uncle" (and not Plaintiff's), that is considered a "more remote family relationship" that is "not disqualifying" to a director's independence as a matter of law in Nevada. *In re Amerco Deriv. Litig.*, 127 Nev. 196, 232-33 (2011).

Second, Plaintiff has never explained why Director Kane's "understanding" that James J. Cotter, Sr. intended for Margaret Cotter to control his personal estate would affect his independence as an RDI Board member, especially with respect to the termination decision. (*See* Ind. Defs.' 10/21/16 Reply in Supp. of MSJ No. 1 at 5-7.) As the undisputed evidence establishes, it was actually Plaintiff who involved Kane in the settlement discussions; Kane supported such a settlement because, as Kane explained to Plaintiff at the time, he—like Plaintiff—believed that a settlement would end all the "ill feelings," "enhance the company, benefit [Plaintiff] and [his] sisters and allow [the Cotters] to work together going forward." Further, it would give Plaintiff the time to prove "that [he] do[es] in fact have the leadership

skills to run this company." (App., Ex. 4 (5/28/16 emails between Kane and Cotter, Jr.) at 32-33.)[8] All evidence shows that Director Kane engaged on exactly the terms *Plaintiff* requested prior to his termination (*see* Ind. Defs.' 10/21/16 Reply in Supp. of MSJ No. 1 at 5-7 (collecting evidence)); none of it shows the kind of bias in favor of Ellen and Margaret Cotter (and against Plaintiff) required by law to challenge Kane's independence with respect to Plaintiff's termination. *See Beam*, 845 A.2d at 1050. There is no evidence that Kane was on both sides of any transaction to which RDI was a party.

Given the clear insufficiency of these challenges, coupled with the fact that Plaintiff—mere weeks before his termination—approved an SEC filing that identified Director Kane as "independent" (HD#2 Ex. 11 (5/8/15 RDI From 10-K/A, Am. No. 1) at -5644 & -5665), Plaintiff has not met his burden of showing a genuine issue for trial with respect to Kane's independence in making the termination decision.

3. Director Guy Adams

Plaintiff's Supplemental Opposition offers no new evidence with respect to the independence of Director Guy Adams. Indeed, the only evidence that Plaintiff cites at all is testimony given by Adams on October 17, 2017 in which he confirmed the accuracy of financial information already in the summary judgment record. (*See* Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2 at 8.) While Plaintiff cites additional detail regarding Director Adams' finances in his Opposition to the Individual Defendants' Motion *in Limine* to Exclude Evidence That Is More Prejudicial Than Probative (*see* Pl.'s Opp'n to Ind. Defs.' Prejudicial MIL at 6-8), that evidence was also already in the summary judgment record. (*See* Ind. Defs.' 9/23/16 MSJ No. 2 at 22-27 (citing evidence); Ind. Defs.' 10/21/16 Reply in Supp. of MSJ No. 2 at 9-11 (same).)

[8] "App." refers to the Appendix of Exhibits filed by Plaintiff in support of his Opposition to the Individual Defendants' Motion for Partial Summary Judgment (No. 2) re: the Issue of Director Independence, filed on October 13, 2016. As with the HD#2 citations, the Individual Defendants refer the Court to that previously-attached exhibit to reduce confusion and avoid duplication.

Even in his application of the Delaware standard, Plaintiff concedes that the only way that Adams' independence can be subject to question is if his "material ties to the person whose proposal or actions [he] is evaluating"—*i.e.*, Ellen and Margaret Cotter—"are sufficiently substantial that [he] cannot objectively fulfill [his] fiduciary duties." *In re MFW S'holders Litig.*, 67 A.3d at 509. "[T]he simple fact that there are some financial ties between the interested party and the director is not disqualifying." *Id.* Instead, the financial ties or benefit must be "material" to Adams himself, meaning that they are "significant enough *in the context of the director's economic circumstances* as to have made it improbable that the director could perform [his] fiduciary duties to the . . . shareholders without being influenced by [his] overriding personal interest." *Orman v. Cullman*, 794 A.2d 5, 23 (Del. Ch. 2002) (citation omitted) (emphasis in original). Plaintiff cannot make this showing. In fact, his entire premise that Director Adams lacks independence because he is "financially dependent" on Ellen and Margaret Cotter is based on his gross mischaracterization of the actual record.

First, the undisputed evidence shows that, while Adams stands to receive additional compensation from the James Cotter, Sr.'s Estate due to his small interest in certain real estate ventures, Adams has the right to this compensation as part of a pre-existing contract that is unaffected by whatever Cotter sibling maintains control of the Estate of James J. Cotter, Sr. While Ellen and Margaret Cotter may currently distribute the funds as executors of the Estate, they do not have any discretion to do otherwise. (*See* HD#2 Ex. 2 (4/28/16 Adams Dep.) at 55:8-57:24.) Thus, this outside "business agreement" between a director and the James Cotter, Sr.'s Estate "where both parties could benefit financially" once certain properties are developed is not enough to show "with sufficient particularity that [Adams] could not form business decisions independently" with respect to RDI and, in particular, the decision to terminate Plaintiff. *La. Mun. Police Emps.' Ret. Sys.*, 2014 WL 994616, at *7.

Second, contrary to Plaintiff's claims, the fact that Director Adams receives an income of [redacted] per year from the Cotter Family Farms (a Cotter business that is overseen by Plaintiff, ironically) is not evidence of his financial dependence on Ellen and Margaret Cotter. (*See* Pl.'s Opp'n to Ind. Defs.' Prejudicial MIL at 7.) Adams began earning this money in

2012—before he joined the RDI Board—as part of a services contract with James Cotter, Sr., and he continues to receive such payment from the Cotter Family Farms as he continues to perform such services. (HD#2 Ex. 2 (4/28/16 Adams Dep.) at 16:4-17:16, 27:1-35:20.) Plaintiff has not contested that Adams is performing such services or that he is entitled to such compensation under that preexisting agreement. There is also no evidence that Ellen and Margaret Cotter have ever actually threatened Adams' position with the Cotter Family Farms. Instead, the undisputed evidence is that Adams had not had any communications with the Cotter sisters about continuing or not continuing his work for the Farms. (*Id.* at 29:3-7.) Nearly-identical facts have been held to be sufficient to rebut an attack on a director's independence. *See Grobow v. Perot*, 539 A.2d 180, 188 (Del. 1988) (rejecting entrenchment attack because there were no facts "tending to show that the [] directors' positions were actually threatened"), *overruled on other grounds by Brehm v. Eiser*, 746 A.2d 244 (Del. 2000). Plaintiff also does not dispute that since the Estate's assets ultimately pour over into the Trust, and control of the Trust as between Plaintiff and his sisters is currently subject to dispute, there is no reason for Adams to prefer Ellen and Margaret Cotter over Plaintiff.

Third, the fact that Director Adams receives the typical fees and stock options as compensation for his service as an RDI Director (*see* Pl.'s Opp'n to Ind. Defs.' Prejudicial MIL at 7) is irrelevant as a matter of law to any independence inquiry. It is well-settled that "the mere fact that a director receives compensation for [his] service as a board member adds little or nothing" to the independence analysis. *Khanna v. McMinn*, No. Civ. A. 20545-NC, 2006 WL 1388744, at *16-17 (Del. Ch. May 9, 2006) (claim that a "director's salary . . . might influence his decision" was insufficient to disturb presumption of independence); *see also Grobow*, 539 A.2d at 188 ("allegation that all GM's directors are paid for their service as directors . . . does not establish any financial interest" and did not undermine independence).

Ultimately, Plaintiff's entire attack on Director Adams' independence boils down to his assumption that a 66-year-old man of retirement age, who has served on at least four different corporate boards over the last decade and has an uncontested net worth of approximately [redacted], must be "beholden" to Ellen and Margaret Cotter and unable to properly

exercise his discretion in evaluating the decision to terminate Plaintiff because the bulk of his current yearly income comes from his RDI Board service or the above-identified antecedent business relationships with James J. Cotter, Sr., which now continue as contracts for the benefit of either the Cotter Family Farms or the Estate of James J. Cotter, Sr. (*See* Pl.'s Opp'n to Ind. Defs.' Prejudicial MIL at 8 & n.1.)[9] Notwithstanding what Plaintiff may determine to be necessary to meet his lavish lifestyle needs, [redacted] is a significant fortune in this country. *See, e.g.*, U.S. Census Bureau, Wealth, Asset Ownership, and Debt of Households – Detailed Tables: 2013, *available at* https://www.census.gov/data/tables/2013/demo/wealth/wealth-asset-ownership.html (showing that, as of 2013, the median U.S. household net worth was $80,039, and the median U.S. household net worth for households in the 65-69 year age bracket—like Adams—was $193,833).

Moreover, not everyone was fortunate enough to be born the son of a man worth hundreds of millions of dollars, like Plaintiff. Recognizing this, courts have rejected attacks on independence similar to that attempted by Plaintiff, and have instead held that the mere fact that directors may receive "relatively substantial compensation provided by . . . board membership compared to their outside salaries" does not alone "lead to a reasonable doubt as to the[ir] independence." *In re Walt Disney Co. Deriv. Litig.*, 731 A.2d 342, 359-60 (Del. Ch. 1998), *aff'd in relevant part, rev'd in part and remanded sub non*, *Brehm v. Eisner*, 746 A.2d 244 (Del. 2000). Indeed, too much emphasis on the ratio of board-related compensation to total income would "discourage the membership on corporate boards of people of less-than extraordinary means" as well as "regular folks." *Id.* (concluding the fact that board member's "salary as a

[9] Plaintiffs' supposition that Director Adams, without the current RDI-related funds, would "rapidly dissipate his remaining assets" is based upon his unsupported speculation that Director Adams would not modify his 2013-level expenses without his present source of income, would not find service on any other board, would not remarry, and will live another 20 years. (Pl.'s Opp'n to Ind. Defs.' Prejudicial MIL at 8 n.1.) Of course, Plaintiff also avoids any consideration of Social Security benefits and any pension to which Director Adams may be entitled. (*Id.*)

teacher is low compared to her director's fees and stock options" did not undermine presumption of independence).

Here, given that Plaintiff admittedly never questioned Director Adams' independence prior to the termination decision process, repeatedly certified him to be "independent" under the NASDAQ listing standards for his service as an RDI Board member, and cannot show that it is "improbable" that Adams can be independent due to financial circumstances (as required by *Orman*), Plaintiff has not met his burden of showing a genuine issue for trial with respect to Adams' independence in making the termination decision. (*See also* Ind. Defs.' 9/23/16 MSJ No. 2 at 22-27; Ind. Defs.' 10/21/16 Reply in Supp. of MSJ No. 2 at 9-11.) Because the majority of the RDI Board members voting in favor of Plaintiff's termination (McEachern, Kane, and Adams) were therefore independent as a matter of law, even under Plaintiff's legal framework the business judgment presumption attaches to the Board's decision to terminate Plaintiff and renders his termination-based fiduciary duty claims untenable as a matter of law. Summary judgment is therefore warranted.

III. PLAINTIFF CANNOT DEMONSTRATE THAT A TRIABLE ISSUE OF FACT EXISTS REGARDING WHETHER HIS TERMINATION WAS ENTIRELY FAIR

While he mentions the standards for the Delaware "entire fairness" test in his Supplemental Opposition, Plaintiff does not offer any new evidence as to the fairness of his termination. (*See* Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2 at 12-13.) As set forth in Plaintiff's previous briefing, even assuming *arguendo* that (i) a former employee, such as Plaintiff, could ever state an actionable claim for breach of a fiduciary duty stemming from his termination, (ii) the business judgment presumption could potentially be overcome in such a situation, (iii) a majority of the RDI Board was required to be "disinterested" in order to effectively remove Plaintiff as President and CEO; and (iv) a majority of the RDI Board was not "disinterested" with respect to decision to terminate Plaintiff as President and CEO, the decision to terminate Plaintiff was fair on the merits to the Company, and thus not actionable.

After over two years of discovery, Plaintiff has not been able to meet the minimum proof thresholds required to create a triable issue of fact as to whether his termination was fair on the

merits. Rather, it is beyond reasonable dispute that Plaintiff lacked significant experience in areas critical to RDI, teamwork and morale was poor under his abusive leadership, Plaintiff lacked an understanding of key components of RDI's business, and Plaintiff could not work with key RDI executives. It is particularly ironic that Plaintiff also seeks to be reinstated on the basis that Ellen Cotter did not satisfy the Korn Ferry job description, which he likewise fails to satisfy. There is no evidence in the record that continuing Plaintiff as CEO and/or President would have been in the best interests of RDI, or that he was terminated on terms that were "unfair" to RDI. Nor is there any evidence in the record that returning him to office would be in the best interests of the Company. (*See, e.g.*, Ind. Defs.' 9/23/16 MSJ No. 1 at 18-22; Ind. Defs.' 10/21/16 Reply in Supp. of MSJ No. 1 at 13-17.) At the summary judgment stage, this is fatal to Plaintiff's Delaware-based "entire fairness" challenge, as he cannot show that his removal was in any way "unfair" to RDI—the actual derivative plaintiff in this action.

IV. PLAINTIFF CANNOT DEMONSTRATE THAT A TRIABLE ISSUE OF FACT EXISTS REGARDING ANY SUPPOSED INTENTIONAL MISCONDUCT, FRAUD, OR KNOWING VIOLATION OF THE LAW

Finally, as emphasized in the Individual Defendants' Supplemental Motion, Plaintiff has not shown that a triable issue of fact exists as to whether the decision to terminate his employment as President and CEO involved intentional misconduct, fraud, or a knowing violation of the law. (*See* Ind. Defs.' Supp. Mot. at 11-12.) Recent amendments to Nevada law have made clear that Plaintiff must make this showing to establish the liability of the Individual Defendants stemming from his termination even if he has already successfully rebutted the business judgment presumption *and*, if the Delaware test is applied, proven that his termination was not entirely fair (and thus a breach of fiduciary duty). *See* NRS 78.138(7)(a)-(b) (eff. Oct. 1, 2017) (amending the text of subsection 7).

Despite the fact that the Individual Defendants explicitly raised this issue again in their Supplemental Motion, Plaintiff failed to provide *any evidence* supporting intentional misconduct, fraud, or a knowing violation of the law in his Supplemental Opposition. (*See generally* Pl.'s Supp. Opp'n to MSJ Nos. 1 & 2.) This is not the first time that Plaintiff has failed to do so; as the Individual Defendants pointed out in their Opposition to Plaintiff's Motion for Partial

Summary Judgment, "Plaintiff again completely avoids any mention—let alone discussion—of NRS 78.138(7)." (Ind. Defs.' 10/13/16 Opp'n to Pl.'s Partial MSJ at 28-29.) Failure to address this essential statutory element is fatal to Plaintiff's termination claim.

Moreover, as the Individual Defendants have argued, there can be no "knowing violation" or "intentional misconduct" where the RDI Board weighed the propriety of Plaintiff's termination over several meetings, engaged outside counsel to assist it in exercising its fiduciary duties, and articulated a wide variety of business-specific reasons for its removal decision. (*See id.*) Even the directors that voted not to terminate Plaintiff on June 12, 2015 recognized significant problems with his performance, and objected more to the timing of his removal than to the underlying basis. (*See* Ind. Defs.' 9/23/16 MSJ No. 1 at 8-12, 19.) This is not a case where the Board is accused of making a multi-million dollar payment to make an executive go away, and even where such payments are made, that is not sufficient to establish an actionable claim. *See In re Walt Disney Co. Deriv. Litig.*, 906 A.2d at 72-73. Plaintiff has not identified a single case anywhere in which directors have been held liable for breaching their fiduciary duties in the context of an employee termination, let alone under the strict requirements set forth in NRS 78.138(7). Because Plaintiff has not even attempted to (and cannot) meet the showing required under NRS 78.138(7)(b)(2) to establish individual liability, no triable issue remains and summary judgment on his termination claim is appropriate.

CONCLUSION

Delaware's "entire fairness" test is not Nevada law. Under applicable Nevada law, the Individual Defendants are entitled to the benefit of Nevada's business judgment presumption in making their business decision to terminate Plaintiff as President and CEO. Independence is not required for the benefits of the Nevada business judgment presumption in the absence of a transaction in which directors sit on both sides of the table. Moreover, RDI's bylaws specifically vest in the board the power, by majority vote, to terminate officers of the corporation, with or without cause, and do not specify that such majority must consist of "independent directors." Plaintiff has presented no evidence rebutting the Nevada business judgment presumption or, to the extent the Delaware standard is applied, demonstrating that the decision was "unfair" to RDI.

For the reasons set forth above, the Individual Defendants respectfully request that the Court grant their Supplemental Motion for Summary Judgment No. 1 (and, to the extent implicated, No. 2) and grant them summary judgment as to the First, Second, Third, and Fourth Causes of Action set forth in Plaintiff's Second Amended Complaint, to the extent that they assert claims, damages, and an injunction based on Plaintiff's June 12, 2015 termination as CEO and President of RDI.

Dated: December 4, 2017

COHEN|JOHNSON|PARKER|EDWARDS

By: /s/ H. Stan Johnson

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Attorneys for Defendants Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, Edward Kane, Judy Codding, and Michael Wrotniak

CERTIFICATE OF SERVICE

I hereby certify that, on December 4, 2017, I caused a true and correct copy of the foregoing **REPLY IN SUPPORT OF THE INDIVIDUAL DEFENDANTS' RENEWED MOTIONS FOR PARTIAL SUMMARY JUDGMENT NOS. 1 AND 2** 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-A09528

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CLERK OF THE COURT

DECL

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DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc.,	Case No. A-15-719860-B
Plaintiff,	Dept. No. XI
v.	Coordinated with:
MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK,	Case No. P-14-0824-42-E Dept. No. XI Jointly Administered
Defendants.	**DECLARATION OF AKKE LEVIN IN SUPPORT OF PLAINTIFF JAMES COTTER JR.'S SUPPLEMENTAL OPPOSITION TO SO-CALLED SUMMARY JUDGMENT MOTION NOS. 2 AND 3 AND GOULD SUMMARY JUDGMENT MOTION**
And	
READING INTERNATIONAL, INC., a Nevada corporation,	
Nominal Defendant.	

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RDI-A08898
Docket 75053 Document 2019-23836

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I, Akke Levin, state and declare as follows:

1. I am an attorney with Morris Law Group, counsel for Plaintiff James J. Cotter, Jr. I make this declaration based upon personal knowledge, except where stated upon information and belief, and as to that information, I believe it to be true. If called upon to testify as the contents of this declaration, I am legally competent to testify to its contents in a court of law.

2. Attached hereto as **Exhibit 1** is a true and correct copy of excerpts from the deposition of Judy Codding.

3. Attached hereto as **Exhibit 2** is a true and correct copy of excerpts from the deposition transcript of Douglas McEachern, taken on April 19, 2017.

4. Attached hereto as **Exhibit 3** is a true and correct copy of an Email from Paul Heth to Ellen Cotter dated May 31, 2016 with letter dated May 31, 2016 attached, marked as Deposition Exhibit 493 in this action.

5. Attached hereto as **Exhibit 4** is a true and correct copy of the Minutes of the Meeting of the Board of Directors of Reading International Inc. June 2, 2016, marked as Deposition Exhibit 494 in this action.

6. Attached hereto as **Exhibit 5** is a true and correct copy of an email from James Cotter to Ellen Cotter dated June 7, 2017, Bates labeled JCOTTER018081-82.

7. Attached hereto as **Exhibit 6** is a true and correct copy of the Minutes of the Meeting of the Board of Directors of Reading International, Inc. June 23, 2016, marked as Deposition Exhibit 492 in this action.

8. Attached hereto as **Exhibit 7** is a true and correct copy of the Declaration of Plaintiff James J. Cotter Jr. In Opposition to All Individual Defendants' Motions for Partial Summary Judgment ("JJC Declaration") dated October 13, 2016 and filed in this action.

9. Attached hereto as **Exhibit 8** is a true and correct copy of a Letter from Paul Heth to Ellen Cotter dated October 31, 2016 Bates labeled JCOTTER018046-48.

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10. Attached hereto as **Exhibit 9** a true and correct copy of Memorandum from Ellen Cotter to Board of Directors dated November 4, 2016, marked as Deposition Exhibit 496 in this action.

11. Attached hereto as **Exhibit 10** is a true and correct copy of a Form 8-K dated March 2, 2017 filed by Reading International Inc.

12. Attached hereto as **Exhibit 11** is a true and correct copy of a Letter from Ellen Cotter to Paul Heth dated November 10, 2016 Bates Labeled JCOTTER018287.

13. Attached hereto as **Exhibit 12** is a true and correct copy of a Letter from Ellen Cotter to Board of Directors dated December 19, 2016 with enclosure, marked as Deposition Exhibit 506 in this action.

14. Attached hereto as **Exhibit 13** is a true and correct copy of the Ex Parte Petition of Co-Trustee James J. Cotter Jr. for Appointment of Trustee Ad Litem.

15. Attached hereto as **Exhibit 14** is a true and correct copy of the Tentative Statement of Decision dated August 29, 2017.

16. Attached hereto as **Exhibit 15** is a true and correct copy of the first page of a filing by Greenberg Traurig in the California Trust Action.

17. Attached hereto as **Exhibit 16** is a true and correct copy of the Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 dated October 13, 2017 filed by Reading International Inc.

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

Executed this 1st day of December, 2017.

/s/ AKKE LEVIN
Akke Levin

CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that I am an employee of MORRIS LAW GROUP and that on the date below, I cause the following document(s) to be served via the Court's Odyssey E-Filing System: **DECLARATION OF AKKE LEVIN IN SUPPORT OF PLAINTIFF JAMES COTTER JR.'S SUPPLEMENTAL OPPOSITION TO SO-CALLED SUMMARY JUDGMENT MOTION NOS. 2 AND 3 AND GOULD SUMMARY JUDGMENT MOTION** to be served on all interested parties, as registered with the Court's E-Filing and E-Service System. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 1st day of December, 2017.

By: /s/ PATRICIA FERRUGIA

MORRIS LAW GROUP
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Exhibit 1

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc., Plaintiff, vs. 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 JUDY CODDING

TAKEN ON MARCH 1, 2017

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

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But I do know that we have a really significant and aggressive strategy in place that I think that -- I think that we need to see through that could bring the most value to the company.

I think that if the company were to be sold now, we wouldn't begin to get the value out of company that we will in the future.

And I also understand from the directors who knew Jim, Sr., that he would be very desirous of us to continue to develop what he started.

BY MR. KRUM:

Q. To which director are you referring? Ed Kane?

A. I've spoken to all of them.

Q. No. I'm sorry. Let me be more specific.

When you -- when you said that -- you testified to the effect you understand from directors who knew Jim, Sr., that he would be desirous to continue what he started, which directors are you referencing?

A. Well, I think that the one who articulates it the best is Ed and -- and Guy. But I think there's a general feeling on the part of all of the directors outside of the Cotter -- the Cotter

Page 159

family that would feel that way.

Q. So, to what are you referring to exactly when you referred to a significant and aggressive strategy in place?

A. I think it's the -- all of the development that we're doing and all of the refurbishing of the theaters, the development of the food and beverage and liquor licenses, the development of Union Square, the beginnings of Theaters 1, 2 and 3 across from Bloomingdale's.

I think that there is -- we have had the highest revenue we've ever had this year. And I think that there's just a lot that is going on that will just bring much more value to the company and its shareholders.

Q. Over what period of time?

A. The projections we have are out for three years, but I think that we would want to look carefully at 2020, as well.

Q. Why do you say that?

A. I think that's when we're going to see things happening with Theaters 1, 2 and 3, as well as the Union Square property, as well as some of the work that's going on in both Australia and New Zealand and the development of those properties.

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Q. Which properties are you referencing?

A. We're referencing New Market, referencing -- well, you know the property in Wellington now is -- we have a real opportunity to totally reshape that based on the earthquake.

And some of the issues around the parking structure there was prohibiting us from doing some things that we would hope to do, and now we're going to be able to do them to have more square footage.

I think we have 100 tenants in the -- New Zealand and Australia that leases are coming up at different times that we see ways to get more revenue from those. I think there's a lot that have an opportunity to bring a lot more value.

I think they're going to begin to look at the Coachella Valley property, which Reading is -- I think owns 50 percent of that.

Q. Is the strategy you've described embodied in any business plan?

A. Yes. That is the business plan. I mean there are many types of business plans, as you know. I've worked on many different formats and many different types. And we have a very clear business plan for every theater site that -- and real estate

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property that Reading owns.

Q. What I'm asking is whether there's a document or there are documents that embody the strategy and business plan as you described?

A. Yes, we have them.

Q. Which documents are those?

A. Well, we've -- we just have the latest one for '17, '18 and '19, which is the forward-looking documents.

Q. And when were those prepared?

A. They've been prepared over the last several months, as you would go into the 2017 year. An enormous amount of work has been done on them.

Q. Who has prepared them, to your knowledge?

A. I think the whole collective team in Australia and leadership in Australia and New Zealand and the leadership in the United States and -- whether it be Wayne Smith in the Australia/New Zealand and his team, Bob Smerling here, and -- for the U.S. cinema base.

And we have the document on the Union Square property, and we're -- they're beginning to develop the strategy for Theaters 1, 2 and 3.

Q. So, what kind of difference, if any, do

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advice from any investment banker or other financial person in connection with your decision-making in June of 2016?

A. No.

Q. Do you know whether any other director did?

A. I do not know.

Q. At the board meeting in June 2016 where the C.E.O. and the C.F.O. made their presentations and the conclusion regarding how to respond to the Patton offer or expression of interest was -- was made, who said what, if anything, about whether the board might, would, should or could consider selling the company?

MR. SEARCY: Objection. Vague.

THE WITNESS: That was one of our actions. That was one of the things we discussed.

BY MR. KRUM:

Q. Okay. Who said what?

A. I don't remember.

Q. Was there a conclusion?

A. Yes.

Q. What was the conclusion?

A. Not to sell.

Q. The company's not for sale?

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A. Yeah.

MR. KRUM: I'll ask the court reporter to mark as next in order what purports to be minutes of a June 23, 2016 RDI board of directors meeting.

(Whereupon the document referred to was marked Plaintiffs' Exhibit 492 by the Certified Shorthand Reporter and is attached hereto.)

THE WITNESS: Thank you.

MR. KRUM: What's our number?

THE REPORTER: I'm sorry. 492.

MR. KRUM: Thank you.

VIDEOTAPE OPERATOR: We have about ten minutes left before I have to change tapes.

MR. KRUM: Okay. Thank you.

THE WITNESS: Do you want me to read this all?

BY MR. KRUM:

Q. No. Not necessary.

A. Okay.

Q. And if you want to read it after I ask you a question or you want to read parts of it, obviously just tell me and I'm happy to have you do that.

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Do you recognize Exhibit 492?

A. I recognize it in light of reading all the minutes before we approve of them.

Q. So this is a -- minutes from the June 23, 2016 RDI board of directors meeting, correct?

A. Right.

Q. For your information, all that blacked-out text is something that was redacted --

A. Privileged.

Q. -- by counsel for the company.

I direct your attention, Ms. Codding, to page two of Exhibit 492.

In the paragraph above the subheading "Confidential Advice of Counsel" it records -- I don't know about records, it summarizes comments by Mr. Cotter about the absence of a business plan approved by the board of directors and the response of Ellen Cotter that management had, in fact -- and I'm reading,

"Management had in fact provided a preliminary business plan to the board in February 2016," and so forth.

Do you see that?

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A. I do.

Q. And do you understand to what the reference of a preliminary business plan --

A. Yes.

Q. -- in February 2016 is?

A. Yes. They made a presentation to the board, a very detailed presentation that lasted a long -- several hours on the business strategy.

And I think most all, if not all, of the directors felt that it was a terrific presentation. And we discussed it and asked questions about it thoroughly.

And it's the one we were proceeding on.

Q. So when you were testifying earlier about a business plan, that was the one that was the business plan on which you were relying in June of 2016; is that right?

MR. SEARCY: Objection. Vague.

THE WITNESS: Yeah. But periodically, as with any good strategy document, you get updates. And we were constantly being updated at every board meeting.

BY MR. KRUM:

Q. Okay. Let me show you what previously has been marked as Exhibit 449.

Exhibit 2

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc., Plaintiff, vs. MARGARET COTTER, et al., Defendants. and READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	Case No. A-15-719860-B Coordinated with: Case No. P-14-082942-E VOLUME III (Pages 494 – 565)

CONFIDENTIAL

VIDEO DEPOSITION OF DOUGLAS MCEACHERN

Wednesday, April 19, 2017

Los Angeles, California

REPORTED BY: JAN M. ROPER, RPR, CSR NO. 5705

JOB NO.: 387329B

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THE VIDEOGRAPHER: Will the court reporter please swear in the witness.

DOUGLAS MCEACHERN,
having been first duly resworn, was examined and testified further as follows:

EXAMINATION (Resumed)

BY MR. KRUM:

Q. Good morning, Mr. McEachern.
A. Good morning.
Q. Is there any reason you cannot give truthful and complete testimony today?
A. No.
Q. You're not taking any medication that impairs your memory or your judgment or anything of that nature?
A. No.
Q. You recall the process of a deposition; yes?
A. Yes.
Q. What did you do to prepare for your deposition today?
A. I had a half-hour -- 45-minute, hour conference call yesterday with Mr. Searcy, and I don't

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remember if Ellen was there for the entire time or not, but she was there for a portion.
Q. Did you review any documents?
A. Yes.
Q. Were these documents you selected or documents that were provided to you?
A. They were provided to me.
Q. Did any of these documents refresh your memory with respect to the subject matters therein?
A. I don't know what -- what do you mean?
Q. Well, do you know something today that you didn't remember --
A. No.
Q. -- prior to reviewing the documents?
A. No.
Q. When did you first hear or learn that an offer had been made to acquire all of the outstanding stock of RDI?
A. Some -- an offer to acquire the stock, sometime maybe in November, December. Prior to that, there was an indication of interest, but not an offer to buy the stock.
Q. Explain to me why you distinguish between -- why you characterize one as an indication of interest and the other as an offer.

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A. An offer: Here's what I'm willing to pay for the whole company, as opposed to: Here's an indication that I might have an interest in doing something.
Q. And the party or parties that made both the indication of interest and the November or December 2016 offer, included Paul Heth and Patton Vision; correct?
A. I thought Paul Heth was Patton Vision but --
Q. With that clarification, the answer is yes?
A. Yes.
Q. And what else, if anything, do you recall changed between the November or December 2016 offer and the prior indication of interest?
A. I believe the first indication of interest was in May -- May of 2016, and it was pretty much Patton Vision on its own. I think later on in the fall of 2016 there was a couple of other -- two or three other groups that Patton Vision had added to this to try to legitimize the offer -- my words -- TPG, Texas Pacific Group, and something that began with an "S." I can't remember the name of it. And I thought there was a third group maybe as part of this activity.
Q. You had heard of or were familiar with TPG?

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A. I was a partner with Deloitte. I retired in '09, and I believe at the time TPG was a client of Deloitte, based in the Bay Area. I don't know that they still are or not a client. But I'm familiar with them.
Q. Okay. What do you understand TPG to be?
A. An investment fund.
Q. Anything else?
A. That's all I recall. Bought companies.
Q. Big? Small?
MR. SEARCY: Objection. Vague.
THE WITNESS: I don't know.

BY MR. KRUM:

Q. Did you ever hear or learn that they had billions of dollars of assets under their control -- TPG does?
A. I wouldn't be surprised.
MR. KRUM: I'm going to ask the court reporter to slide me the exhibits so that I can hand them to the witness to facilitate this process.
Q. So, Mr. McEachern, you can watch me shuffle and stumble, instead of me watching you do it.
We're off to a slow start. We're missing the first document we marked today. Bear with me. Here we are.

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MR. SEARCY: Objection. Vague.
THE WITNESS: I don't recall.
BY MR. KRUM:
Q. Let's go back to the second page of Exhibit 494.
Do you see that there is apparently a substantial description of what Frank Reddick said that's been blacked out or redacted?
A. I see something's been redacted.
Q. Well, you see it says "Mr. Reddick then described," and down at the bottom "Mr. Reddick" and so forth. Then if you look at the next page, it says "Mr. Bonner", then all the text blacked out.
So with that by way of reference, do you recall either or both Frank Reddick or Mike Bonner speaking at the June 2, 2016 board meeting?
A. The minutes indicate they did, and I would have no reason to believe that they didn't speak at the board meeting.
Q. Do you have any independent recollection that they did so?
A. We've had a lot of board meetings, and we have a lot of attorneys at board meetings, and a lot of times attorneys speak up at board meetings. I can't remember who spoke up at what board meeting.

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Q. Okay. In connection with the indication of interest and/or the offer, as you've used those terms, did you personally consider seeking advice from independent counsel, meaning a lawyer, who would represent you as distinct from the company or a financial adviser, investment banker?
A. I do not recall that.
Q. Did you ever have any communications or discussions with anyone about doing so?
A. I believe it was a topic at a board meeting -- which one I don't recall -- and I believe we had legal counsel discussion of what our fiduciary responsibilities were.
MR. SEARCY: Let's not get into the details of what counsel may have advised you at the board. He's asked you a different question -- so I don't want you to get into legal advice provided at a board meeting. He's asked you a different question about whether you looked into obtaining your own personal counsel or if anyone else on the board talked about getting their own personal counsel.
THE WITNESS: No.
BY MR. KRUM:
Q. Okay. And without saying --
THE WITNESS: Thank you.

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BY MR. KRUM:
Q. Without saying who said what, when you testified a moment ago that you believed that you had legal counsel discuss what your fiduciary responsibilities were, you're referring to counsel for the company; correct?
A. Yes, I was.
Q. To the best of your recollection, was there any discussion at the June 2, 2016 board meeting about the cost or possible cost or anticipated cost of the board, or some members of the board, receiving independent advice, whether it be from legal counsel or a financial adviser or an investment banker?
A. I do not recall.
Q. Let's go back to Page 4 of Exhibit 494. I direct your attention, Mr. McEachern, to the second bullet point that begins, "It would not be cost effective at this point in time for the Company to incur the cost and expense of retaining outside financial advisors."
Do you see that?
A. Yes, I do.
Q. Having had that brought to your attention, does that refresh your memory about there being a discussion of the cost of engaging outside financial

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advisers?
MR. SEARCY: Objection. Vague. Are you asking about this meeting or ever?
MR. KRUM: This meeting.
THE WITNESS: It's documented that we had that conclusion, so I presume we had that discussion.
BY MR. KRUM:
Q. My question is: Having had that brought to your attention, does that prompt your memory that such a discussion occurred, or do you still have no memory of it?
A. As I said before, we had three or four board meetings over a period of time, and I had subsequent discussions with two trustees, whatever they're called, appointed by the estate judge for litigation that's going on on estate matters and things -- what happened when, I can't recall.
Q. Do you have a recollection, apart from the discussion with the trustees or whatever they're called, of having had any communications with anyone about you and/or any other members of the RDI Board of Directors engaging independent financial advisers in connection with either the indication of interest or the offer?
MR. SEARCY: I'd just object as to vague.

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Are you now asking him about this meeting or ever?
MR. KRUM: Ever. That's exactly what you prompted me to ask.
THE WITNESS: I don't recall.
BY MR. KRUM:
Q. Okay. What, if anything, was said at the June 2, 2016 board meeting about whether any or all of Margaret Cotter, Ellen Cotter, and/or Jim Cotter, Jr., would conceptually or, in fact, support a transaction that entailed the sale of a company -- the company?
A. I don't -- don't recall. I do recall this third bullet that's included here was brought to the board's attention by Bill Gould, the lead director, saying we should solicit input from the controlling shareholders, which would include all three of the Cotter kids -- children in that group.
The thing that stands out in my mind is a comment from Mr. Cotter, Jr., saying that this indication of interest was woefully inadequate, or words to that effect.
Q. When was that?
A. I'm sorry?
Q. When was that?
A. That's what I'm saying. I'm not sure if it was at this meeting or subsequent. There were

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multiple meetings that we had to discuss this.
Q. Okay. I direct your attention, Mr. McEachern, to Page 7 of Exhibit 494. In the middle of the page there's a subhead that says Union Square Presentation. Beneath it the text begins, "Margaret Cotter and Michael Buckley next updated the Board on the status of the company" --
A. Resolved that. Uh-huh.
Q. Okay. Okay. Yes. And so independent of what these minutes reflect --
A. I'm sorry. Which page are you --
Q. It starts on the prior page.
A. Okay. So is that --
Q. So I just -- so do you recall that, at the June 2, 2016 board meeting, there was a presentation regarding Union Square?
A. It's documented, so it must have taken place.
Q. Okay. But you don't recall whether it was that meeting or some other meeting?
A. Well, I had asked when we sort of initiated the Union Square activities and redeveloping that property, that the board be updated on a quarterly basis of the status of what was going on with the renovation of the building, and so we've had multiple discussions of Union Square, and I believe at least

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quarterly.
Q. Okay. Did there come a time in 2016 when the board authorized management to proceed with the full range of redevelopment activities, including, for example, securing construction financing?
A. I believe so.
Q. As of June 2016, what was your understanding, if any, as to the timetable for redevelopment of the Union Square property?
A. Do you want to go back to all the various pieces that consisted of the redevelopment of the property, including the landmark commission approvals and vacating the building? What is it that you want to get?
Q. The question I was asking, Mr. McEachern, concerned your understanding in June of 2016 looking forward, not backward.
So with that by explanation, as of June 2016, what was your understanding as to the status of the Union Square redevelopment?
A. Where were we in June 2nd of 2016? I'd have to go back and look at documents and see what we were told.
Q. Well, if you look at Page 8 of the June 2, 2016 minutes, Exhibit 494, in the middle of the page,

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which I think you mentioned earlier, it starts with the word "Resolved."
A. Yes, sir.
Q. You see that the management's authorized to proceed with the redevelopment of the Union Square property, and it talks about construction and construction financing and so forth.
A. Uh-huh.
Q. So take such time, if any -- if any time, you need to review that.
My question is: Does this refresh your memory that at the RDI Board of Directors' meeting on June 2, 2016, the board authorized management to proceed with the redevelopment of the Union Square property?
A. I would recharacterize what you just said to say that they continued, because we'd already been down the path of starting to do the reconstruction and renovation of the building. So it was already going on. We just confirmed what we'd previously done up to that date and authorized them to go forward with these other activities.
Q. At the June 2, 2016 board of directors meeting, who said what, if anything, about whether, and if so, how the matters resolved by the board as

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at approximately 4:00 p.m., and concluded at approximately 5:25 p.m.? The first page and last page is where I read that.

A. Yes, I see that.

Q. Does that comport with your recollection of this meeting, or do you have any?

A. I don't have any.

Q. So rather than me walking you through the minutes, tell me what you recall occurring at the June 23, 2016 board meeting. And if you look at the bottom of the first page, Mr. McEachern, you'll see that it describes the purpose of the meeting. Actually, at the bottom of the first page and the top of the second, if that's helpful, so you have the meeting in mind.

A. I'm sorry. What was your question again?

Q. So independent of what Exhibit 450 says, what is your recollection of --

A. What took place at this meeting?

Q. -- what took place at the June 23, 2016 telephonic board meeting?

A. I believe we discussed this indication of interest that Patton Vision had for the company, and we discussed the valuation of real estate assets and the cinema assets of the company to try to come up

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with what management perceived their view of the value of the assets were and compared that to the offer that we had received for the indication of interest.

Q. What discussion was there, if any, about what would be done or what might be done to actualize the value that management perceived?

MR. SEARCY: Objection. Vague.

THE WITNESS: There were -- I don't know that there were specific items discussed at that meeting. There could have been. But in the context of a business plan that's been put together by management that's been endorsed by the board, there are renovation activities taking place with the cinemas. There is development efforts taking place with Union Square. There's proposed redevelopment efforts taking place of a property called Cannon Park in Australia. There are additional theater development activities taking place in New Zealand.

I'm trying to think of the pieces that are going on. There is the Newmarket development taking place in Australia. There is a -- there is another development taking place in Australia, and I've forgotten the name of the city.

But there are a series of redevelopment efforts taking place with cinemas to enhance their

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performance.

At the same time, there was a -- I don't know when it began; I know sort of when it ended -- a theater development activity taking place in Hawaii.

BY MR. KRUM:

Q. You refer to a business plan put together by management endorsed by the board.

What business plan is that?

A. It's fairly well documented. I would imagine that it's been turned over. It was an attachment to some of the documents I saw yesterday.

Q. Let me you show you what previously was marked as Exhibit 496. I direct your attention, Mr. McEachern, to the third page of that document entitled Mission, Vision & Strategy.

A. Yes.

Q. Do you recognize that document?

A. Yes, I do.

Q. What is it? First of all, where does it start, and where does it end?

A. I'm trying to find that out.

Q. My suggestion is that it ends at 17993. But you decide and let me know. I'm just trying to be helpful.

A. I think it ends at 17995. I think the rest

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are agendas for various other board meetings.

Q. So my question is: Is this document, Mission, Vision & Strategy, commencing on the third page of Exhibit 496 with production No. 17966 -- is that the document you've referenced as a business plan?

A. Where is the document 179 -- is that this document here? I'm not familiar with the numbering system. I'm sorry.

Q. Yeah. So let me ask the question again. Looking at Exhibit 496 and turning your attention to the document beginning on the third page, which is entitled Mission, Vision & Strategy --

A. Uh-huh.

Q. -- is that document, the Mission, Vision & Strategy document, the document to which you're referring when you testified a moment ago that there was a business plan?

MR. SEARCY: Objection. Vague.

THE WITNESS: There was this document, and there was a subsequent one, and there may have been a third updating various things. It's a document, and it's a work in process.

BY MR. KRUM:

Q. When was the third?

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A. This is from -- like all of the board meetings, things sort of run together. They're attached to the various board minutes, I would imagine.

Q. Can you describe the third in any --

A. We're assuming there is. I said there might have been.

Q. Okay. Fair enough. So as of June 2016, what did you understand the document or documents embodying the business plan to be?

A. I don't understand the question. I'm sorry. Do you want to know what they said? what they were doing?

Q. No, I want to know what they are. Which documents embodied the business plan? This is one, unless it was superseded; right?

MR. SEARCY: Objection. Vague.

BY MR. KRUM:

Q. So let me show you --

(Reporter interruption in proceedings.)

MR. KRUM: Yeah. I'm sorry.

THE WITNESS: I don't know the answer to the question. I'm sorry.

BY MR. KRUM:

Q. So I'm going to hand you Exhibits 497 and

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498. You should recognize them as the PowerPoints from the 2015 and 2016 annual shareholders meeting. Let me give them to you and see if you do.

A. I recognize the document from the 2015 meeting and specifically recall a -- I think it was by Craig Tompkins -- a remembrance of Jim Cotter, Sr., that was made at the meeting at the beginning of it.

Q. Which exhibit was that one?

A. 497.

Q. Okay.

A. And 498: And I recognize 498 as having been presented at the stockholders meeting in June of 2016.

Q. Now, are either or both of those documents documents that you view as containing or embodying or setting out the business plan to which you referred in your prior testimony?

A. I think --

MR. SEARCY: Objection. Vague.

Go ahead.

THE WITNESS: I'm sorry.

MR. SEARCY: That's all right. I'm just objecting. Go ahead.

THE WITNESS: I think they're components. I think there was a much broader discussion that was done internally that was presented to the board.

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These were presentations to shareholders.

BY MR. KRUM:

Q. Prior to 2017, when, if ever, was something you would call a business plan presented to and approved by the RDI Board of Directors?

MR. SEARCY: Other than what he's already testified to?

THE WITNESS: I recall no business plan or strategy being documented or put forth until sometime in the November 2015 time frame when Ellen Cotter was the interim -- I think she was still the interim CEO of the company at the time. Before that, there was nothing that existed in the company.

BY MR. KRUM:

Q. What existed for the first time in or about November of 2015?

A. We started to have the development of a strategy and a business plan for Reading International.

Q. You know, you're putting -- as you answered that, you're putting your hands on Exhibits 497 and 98.

So the question I should ask: Are you referring to those in your answer?

A. 497, yes.

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Q. Let me show you what previously has been marked as Exhibit 499.

A. Are we done with these two?

Q. Yes.

A. Okay.

Q. Have you ever seen Exhibit 499?

A. I'm not certain.

Q. So -- please go ahead.

A. Let me explain why I'm saying I'm not certain. This was something that was presented to an investor conference sponsored by B. Riley, and I don't know that we saw this beforehand or not. Some of the pieces of it are embedded in these other documents that you've handed me.

Q. You've seen it previously, Exhibit 499?

A. I said I'm not certain.

Q. So how do you know that some of it are embedded in the other documents?

A. I just flipped through it and saw the documents that I saw over here.

Q. Okay. So let me ask you to take a look back, Mr. McEachern, at Exhibit 449 -- sorry. I misspoke. I have the wrong number. It's 496.

A. Uh-huh.

Q. Sorry. Part of which was previously marked

[redacted]

[redacted]

Q. Did you ever have any communications with anybody in which the subject was or a subject was the value of RDI's cinema operations business?

A. I've been aware of having ranges of the value of the cinema operations being discussed, yes.

Q. Okay. And I direct your attention to the bottom of -- well, strike that.

Before I ask you to look at that, do you have any recollection of numbers, whether in terms of aggregate value or value per share of RDI stock?

A. No, I don't. I do know that in one of these analysis that has been presented, management has said -- has presented: Here's what our cash flow in the cinema operations are, and you take your pick as to whether you think it's a 6, 7, 8, 9, or 10 multiple that you apply to the cash flows.

Q. Which did you pick, if any?

A. I don't recall having settled on anything.

[redacted]

[redacted]

[redacted]

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shareholders' view of this particular situation. You asked about a sale of the company versus this expression of interest by Patton Vision. I know they didn't -- they said that they didn't support that, the sale of the company. I think they wanted to continue to realize the value of the company and get it done.

Q. So who said what during the discussion that Bill Gould prompted or led?

A. I don't recall.

Q. Beyond recalling -- but you do recall that Ellen and/or Margaret indicated that they were opposed to pursuing either the expression of interest and/or the offer by Patton Vision; is that right?

MR. SEARCY: Objection. Vague. Misstates testimony.

THE WITNESS: It does what to testimony?

MR. SEARCY: Misstates testimony. Go ahead.

THE WITNESS: Okay. At some point -- I believe it was at that meeting; it could have been later -- they expressed that they were not interested in pursuing this expression or indication of interest, and I do believe it was Bill Gould who initiated the discussion about what the controlling shareholders want, but I could be wrong on that, too, but that's my recollection.

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BY MR. KRUM:

Q. Let's go back, Mr. McEachern, to Exhibit 450, which should be in your stack there. It's one that's previously marked.

A. Is that June 23rd minutes?

Q. Yes.

A. Okay. It's marked differently than these others.

Q. Right. I direct your attention to Page 12 of Exhibit 450.

A. Okay.

Q. Do you see Point F begins with the words "The opposition of certain controlling stockholders to a change of control transaction at this time"?

A. I see that, yes.

Q. And let's -- does that refresh your recollection that it was at the June 23 -- strike that. Does that refresh your recollection that it was at or prior to or both that Ellen and Margaret Cotter indicated -- that was very convoluted. I apologize.

Does that refresh your memory that at the telephonic board meeting of June 23, 2016, Ellen and/or Margaret Cotter indicated that they were opposed to a change of control transaction or a sale of the company?

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A. I see that, that it was documented there. It could have been that I was told that earlier by Ellen or Margaret.

Q. Take a look at Page 13 at the third "Whereas" clause, which reads, "The Board of Directors does not believe that a change of control transaction would be supported by the Company's controlling stockholder."

Do you see that?

A. I see that.

Q. Do you -- does that refresh your recollection that at the June 23 board meeting there was a discussion that resulted in that conclusion?

MR. SEARCY: Objection. Vague.

THE WITNESS: I thought that I indicated that I was aware of it then, but I might have heard about it earlier.

BY MR. KRUM:

Q. Okay. So but my question is: Does this refresh your recollection about that meeting?

A. No.

Q. No? At the bottom of Page 12 and the top of Page 13, it indicates that Ellen Cotter, as the chairman, asked the board to consider and select between two alternative approaches.

Do you see that?

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A. I see that, yes.

Q. Is that your recollection of the two approaches the board considered at that point in time on June 23, 2016?

A. Could you repeat your question. I'm sorry.

Q. Do you recall that those were the two approaches the board chose between at the meeting -- the telephonic meeting of June 23, 2016?

A. No.

Q. And "no" means you don't recall; correct?

A. I don't recall.

Q. Would your -- would your view of how to respond to the -- to an expression of interest or an offer from Patton Vision have been different if the offer price were $26?

A. 26 to 30 bucks a share, I think we would have had a much bigger discussion of things, yes.

Q. What if it were $22?

A. I can't answer if it wasn't on the table.

Q. So I assume the same is true for any other number below $22 and above 17 -- no, and above 18.50; right?

A. I would assume, but I don't know.

Q. So did you make any -- did you reach any conclusions about -- strike that.

Exhibit 3

Filed Under Seal

Exhibit 4

Filed Under Seal

Exhibit 5

Filed Under Seal

Exhibit 6

Filed Under Seal

Exhibit 7

DEC
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Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT
CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation;

Nominal Defendant.

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

Plaintiffs,

vs.

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

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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

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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

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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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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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Exhibit 8

Filed Under Seal

Exhibit 9

Filed Under Seal

Exhibit 10

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

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

Date of report (Date of earliest event reported): March 2, 2017

READING INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

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

5995 Sepulveda Blvd, Suite 300, Culver City, California	**90230**
(Address of Principal Executive Offices)	(Zip Code)

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

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

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

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

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

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

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

Item 8.01 Other Events.

Reading International, Inc. (“Reading” or the “Company”), through its separate press releases dated March 6, 2017, announced the following matters approved by its Board of Directors at a meeting held on March 2, 2017: (i) $25 million stock repurchase program of Reading’s non-voting common stock, and (ii) three-year business strategy.

Item 9.01 Financial Statements and Exhibits.

99.1 Press release issued by Reading International, Inc. on March 6, 2017, entitled “$25 Million Stock Repurchase Program Approved by Reading International, Inc.”.
99.2 Press release issued by Reading International, Inc. on March 6, 2017, entitled “Reading Board Approves 3-Year Business Strategy”.

RDI-A08944

RDI-A08945

SIGNATURES

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

READING INTERNATIONAL, INC.

Date: March 7, 2017

By: /s/ Devasis Ghose
Name: Devasis Ghose
Title: Executive Vice President & Chief Financial Officer

EX-99 2 c634-20170307xex99.htm EX-99

$25 Million Stock Repurchase Program Approved by Reading International, Inc.

Los Angeles, California – Monday, March 6, 2017 – Reading International, Inc. ("Reading") (NASDAQ: RDI) today announced that its Board of Directors has authorized a stock repurchase program to repurchase up to $25 million of Reading's Non-Voting Common stock.

"This new stock repurchase program reinforces the Board's commitment to delivering stockholder value and underscores the confidence we have in our business strategy, our financial performance, and our prospects for 2017 and beyond," said Ellen Cotter, Chair, President and Chief Executive Officer. "Our Board on March 2, 2017, approved management's three year business strategy for our Company, which focuses on the continued development of new cinemas in the United States, Australia and New Zealand, the continued improvement of our existing cinemas to elevate the guest experience, presentation and food and beverage program, and the continued re-development of our various real estate assets (including our Union Square and Cinemas 1,2&3 properties in New York City and our Australia and New Zealand Entertainment Themed Centers). Reading had near record high revenues during the third quarter of 2016 and we remain confident in our future earnings potential as we continue to execute our global cinema strategy and maximize the value in our various real estate projects."

Dev Ghose, Executive Vice President and Chief Financial Officer, said, "As we previously committed, the Company completed its prior share repurchase program at the end of 2016. Reading's continued execution of its strategy is driving solid free cash flows, which enables us to consider opportunistic stock repurchases while maintaining ample liquidity to drive the growth contemplated by our current business strategy and to continue to make strategic investments in our cinemas and real estate development projects. "

The prior repurchase program was completed at the end of 2016, purchasing 181,739 shares of Class A Non-Voting Common Stock between November 15th and December 29th, at an average price of $15.64 per share. The newly approved repurchase program will allow Reading to repurchase its Class A Common Shares from time to time in accordance with the requirements of the Securities and Exchange Commission on the open market, in block trades and in privately negotiated transactions, depending on market conditions and other factors. All purchases are subject to the availability of shares at prices that are acceptable to Reading, and accordingly, no assurances can be given as to the timing or number of shares that may ultimately be acquired pursuant to this authorization. The Board's authorization is for a two year period, expiring March 1, 2019, or earlier should the full repurchase authorization be expended. The repurchase program does not obligate the Company to acquire any specific number of shares and may be suspended or terminated at any time.

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
  - Angelika Film Center brand (http://www.angelikafilmcenter.com);
  - Consolidated Theatres brand (http://www.consolidatedtheatres.com);
  - City Cinemas brand (http://www.citycinemas.com);
  - Reading Cinema brand (http://www.readingcinemasus.com);
  - Liberty Theatres brand (http://libertytheatresusa.com); and
  - 44 Union Square (http://44unionsquare.com).
- in Australia, under the
  - Reading Cinema brand (http://www.readingcinemas.com.au);
  - Auburn Redyard brand (http://www.auburnredyard.com.au);
  - Cannon Park brand (http://www.cannonparktownsville.com.au); and
  - Newmarket Village brand (http://newmarket-village.com.au).
- in New Zealand, under the
  - Reading Cinema brand (http://www.readingcinemas.co.nz); and.
  - Courtenay Central brand (http://www.courtenaycentral.co.nz).

Cautionary Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 (the "Exchange Act").

For a detailed discussion of these and other risk factors, please refer to Reading International's Annual Report on Form 10-K for the year ended December 31, 2015 and other filings Reading International makes from time to time with the Securities and Exchange Commission (the "SEC"), which are available on the SEC's Web site (http://www.sec.gov).

Investors are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Reading International does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after the date of this press release, or to reflect the occurrence of unanticipated events.

Contacts:
Reading International, Inc.
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Andrzej Matyczynski, Executive Vice President for Global Operations
213-235-2240

or

Joele Frank, Wilkinson Brimmer Katcher
Kelly Sullivan or Matthew Gross
212-355-4449

EX-99.2 3 c634-20170307xex99_2.htm EX-99.2

Reading Board Approves 3-Year Business Strategy

Votes to Pursue Independent Business Strategy

Los Angeles, California – Monday, March 6, 2017 – Reading International, Inc. ("Reading") (NASDAQ: RDI) announced today that its Board of Directors has approved a three-year business strategy prepared by management. The business strategy focuses on the continued development of new cinemas in the United States, Australia and New Zealand, the continued improvement of our existing cinemas to elevate the guest experience, presentation and food and beverage program, and the continued re-development of our various real estate assets (including our Union Square and Cinemas 1, 2 & 3 properties in New York City and our Australia and New Zealand Entertainment Themed Centers).

In a separate release today, the company also announced that the Board has also authorized a stock repurchase program to repurchase up to $25 million of Reading's Non-Voting Common stock.

Following adoption of the company's three year business strategy, the Board considered whether it was in the best interests of the Company and its stockholders to continue to pursue its independent business strategy. As previously disclosed, Reading received correspondence from Patton Vision LLC in May and September of 2016 in which Patton Vision made unsolicited, non-binding indications of interest to acquire all of Reading's outstanding stock at $17.00 per share and again in December 2016 at $18.50 per share in cash.

Upon completion of its review, the Board confirmed its determination that Reading and its stockholders would be best served by the continued independence of Reading and by the pursuit of its three year business strategy. The Board instructed management to inform Patton Vision that the Board does not have any present interest in engaging in discussions regarding a possible sale of Reading.

The following is the text of the letter that was sent on March 6, 2017, to Patton Vision Principal, Paul Heth:

Delivered by Mail and Email

Mr. Paul B. Heth
Principal
Patton Vision, LLC
2140 S. Dupont Highway
Camden, DE 19934

Dear Mr. Heth:

At our Board Meeting of March 2, 2017, the Board of Directors of Reading International, Inc. approved the three year business strategy prepared by Management. Our business strategy focuses on the continued development of new cinemas in the United States, Australia and New Zealand, the continued improvement of our existing cinemas to elevate the guest experience, presentation and food and beverage program, and the continued re-development of our various real estate assets (including our Union Square and Cinemas 1, 2 & 3 properties in New York City and our Australia and New Zealand Entertainment Themed Centers).

Since we are in a black out period, pending the filing of our Annual Report on Form 10K, we are limited in what we can say here. However, we will be filing our annual report on Form 10K in the near future, and we urge you to review it in detail.

At our March 2, 2017 meeting, in light of your latest indication of interest, our Board, having thoroughly evaluated its three year business strategy, considered whether our Company and our stockholders would be best served by the continued independence of our Company.

Upon completing its review, the Board determined that our Company and our stockholders would be best served by the continued independence of our Company and by the pursuit of the above referenced business strategy. On behalf of the Board, I have been advised to inform you that our Board does not have any present interest in engaging in discussions regarding a possible sale of our Company.

Very Truly Yours,
Ellen Cotter
Chairman of the Board, Chief Executive Officer and President
Reading International, Inc.

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  - Cannon Park brand (http://www.cannonparktownsville.com.au); and
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Investors are cautioned not to place undue reliance on our forward-looking statements, which speak only as of the date such statements are made. Reading International does not undertake any obligation to publicly update any forward-looking statements to reflect events, circumstances or new information after the date of this press release, or to reflect the occurrence of unanticipated events.

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213-235-2240

or

Joele Frank, Wilkinson Brimmer Katcher
Kelly Sullivan or Matthew Gross
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Exhibit 11

Filed Under Seal

Exhibit 12

Filed Under Seal

Exhibit 13

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Attorneys for JAMES J. COTTER, JR.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES, CENTRAL DISTRICT

In re the JAMES J. COTTER LIVING TRUST dated August 1, 2000, as amended	Case No. BP159755 Assigned for All Purposes to: The Hon. Clifford L. Klein ***EX PARTE* PETITION OF CO-TRUSTEE JAMES J. COTTER, JR. FOR APPOINTMENT OF TRUSTEE *AD LITEM*** Date: February 9, 2017 Time: 8:30 a.m. Dept: Room 260

RDI-A08959

Petitioner James J. Cotter, Jr. ("**Jim Jr.**"), co-trustee of the James J. Cotter Living Trust dated August 1, 2000, as amended (the "**Trust**"), established by James J. Cotter, Sr. ("**Jim Sr.**"), hereby petitions this Court *ex parte* for an order appointing a trustee *ad litem* with full power and authority to consider an offer ("**Offer**") from Patton Vision, LLC ("**Patton Vision**") to buy, at a premium, the Trust's shares of Reading International, Inc. ("**RDI**" or the "**Company**"), and to take all actions the interim trustee deems necessary and appropriate in connection with the Offer, including without limitation, negotiating with Patton Vision, or others, and selling the stock. In support thereof, Jim Jr. respectfully alleges as follows:

I. INTRODUCTION

1. On January 23, 2017, Patton Vision communicated to Margaret Cotter ("**Margaret**"), Ellen Cotter ("**Ellen**"), and Jim Jr., as co-trustees of the Trust under a 2014 Amendment thereto (the "**2014 Amendment**"), the Offer to buy the Trust's shares of RDI for $18.50 a share, representing a significant premium[1] over market value.[2] Patton Vision has requested an opportunity to discuss its offer with Margaret and Ellen, but they have refused to respond, to consider the Offer, or to engage in any due diligence. At this point in the Trust proceedings, the inaction by Margaret and Ellen should come as no surprise to this Court.

2. As counsel for Margaret and Ellen admitted in opening statements at trial of their contest of the 2014 Amendment, and which has become plain during those proceedings, the Cotter sisters will do everything in their power, including advocating for their own disinheritance, in order to control the Company that employs them. As Mark Cuban, owner of approximately 12.37% of RDI's voting stock, recently complained (or warned) in a statement to the press, RDI's "stock is far lower than it should be because it appears to be run like a family piggy bank."[3] We

---

[1] The offered $18.50 per share represents a premium of more than 40% over RDI's market value as of May 26, 2016, which date is significant because, as explained in more detail below, that is the date on which Patton Vision first sought to acquire RDI (and before RDI's status as an acquisition target became public).

[2] Patton Vision made a similar offer simultaneously to Margaret and Ellen as co-executors of the Will of Jim Sr. for the RDI shares in the Nevada probate estate which Margaret and Ellen have so far refused to distribute to the Trust as required by the Will.

[3] https://www.thestreet.com/story/13975025/1/heth-continues-run-at-reading-international.html

RDI-A08960

is even more troubling is that the trustees have a fiduciary duty to manage the Trust's RDI voting stock solely for the benefit of Jim Sr.'s grandchildren, not as their own personal piggy bank. Whether the 2014 Amendment or the 2013 Restated Trust is ultimately held to be the governing instrument, the voting stock of the Trust is to be set aside in a subtrust, the "Voting Trust," for the benefit of Jim Sr.'s grandchildren (three of whom are Jim Jr.'s children, two are Margaret's).

3. Ellen and Margaret have an irreconcilable conflict, which by their actions in response to this and two prior offers by Patton Vision, Ellen and Margaret have shown themselves unwilling to resolve, as legally required of them, in favor of what is in the best interests of the grandchildren, and only the best interests of the grandchildren. Ellen and Margaret, as trustees, are required to act solely in furtherance of the grandchildren's welfare, even if it is not in their own personal pecuniary interest. Thus, even if Patton Vision could discontinue the employment services of Margaret and Ellen upon acquiring the RDI stock, Margaret and Ellen must support a sale to Patton Vision if it were in the ultimate best interests of the grandchildren.

4. In light of the conflict, and Margaret and Ellen's refusal to consider or explore a possible sale, a trustee *ad litem* should be appointed for that purpose who has no personal agenda at stake. Without prejudging how an independent trustee might come out on the Patton Vision Offer, or any other, there is no doubt a compelling reason to believe that a sale would be the only reasonable solution. Currently, the grandchildren's entire inheritance is tied to one stock in one company, which, as noted above, appears to be run as a family piggy bank according to the next largest stockholder. Selling at a premium and investing the proceeds in a diversified portfolio of assets would minimize risk and maximize potential gains, as has been historically proven to be true. In addition, a sale would likely end all of the litigation and conflict since it is all based upon control of RDI. It is also important to note that while Jim Sr. clearly intended all three of his children to be involved in RDI, Margaret and Ellen ensured that Jim Sr.'s intent in that regard would not be carried out by terminating Jim Jr. from the Company and attempting to oust him from the RDI Board, and Margaret and Ellen have argued repeatedly at trial that Jim Sr.'s intent could not be carried out, because Jim Sr. could not tie the hands of the Board of Directors of this

public company. Notwithstanding, the grandchildren are the only beneficiaries of the Voting Trust and their interest is the only interest that counts.

5. This conflict necessitates immediate relief. Patton Vision's principal has recently stated in the press that he is willing to consider a higher offer for RDI if "a valuation path that is greater than our offer that makes sense," but that "other opportunities are presenting themselves, and we're going to proceed where we can execute."[2] In other words, time is of the essence.

6. For these reasons, Jim Jr. respectfully requests that this Court appoint an independent trustee *ad litem* with full authority to consider the Offer, engage in the due diligence necessary to do so, negotiate if the interim trustee deems appropriate and take all actions necessary and appropriate to consummate a transaction in the trustee's reasonable judgment and discretion.

II. JURISDICTIONAL ALLEGATIONS

7. Jim Jr. is a co-trustee of the Trust under the 2014 Amendment, a beneficiary under both the 2014 Amendment and the 2013 complete restatement of the Trust (the "**2013 Trust**"), and an interested person as defined in Section 48 of the Probate Code. Jim Jr. therefore has standing to bring this Petition. Prob. Code §§ 1310, subd. (b), 15642, subd. (e), 17206.

8. Margaret and Ellen are co-trustees under the 2014 Amendment with Jim Jr. (and would be sole trustees of the 2013 Trust if the 2014 Amendment were invalidated). Ellen resides in this County. Margaret resides in New York, New York.

9. The Trust is administered in this County and all three co-trustees have invoked the jurisdiction of this Court on that basis in various other petitions in this proceeding. This Court has jurisdiction over Jim Jr.'s Petition, which concerns the internal affairs of the Trust, pursuant to California Probate Code § 17000(a).

10. Venue is proper pursuant to California Probate Code § 17005(a)(1), because the principal place of the Trust's administration is in Los Angeles County.

III. FACTUAL ALLEGATIONS

A. The Grandchildren's Interest In The RDI Voting Stock.

11. Pending litigation will determine which provisions of which Trust instrument govern. But under either the 2014 Amendment or the 2013 Trust, Jim Sr.'s RDI voting stock is to

be distributed to a sub-trust for the ultimate benefit of Jim Sr.'s grandchildren titled the Reading Voting Trust. Under the terms of the 2014 Amendment, but not the 2013 Trust, Margaret, Ellen and Jim Jr. have what amounts to a theoretical income interest in part of the Reading Voting Trust for some period of time. Margaret, Ellen and Jim Jr. have no interest whatever in the Reading Voting Trust if the 2013 Trust governs and the 2014 Amendment is invalid. The Voting Trust under the 2014 Amendment would be divided into a generation skipping transfer tax ("GST") exempt share and a non-GST exempt share. Only under the 2014 Amendment, Margaret, Ellen, and Jim Jr. would be entitled to discretionary payments of net income for their lifetimes from the non-GST exempt share. The sole asset is the RDI voting stock. The only possible income would be dividends, but RDI does not issue dividends nor is there any plan that RDI will ever issue any dividends. Thus, this so-called income interest to part of the Voting Trust under the 2014 Amendment, if it is valid, is non-existent. It is merely theoretical.

12. Under the 2014 Amendment, the entire GST exempt share and the remainder of the non-GST exempt share is to be held for the benefit of the grandchildren. If the 2014 Amendment is found invalid and the 2013 Trust governs, the grandchildren and only the grandchildren have any interest (the children do not even have the theoretical income interest in part as discussed above). Under the 2013 Trust, the Reading Voting Trust is not divided into GST exempt and non-exempt shares and Jim Sr.'s children have no right or interest in the Reading Voting Trust at all. Instead, all of the voting stock is to be held in trust for the sole benefit of Jim Sr.'s grandchildren.[4]

13. Although Margaret and Ellen have no right to ownership of the RDI voting stock under the 2013 Trust or the 2014 Amendment, they are the only ones who have benefitted from the Trust's RDI stock because they have used that voting stock to maintain control of RDI for themselves. Through that control, they ensured the termination of Jim Jr. as CEO, the promotion

[4] The significant difference between the 2014 Amendment and the 2013 Trust, which has spawned the litigation between the parties, is in the naming of successor trustees for the Trust and trustees for the Reading Voting Trust. Under the 2014 Amendment, Ellen, Margaret and Jim Jr. are successor co-trustees of the Trust, and Jim Jr. and Margaret are co-trustees of the Reading Voting Trust. Whereas, under the 2013 Trust, Ellen and Margaret are the successor co-trustees of the Trust, and Margaret is the sole trustee of the Reading Voting Trust. In other words, the 2013 Trust would give Margaret and Ellen sole control over RDI. It stands to reason that should the voting stock sell, the litigation between the Cotter siblings may finally reach a resolution.

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of Ellen to replace Jim Jr. as CEO, and the hiring of Margaret as an employee (she had been for decades merely an independent consultant prior to Jim Sr.'s death). Margaret and Ellen used that control to institute lucrative compensation arrangements for themselves. As long as Margaret and Ellen keep the voting stock in Trust, their positions of control of RDI remain.

B. The Offer To Buy The Trust's Voting Stock

14. The Patton Vision Offer provides the grandchildren with an opportunity to profit significantly, and to protect their inheritance from market volatility by allowing the trustee to invest the proceeds of the sale of the voting stock in a diversified portfolio.

15. On May 31, 2016, Patton Vision wrote to Ellen, as RDI's CEO, offering to purchase RDI, both the voting and non-voting stock, for $17 per share, which was a significant premium over the market price of the stock.

16. At a June 2, 2016 meeting, Ellen advised RDI's Board of Directors of the Patton Vision offer.

17. On June 23, 2016, the Board met to discuss the Patton Vision offer. Ellen gave an oral presentation in which she concluded that the $17/share offer did not reflect RDI's true value. Ellen and Margaret also indicated that they did not support a sale of RDI. Jim Jr. reserved judgment, citing insufficient information. In the end, the Board declined to hire an outside independent investment advisor, and declined to pursue the offer. The Board indicated that one of its factors in deciding not to pursue the Patton Vision Offer was that the Company's controlling shareholder, i.e., Ellen and Margaret, were not in favor of doing so.

18. Ellen rejected Patton Vision's May 31, 2016 offer on September 14, 2016 without even attempting to discuss, much less negotiate, with Patton Vision.

19. Patton Vision again wrote to Ellen on September 14, 2016, reiterating its prior offer.

20. On October 31, 2016, Patton Vision sent letters to each member of the RDI Board. In this letter, Patton Vision stated, "I am requesting a meeting in person, or over the phone, to establish a reasonable and appropriate dialogue going forward. *We are concerned that the executive leadership's unwillingness to engage in a dialogue with Patton Vision, will make it*

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impossible for the Board to properly consider our proposal at the upcoming Board of Directors Meeting scheduled for November 7, 2016."

21. Patton vision additionally explained,

> You also may or may not be aware that the CEO and Board Chair of Reading International, Inc., Ms. Ellen Cotter, despite a number of personal written requests over nearly a five month period, has been unwilling to meet with me and representatives of my consortium. I have emphasized to Ms. Cotter in our correspondence that a higher valuation for my offer may be warranted, should there be non-public information about which I am unaware. To my knowledge, she and the executive leadership of the Company have not appointed a subcommittee, or an independent committee of the Reading International Board, to consider my offer to the level of detail that all shareholders of the company and the offer deserves.
>
> Certainly, it is necessary for such a material matter, such as our offer, to be treated with respect and according to the fiduciary responsibilities of you and your colleagues on the Reading International, Inc. Board of Directors. Before any formal discussion of the offer at your Board level, a detailed discussion in person is warranted.
>
> Please let me be very clear, and repeat that our offer is in fact a bona fide, fully-funded, all cash offer, that would provide your shareholders a significant premium to the current publicly listed price of the company's shares.

22. The Board considered Patton Vision's newest offer on November 7, 2016. It still did not engage an outside investment advisor or conduct any diligence on the Patton Vision Offer.

23. In another one-page letter dated November 10, 2016, Ellen again dismissed out-of-hand Patton Vision's proposal, based on the surface-level discussion at the Board's November 7, 2016 meeting.

24. On December 19, 2016, Patton Vision reached out to Ellen yet again, and increased its offer to $18.50 per share, which again represented a significant premium.

25. Ellen did nothing substantive in response.

26. Despite having received no meaningful response from RDI, Patton Vision renewed its offer to buy RDI for $18.50 per share again on January 23, 2017.[5] This time, it directed its

---

[5] The Offer was for RDI's voting stock and for the non-voting stock. That is of no moment here because, according to Margaret and Ellen, the Trust's shares of RDI non-voting stock would go to

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offer not to Ellen as CEO of RDI, but to Ellen, Margaret, and Jim Jr. as co-trustees of the Trust under the 2014 Amendment. Patton Vision expressly offered to consider a higher sale price if one could be justified.

27. Patton Vision made the same offer to Margaret and Ellen as the sole executors of Jim Sr.'s Will.[6]

C. **The Patton Vision Offer Pits Margaret And Ellen's Personal Interests Against The Interests Of The Grandchildren**

28. Margaret and Ellen have not responded to Patton Vision's latest offer to them as trustees and executors, and Jim Jr. is informed and believes that Margaret and Ellen have done nothing to evaluate the Offer. In light of Ellen's refusal to respond meaningfully to the offers made directly to RDI, it stands to reason that she and Margaret will do what has been done since May 2016: dismiss the Offer in order to preserve their control of RDI.

29. Ellen and Margaret's consistent dismissals of Patton Vision's offers—at more than 40% over the market price for RDI's stock—puts them clearly at odds with the grandchildren-beneficiaries of that stock, under either the 2014 Amendment or the 2013 Trust.[7]

30. It is in the grandchildren's best interests for an independent trustee *ad litem* to consider objectively the Patton Vision Offer. As noted above, the grandchildren's shares of RDI voting stock are providing them no present monetary benefit. If Patton Vision's Offer were

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the James J. Cotter Foundation and it, like the grandchildren, are served by considering Patton Vision's above-market offer.

[6] There is no dispute that Jim Sr. owned 1,123,888 shares of RDI voting stock at his death. Because Margaret and Ellen have refused to marshal Trust assets, 427,808 shares of Jim Sr.'s voting stock are being administered in the probate estate and 696,080 shares are currently held in the Trust.

[7] It should be noted that Margaret and Ellen previously objected to the appointment of an independent guardian *ad litem* to represent the grandchildren's interest in this proceeding, alleging that the interests of Margaret and Jim Jr. are aligned with their children's interests, such that the expense of a guardian *ad litem* was not necessary for the Trust. As noted in the main text, there is serious doubt as to whether Margaret's interests align with that of her children. Moreover, as a practical matter, Margaret and Ellen have divested Jim Jr. of any meaningful ability to represent his children's interests by taking the position that they alone have the right to vote the Trust's RDI voting stock because they constitute a majority of trustees, effectively denying any representation to Jim Jr.'s children. Jim Jr. therefore renews his request for the appointment of a guardian *ad litem* by way of a separately filed petition.

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accepted, by contrast, the Reading Voting Trust would receive more than $33 million, which could in turn be invested in a diversified portfolio allowing the grandchildren to realize now the benefits of their stock ownership. Moreover, the grandchildren would be able to receive their inheritance outright at age 31, instead of receiving income or principal at the discretion of a trustee.[8]

31. Margaret and Ellen, by contrast, have a personal interest in maintaining control of RDI, which gives them a present benefit, as they currently run the Company, Ellen as its CEO and Margaret as Executive Vice President of Real Estate Management and Development-NYC. They have shown themselves willing to act against their own pecuniary interest to maintain that control (if they win the Trust contest, they lose tens of millions of dollars in inheritance), and there is no reason to believe that they will put the grandchildren's pecuniary interests above their own personal need for control.

IV. CLAIMS

A. Temporary Trustee with Immediate Powers Is Necessary to Prevent Injury and Loss to the Trust

32. Probate Code section 1310(b) provides as follows:

> Notwithstanding that an appeal is taken from the judgment or order, for the purpose of preventing injury or loss to a person or property, the trial court may direct the exercise of the powers of the fiduciary, or may appoint a temporary guardian or conservator of the person or estate, or both, or a special administrator or temporary trustee, to exercise the powers, from time to time, as if no appeal were pending. All acts of the fiduciary pursuant to the directions of the court made under this subdivision are valid, irrespective of the result of the appeal. An appeal of the directions made by the court under this subdivision shall not stay these directions.

Jim Jr. alleges that this Court should appoint a trustee *ad litem* with directions under Probate Code section 1310(b) to evaluate the Patton Vision Offer and take reasonable steps to act on the Offer in the trustee's sole discretion.

---

[8] Jim Jr. recognizes that it was Jim Sr.'s intent to keep RDI in the family and for all three of his children to work together in that endeavor. However, as the years of litigation and infighting have shown, absent a resolution by the three Cotter children to work together, which has proven impossible, Jim Sr.'s vision cannot be fulfilled.

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33. A trustee has a duty to exercise reasonable care, skill, and prudence in administering the trust, and to do so solely in the interest of the beneficiaries Prob. Code §§ 16000, 16040, subd. (a). A trustee must act impartially with all trust beneficiaries. Prob. Code § 16003. Margaret's and Ellen's conflicts of interest and unrelenting need to control RDI, no matter the consequences, prevent them from carrying out their fiduciary duties of loyalty, good faith, and impartiality.

34. Under Probate Code section 15642, subdivision (e), "[i]f it appears to the court that trust property or the interests of a beneficiary may suffer loss or injury pending a decision on a petition for removal of a trustee and any appellate review, the court may, on its own motion or on petition of a cotrustee or beneficiary...suspend the powers of the trustee to extent the court deems necessary." *See* Prob. Code § 15642, subd. (b) ("The grounds for removal of a trustee by the court include the following: (3) Where hostility or lack of cooperation among co-trustees impairs the administration of the trust....(4) Where the trustee fails or declines to act....(9) For other good cause"). Pursuant to Probate Code section 17206, the court has discretion "to make any orders and take any other action necessary or proper to dispose of the matters presented by the petition, including appointment of a temporary trustee to administer the trust in whole or in part." Absent an order under Probate Code section 1310(b), Jim Jr. requests that this Court exercise its discretion under Probate Code section 15642, subdivision (e) and Probate Code section 17206 to suspend the powers of the co-trustees with respect to the sale of RDI shares in order to prevent loss or injury to Trust property and to protect the interests of the beneficiaries, particularly the Cotter grandchildren.

B. **Nomination of Andrew Wallet, Esq. as Trustee *Ad Litem***

35. Given the irreconcilable conflicts of interests between Margaret and Ellen on the one hand, and the Cotter grandchildren on the other, and the hostility between Jim Jr. and Margaret and Ellen, which has impaired the administration of the Trust, Jim Jr. respectfully nominates Andrew Wallet, Esq. to serve as trustee *ad litem*. Mr. Wallet has the experience and skill to serve as a fiduciary in these circumstances. A true and correct copy of Mr. Wallet's

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curriculum vitae is attached hereto as **Exhibit 1**. Mr. Wallet consents to this appointment and his consent is attached hereto as **Exhibit 2**.

VI. PERSONS ENTITLED TO NOTICE

36. The following persons are entitled to notice of this Petition (there have been no requests for special notice):

Margaret G. Lodise, Esq. Kenneth M. Glazier, Esq. Douglas E. Lawson, Esq. SACKS, GLAZIER, FRANKLIN & LODISE LLP 350 South Grand Avenue, Suite 3500 Los Angeles, CA 90071	Attorneys for Petitioners, Ann Margaret Cotter and Ellen Cotter
Harry P. Susman, Esq. SUSMAN GODFREY L.L.P. 1000 Louisiana, Suite 5100 Houston, TX 77002	Attorneys for Petitioners, Ann Margaret Cotter and Ellen Marie Cotter
Glenn Bridgman, Esq. SUSMAN GODFREY L.L.P. 1901 Avenue of the Stars, Suite 950 Los Angeles, CA 90067-6029	Attorneys for Petitioners, Ann Margaret Cotter and Ellen Marie Cotter
James J. Cotter, Jr. 311 Homewood Los Angeles, California 90049	Adult Son; Beneficiary; Successor Co-Trustee
Ellen Marie Cotter 20 East 74th Street, Apt. 5B New York, NY 10021	Adult Daughter; Beneficiary; Successor Co-Trustee; Co-Executor
Ann Margaret Cotter 120 Central Park South Apt. 8A New York, NY 10019	Adult Daughter; Beneficiary; Successor Co-Trustee; Co-Executor
Duffy James Drake 120 Central Park South Apt. 8A New York, NY 10019	Minor Grandson; Beneficiary

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Margot James Drake Cotter 120 Central Park South Apt. 8A New York, NY 10019	Minor Granddaughter; Beneficiary
Sophia I. Cotter 311 Homewood Los Angeles, California 90049	Minor Granddaughter; Beneficiary
Brooke E. Cotter 311 Homewood Los Angeles, California 90049	Minor Granddaughter; Beneficiary
James J. Cotter 311 Homewood Los Angeles, California 90049	Minor Grandson; Beneficiary
Gerard Cotter 226 Pondfield Road Bronxville, New York 10708	Beneficiary
Victoria Heinrich 186 Cherrybrook Lane Irvine, California 92613	Beneficiary
Susan Heierman 262 West Pecan Place Tempe, Arizona 85284	Beneficiary
Eva Barragan 13914 Don Julian La Puente, California 91746	Beneficiary
Mary Cotter 2818 Dumfries Road Los Angeles, California 90064	Beneficiary
James J. Cotter Foundation Reading International 6100 Center Drive Suite 900 Los Angeles, California 90045	Beneficiary

V. PRAYER FOR RELIEF

WHEREFORE, Jim Jr. prays for an order of this Court granting the Petition as follows:

1. Appointing Andrew Wallet, Esq. as trustee *ad litem*.

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2. Granting the trustee *ad litem* with full power, authority, and protections under the Trust and California trust law, as any other named trustee would have, to evaluate the Offer, conduct due diligence, negotiate with Patton Vision or any other potential offerors, and take all actions necessary or appropriate to consummate the sale of the Trust's RDI shares, including but not limited to:

a. Communicate solely with Patton Vision regarding their Offer to purchase the Trust's RDI shares;

b. Receive solely and exclusively all offers for the purchase of the Trust's RDI shares;

c. Enter into purchase and sale agreements with respect to the Trust's RDI shares;

d. Take all actions necessary to carry out the terms, conditions, and obligations of any purchase and sale agreement with respect to the Trust's RDI shares, including negotiating any modifications thereto;

e. Receive all proceeds of sale from the Trust's RDI shares;

f. Return to the co-trustees of the Trust, namely Margaret, Ellen, and Jim Jr., net proceeds of the sale of the Trust's RDI shares to be invested, managed and distributed in accordance with the terms of the Trust;

g. Hire investment advisors, tax advisors, accountants, attorneys, or any other advisors the trustee *ad litem* deems necessary and reasonable, in his sole discretion, to carry out his powers;

3. Temporarily suspending Jim Jr., Margaret, and Ellen's powers with respect to all of the foregoing and within matters until further orders of this Court;

4. Allowing the trustee *ad litem* compensation calculated at his normal hourly rate, and instructing the trustee of the Trust, namely Margaret, Ellen, and Jim Jr., to pay the trustee *ad litem*'s fees on a monthly basis.

5. Instructing the trustee *ad litem* to take all actions consistent with this order notwithstanding any appeal, pursuant to Probate Code section 1310(b), the court finding that such order is necessary to prevent loss or injury to the Trust.

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

Dated: February 8, 2017

SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

By

ADAM F. STREISAND
Attorneys for JAMES J. COTTER, JR.

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Exhibit 14

CONFORMED COPY
ORIGINAL FILED
Superior Court of California
County Of Los Angeles

AUG 29 2017

Sherri R. Carter, Executive Officer/Clerk
By: Sharon McKinney, Deputy

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

In Re: JAMES J. COTTER LIVING TRUST	Case No.: BP159755
ELLEN MARIE COTTER MARGARET COTTER Petitioners, vs. JAMES J. COTTER Jr., Respondent.	TENTATIVE STATEMENT OF DECISION

The court makes the following findings in this case:

The "hospital amendment" is invalid due to the lack of capacity of James Cotter, Sr. and undue influence when he signed the hospital amendment. Although James Cotter, Sr. intended for the voting stock and other assets of his trust to remain with the family, there is no explicit prohibition on their sale, as circumstances have changed, both as to the ability of his children to work cooperatively as executives in his company RDI, the potential conflict of interest with any of the children as to the grandchildren, and the lack of diversification with the extensive holdings in the cinema industry.

The court exercises its power pursuant to Probate Code section 15642 to appoint a temporary trustee ad litem, with the narrow and specific authority to obtain offers to purchase the Reading stock in the voting trust, but not to exercise any other powers without court approval, specifically the sale of the company or any other powers possessed by the trustees. The trustees are not suspended or removed, pending future hearings if necessary.

The significant assets of Sr.'s estate begins with the company Sr. built, RDI, and specifically the company stock. RDI is his family business and he owned the majority throughout his life. RDI has a dual-class stock structure with non-voting (Class A) and voting (Class B) stock. At his death, Sr. owned roughly 1.2 million voting shares (70% of the voting stock), which are not actively traded, and about 2.2 million non-voting shares.

His assets also included citrus farms in Tulare and Fresno counties, consisting of over 2000 acres of orchards and a packaging house, Cecelia Packing, that processed citrus both from the its own orchards and other farms. The court does not sense that Sr.'s children have a sentimental attachment to these Central Valley orange groves as with a traditional family farm or ranch.

Sr. owned numerous private investments and real estate, often as partnership shares of real-estate ventures. These investments include, among others, the properties known as Sutton Hill, Shadow View, Sorento, and Panorama, and a Laguna Beach condominium. Sr. owned an interest in the 120 Central Park South Cooperative Apartment that his daughter Margaret has lived in for over 20 years. Sr.'s Supplemental Executive Retirement Plan ("SERP") from RDI is worth approximately $7.5 million.

Exhibit 15

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Attorneys for READING INTERNATIONAL, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

CENTRAL DISTRICT

In re the

JAMES J. COTTER LIVING TRUST dated August 1, 2000, as amended

CASE NO. BP159755

READING INTERNATIONAL, INC.'S STATEMENT OF POSITION ON JAMES J. COTTER, JR.'S *EX PARTE* PETITION FOR THE APPOINTMENT OF A TRUSTEE *AD LITEM*

DECLARATIONS OF WILLIAM GOULD, DOUGLAS McEACHERN, AND EDWARD KANE

Assigned for All Purposes to:
Hon. Clifford L. Klein

Date: May 15, 2017
Time: 8:30 a.m.
Dept.: 9

PROVISIONALLY FILED UNDER SEAL

Exhibit 16

DEF 14A 1 rdi-20171013xdef14a.htm DEF 14A

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant ☑
Filed by a party other than the Registrant ☐

Check the appropriate box:

- ☐ Preliminary Proxy Statement
- ☐ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- ☑ Definitive Proxy Statement
- ☐ Definitive Additional Materials
- ☐ Soliciting Material under Sec. 240.14a-12

READING INTERNATIONAL, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

☑ No fee required

☐ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

- (1) Title of each class of securities to which transaction applies: _____
- (2) Aggregate number of securities to which transaction applies: _____
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined): _____
- (4) Proposed maximum aggregate value of transaction: _____
- (5) Total fee paid: _____

☐ Fee paid previously with preliminary materials.

☐ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid: _____
- (2) Form, Schedule or Registration Statement No.: _____
- (3) Filing Party: _____
- (4) Date Filed: _____

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READING INTERNATIONAL, INC.
5995 Sepulveda Boulevard, Suite 300
Culver City, California 90230

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON TUESday, november 7, 2017

TO THE STOCKHOLDERS:

The 2017 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at the Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230, on Tuesday, November 7, 2017, at 11:00 a.m., Local Time, for the following purposes**:**

1. To elect eight Directors to serve until the Company's 2018 Annual Meeting of Stockholders or until their successors are duly elected and qualified;

2. To approve, on a non-binding, advisory basis, the executive compensation of our named executive officers;

3. To recommend, by non-binding, advisory vote, the frequency of votes on executive compensation;

4. To approve an amendment to increase the number of shares of common stock issuable under our 2010 Stock Incentive Plan from 302,540 shares back up to its original reserve of 1,250,000 shares; and

5. 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 and Form 10-K/A for the fiscal year ended December 31, 2016 are enclosed (the "Annual Report"). Only holders of record of our Class B Voting Common Stock at the close of business on September 21, 2017, are entitled to notice of and to vote at the Annual Meeting and any adjournment or postponement thereof.

Whether or not you plan on attending the Annual Meeting, we ask that you take the time to vote by following the Internet or telephone voting instructions provided on the enclosed proxy card or by completing and mailing the proxy card as promptly as possible. We have enclosed a self-addressed, postage-paid envelope for your convenience. If you later decide to attend the Annual Meeting, you may vote your shares even if you have already submitted a proxy card.

By Order of the Board of Directors,

Ellen M. Cotter
Chair of the Board

RDI-A08984

October 13, 2017

READING INTERNATIONAL, INC.
5995 Sepulveda Boulevard, Suite 300
Culver City, California 90230

PROXY STATEMENT

Annual Meeting of Stockholders
Tuesday, November 7, 2017

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 2017 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Tuesday, November 7, 2017, at 11:00 a.m., local time, at the Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about October 13, 2017.

At our Annual Meeting, you will be asked to (1) elect eight Directors to our Board of Directors (the "Board") to serve until the 2018 Annual Meeting of Stockholders or until their successors are duly elected and qualified; (2) approve, on a non-binding, advisory basis, the executive compensation of our named executive officers; (3) recommend, by non-binding, advisory vote, the frequency of votes on executive compensation; (4) approve an amendment to increase the number of shares of common stock issuable under our 2010 Stock Incentive Plan from 302,540 shares back up to its original reserve of 1,250,000 shares; and (5) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Ellen M. Cotter and Margaret Cotter, Co-Executors of their father's (James J. Cotter, Sr.) estate (the "Cotter Estate") and Co-Trustees of a trust (the "Cotter Trust") established for the benefit of his heirs, together, have sole or shared voting control over an aggregate of 1,123,888 shares or 66.9% of our Class B Stock, which is the only class of our common stock with voting power. Ellen M. Cotter and Margaret Cotter have informed our Board that their brother, James, J. Cotter, Jr. ("Mr. Cotter, Jr."), is taking the position that under the trust document currently governing the Cotter Trust, they are obligated to vote to elect him to our Board, even though he has not been nominated by our Board. As previously disclosed in our Company's Report on Form 8-K dated September 6, 2017, the California Superior Court has tentatively ruled that the amendment to the Cotter Trust (the "2014 Amendment"), which included certain language relating to the appointment of Ellen M. Cotter, Margaret Cotter and Mr. Cotter, Jr., to our Board, is invalid. However, that ruling is at this point in time only tentative and not binding on the parties or the Superior Court. Accordingly, Ellen M. Cotter and Margaret Cotter have advised our Board that, unless further action is taken by the Superior Court regarding their obligations under the 2014 Amendment, they currently intend to present at the Annual Meeting two stockholder proposals, the first, to amend our Company's Bylaws to increase the number of directors to nine (9) directors, and, the second, to elect Director Mr. Cotter, Jr. as a director of the Company.

The Board understands that Ellen M. Cotter and Margaret Cotter have separate obligations as Co-Executors of the Cotter Estate and Co-Trustees of the Cotter Trust. The

above-referenced stockholder proposals that Ellen M. Cotter and Margaret Cotter currently intend to take solely in such roles do not diminish the Board's continuing support of them in their director and executive officer capacities.

As of September 21, 2017, the record date for the Annual Meeting (the "Record Date"), there were 1,680,590 shares of our Class B Voting Common Stock ("Class B Stock") outstanding.

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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.

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 September 21, 2017, by Reading's Board to solicit the proxy of holders of our Class B Stock to be voted at Reading's 2017 Annual Meeting, which will be held on Tuesday, November 7, 2017, at 11:00 a.m. local time, at the Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230.

What items of business will be voted on at the Annual Meeting?

There are four items of business scheduled to be voted on at the 2017 Annual Meeting:

- PROPOSAL 1: Election of eight Directors to the Board (the "Election of Directors");
- PROPOSAL 2: To approve, on a non-binding, advisory basis, the executive compensation of our named executive officers (the "Executive Compensation Proposal");
- PROPOSAL 3: To recommend, by non-binding, advisory vote, the frequency of votes on executive compensation (the "Executive Compensation Vote Frequency Proposal"); and
- PROPOSAL 4: To approve an amendment to increase the number of shares of common stock issuable our 2010 Stock Incentive Plan from 302,540 back up to its original reserve of 1,250,000 shares (the "Plan Amendment Proposal").

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.

Ellen M. Cotter and Margaret Cotter have advised our Board of Directors that they currently intend to present at the meeting two stockholder proposals, one, to amend our Company's Bylaws to increase the number of directors to nine (9) directors, and, the second, to nominate Director James J. Cotter, Jr. as a director of the Company to fill the resulting vacancy. Due to the fact that Ellen M. Cotter and Margaret Cotter control 66.9% of our Company's Class B Stock in their capacities as Co-Executors of the Cotter Estate and as Co-Trustees of the Cotter Trust, they have sufficient voting power to pass their proposals without the support of any other holder of our Class B. Stock. The Board's recommendation for the election of its nominees is not changed as a result of the two stockholder proposals.

How does the Board of Directors recommend that I vote?

Our Board recommends that you vote:

- On PROPOSAL 1: "FOR" the election of each of its nominees to the Board;
- On PROPOSAL 2: "FOR" the Executive Compensation Proposal;
- On PROPOSAL 3: "One Year" for the Executive Compensation Vote Frequency Proposal; and
- On PROPOSAL 4: "FOR" the Plan Amendment Proposal.

What happens if additional matters are presented at the Annual Meeting?

Other than the 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.

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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 September 21, 2017. 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 325 holders of record. Each share of Class B Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

What if I own Class A Nonvoting Common Stock?

If you do not own any Class B Stock, then you have received this Proxy Statement only for your information. You and other holders of our Class A Nonvoting Common Stock ("Class A Stock") have no voting rights with respect to the matters to be voted on at the Annual Meeting.

What should I do if I receive more than one copy of the proxy materials?

You may receive more than one copy of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice or a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you may receive more than one copy of this Proxy Statement or more than one proxy card.

To vote all of your shares of Class B Stock by proxy card, you must either (i) complete, date, sign and return each proxy card and voting instruction card that you receive or (ii) vote over the Internet or by telephone the shares represented by each notice that you receive.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Many stockholders of our Company hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences in how stockholders of record and beneficial owners are treated.

Stockholders of Record. If your shares of Class B Stock are registered directly in your name with our transfer agent, you are considered the stockholder of record with respect to those shares and the proxy materials are being sent directly to you by Reading. As the stockholder of record of Class B Stock, you have the right to vote in person at the meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting.

Beneficial Owner. If you hold your shares of Class B Stock through a broker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of shares held in street name and the proxy materials are being forwarded to you by your broker, bank or other nominee, who is considered the stockholder of record with respect to those shares. As the beneficial owner, you are also invited to attend the Annual Meeting. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Annual Meeting, unless you obtain a proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. You will need to contact your broker, trustee or nominee to obtain a proxy, and you will need to bring it to the Annual Meeting in order to vote in person.

How do I vote?

Proxies are solicited to give all holders of our Class B Stock who are entitled to vote on the matters that come before the Annual Meeting the opportunity to vote their shares, whether or not they attend the Annual Meeting in person. If you are a holder of record of shares of our Class B Stock, you have the right to vote in person at the Annual Meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the

Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting. You can vote by one of the following manners:

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- By Internet — Holders of record of our Class B Stock may submit proxies over the Internet by following the instructions on the proxy card. Holders of our Class B Stock who are beneficial owners may vote by Internet by following the instructions on the voting instruction card sent to them by their bank, broker, trustee or nominee. Proxies submitted by the Internet must be received by 11:59 p.m., local time, on November 6, 2017 (the day before the Annual Meeting).

- By Telephone — Holders of record of our Class B Stock who live in the United States or Canada may submit proxies by telephone by calling the toll-free number on the proxy card and following the instructions. Holders of record of our Class B Stock will need to have the control number that appears on their proxy card available when voting. In addition, holders of our Class B Stock who are beneficial owners of shares living in the United States or Canada and who have received a voting instruction card by mail from their bank, broker, trustee or nominee may vote by phone by calling the number specified on the voting instruction card. Those stockholders should check the voting instruction card for telephone voting availability. Proxies submitted by telephone must be received by 11:59 p.m., local time, on November 6, 2017 (the day before the Annual Meeting).

- By Mail — Holders of record of our Class B Stock who have received a paper copy of a proxy card by mail may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope. Holders of our Class B Stock who are beneficial owners who have received a voting instruction card from their bank, broker or nominee may return the voting instruction card by mail as set forth on the card. Proxies submitted by mail must be received by the Inspector of Elections before the polls are closed at the Annual Meeting.

- In Person — Holders of record of our Class B Stock may vote shares held in their name in person at the Annual Meeting. You also may be represented by another person at the Annual Meeting by executing a proxy designating that person. Shares of Class B Stock for which a stockholder is the beneficial owner, but not the stockholder of record, may be voted in person at the Annual Meeting only if such stockholder obtains a proxy from the bank, broker or nominee that holds the stockholder's shares, indicating that the stockholder was the beneficial owner as of the record date and the number of shares for which the stockholder was the beneficial owner on the record date.

Holders of our Class B Stock are encouraged to vote their proxies by Internet, telephone or by completing, signing, dating and returning a proxy card or voting instruction card, but not by more than one method. If you vote by more than one method, or vote multiple times using the same method, only the last-dated vote that is timely received by the Inspector of Elections will be counted, and each previous vote will be disregarded. If you vote in person at the Annual Meeting, you will revoke any prior proxy that you may have given. You will need to bring a valid form of identification (such as a driver's license or passport) to the Annual Meeting to vote shares held of record by you in person.

What if my shares are held of record by an entity such as a corporation, limited liability company, general partnership, limited partnership or trust (an "Entity"), or in the name of more than one person, or I am voting in a representative or fiduciary capacity?

Shares held of record by an Entity. In order to vote shares on behalf of an Entity, you need to provide evidence (such as a sealed resolution) of your authority to vote such shares, unless you are listed as a record holder of such shares.

Shares held of record by a trust. The trustee of a trust is entitled to vote the shares held by the trust, either by proxy or by attending and voting in person at the Annual Meeting. If you are voting as a trustee, and are not identified as a record owner of the shares, then you must provide suitable evidence of your status as a trustee of the record

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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.

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How will my shares be voted if I do not give specific voting instructions?

If you are a stockholder of record and you:

- Indicate when voting on the Internet or by telephone that you wish to vote as recommended by our Board of Directors; or
- Sign and send in your proxy card and do not indicate how you want to vote, then the proxyholders, S. Craig Tompkins and William D. Gould, will vote your shares in the manner recommended by our Board of Directors as follows: FOR each of the eight nominees for director named below under "Proposal 1: Election of Directors;" FOR the Executive Compensation Proposal; FOR "One Year" on the Executive Compensation Vote Frequency Proposal; FOR approval of the Plan Amendment Proposal, and in the discretion of our proxyholders on such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

What is a broker non-vote?

If your shares are held by a broker on your behalf (that is, in "street name"), and you do not instruct the broker as to how to vote these shares on any "non-routine" proposals included in this Proxy Statement, the broker may not exercise discretion to vote for or against those proposals. This would be a "broker non-vote," and these shares will not be counted as having been voted on the applicable proposal. Applicable rules permit brokers to vote shares held in street name on routine matters. However, all matters contained in this Proxy Statement for submission to a vote of the stockholders are considered "non-routine." Therefore, broker non-votes will have no effect on the vote of the matters included for submission to the vote of the stockholders.

What routine matters will be voted on at the Annual Meeting?

All of the proposals contained in this Proxy Statement are considered non-routine matters. Please instruct your bank or broker so your vote can be counted.

How "withhold authority" and abstain and broker non-votes are counted?

Proxies that are voted to "withhold authority," abstain or for which there is a broker non-vote are included in determining whether a quorum is present. If "withhold authority" or abstain is selected on a matter to be voted on under which approval by a majority of the votes cast by the stockholders entitled to vote present in person or represented by proxy is required (specifically, Proposal 2: the Executive Compensation Proposal, and Proposal 4: the Plan Amendment Proposal), such a selection would not have an effect on the vote, since a selection to "withhold authority" or abstain from casting a vote does not count as a vote cast on that matter. Likewise broker non-votes will have no effect on the vote of the matters included for submission to the vote of the stockholders, since broker non-votes are not counted as a vote cast on that matter.

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 it has been submitted:

- First, you may send a written notice to Reading International, Inc., postage or other delivery charges pre-paid, 5995 Sepulveda Boulevard, Suite 300, Culver City, CA, 90230, c/o Secretary of the Annual Meeting, stating that you revoke your proxy. To be effective, the Inspector of Elections must receive your written notice prior to the closing of the polls at the Annual Meeting.
- Second, you may complete and submit a new proxy in one of the manners described above under the caption, "How do I vote?" Any earlier proxies will

be revoked automatically.

- Third, you may attend the Annual Meeting and vote in person. Any earlier proxy will be revoked. However, attending the Annual Meeting without voting in person will not revoke your proxy.

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How will we solicit proxies and who will pay the costs?

We will pay the costs of the solicitation of proxies. We may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding the voting materials to their customers who are beneficial owners and obtaining their voting instructions. In addition to soliciting proxies by mail, our board members, officers and employees may solicit proxies on our behalf, without additional compensation, personally or by telephone.

Is there a list of stockholders entitled to vote at the Annual Meeting?

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting, at our corporate offices, 5995 Sepulveda Boulevard, Suite 300, Culver City, CA 90230 between the hours of 9:00 a.m. and 5:00 p.m., local time, for any purpose relevant to the Annual Meeting. To arrange to view this list during the times specified above, please contact the Secretary of the Annual Meeting at (213) 235-2240.

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 Securities and Exchange Commission (the "SEC") within four business days following the Annual Meeting.

What is the vote required for a Proposal to pass?

Proposal 1 (the Election of Directors): The nominees for election as Directors at the Annual Meeting who receive the highest number of "FOR" votes for the available Board seats will be elected as Directors. This is called plurality voting. Unless you indicate otherwise, the persons named as your proxies will vote your shares FOR all the nominees for Directors named in Proposal 1. If your shares are held by a broker or other nominee and you would like to vote your shares for the election of Directors in Proposal 1, you must instruct the broker or nominee to vote "FOR" for each of the candidates for whom you would like to vote. If you give no instructions to your broker or nominee, then your shares will not be voted. If you instruct your broker or nominee to "WITHHOLD," then your vote will not be counted in determining the election.

Proposal 2 (the Executive Compensation Proposal) requires the "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 to pass. Because your vote is advisory, it will not be binding on the Board of Directors or the Company. However, the Board of Directors will review the voting results and take them into consideration when making future decisions regarding executive compensation.

Proposal 3 (the Executive Compensation Vote Frequency Proposal) The option receiving the greatest number of votes – every one year, every two years or every three years – will be the frequency that stockholders approve. While your vote is advisory, and will not be binding on the Board of Directors or the Company, the Board has previously determined that it will in fact seek an annual advisory vote on Executive Compensation.

Proposal 4 (the Plan Amendment Proposal) requires the "FOR" vote of a majority of

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the votes cast by the stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote thereon in order to pass.

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Only votes "FOR" on Proposal 1 (the Election of Directors) will be counted since directors are elected by plurality vote. The nominees receiving the highest total votes for the number of seats on the Board will be elected as directors. Only votes "FOR" and "AGAINST" will be counted for Proposal 2 (the Executive Compensation Proposal), Proposal 4 (the Plan Amendment Proposal), since abstentions are not counted as votes cast. Only votes for "one year," "two years" or "three years" on Proposal 3 (the Executive Compensation Vote Frequency Proposal) will be counted as votes cast on the matter. Broker non-votes will not apply to any of the matters since the matters voted on by Stockholders are "non-routine" matters that brokers may not vote on unless voting instructions are received from the beneficial holder.

Is my vote kept confidential?

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed to third parties, except as may be necessary to meet legal requirements.

How will the Annual Meeting be conducted?

In accordance with our Bylaws, Ellen M. Cotter, as the Chair of the Board, will be the Presiding Officer of the Annual Meeting. S. Craig Tompkins has been designated by the Board to serve as Secretary for the Annual Meeting.

Ms. Cotter and other members of management will address attendees following the Annual Meeting. Stockholders desiring to pose questions to our management are encouraged to send their questions to us, care of the Secretary of the Annual Meeting, in advance of the Annual Meeting, so as to assist our management in preparing appropriate responses and to facilitate compliance with applicable securities laws.

The Presiding Officer has broad authority to conduct the Annual Meeting in an orderly and timely manner. This authority includes establishing rules for stockholders who wish to address the meeting or bring matters before the Annual Meeting. The Presiding Officer may also exercise broad discretion in recognizing stockholders who wish to speak and in determining the extent of discussion on each item of business. In light of the need to conclude the Annual Meeting within a reasonable period of time, there can be no assurance that every stockholder who wishes to speak will be able to do so. The Presiding Officer has authority, in her discretion, to at any time recess or adjourn the Annual Meeting. Only stockholders are entitled to attend and address the Annual Meeting. Any questions or disputes as to who may or may not attend and address the Annual Meeting will be determined by the Presiding Officer.

Only such business as shall have been properly brought before the Annual Meeting shall be conducted. Pursuant to our governing documents and applicable Nevada law, in order to be properly brought before the Annual Meeting, such business must be brought by or at the direction of (1) the Chair, (2) our Board, or (3) holders of record of our Class B Stock. At the appropriate time, any stockholder who wishes to address the Annual Meeting should do so only upon being recognized by the Presiding Officer.

CORPORATE GOVERNANCE

Director Leadership Structure

Ellen M. Cotter is our current Chair, President and Chief Executive Officer. Ellen M. Cotter has been with our Company for approximately 20 years, focusing principally on the cinema operations aspects of our business. Historically, except for a brief period immediately following the resignation for health reasons of our founder, Mr. James J. Cotter, Sr., we currently have combined the roles of the Chair and the Chief Executive Officer. At the present time, we believe that the combination of these roles (i) allows for consistent leadership, (ii) continues the tradition of having a Chair and Chief Executive Officer, who is also a member of the Cotter Family (which currently controls over 70% of the voting power of our Company), and also (iii) reflects the reality of our status as a "controlled company" under relevant NASDAQ Listing Rules.

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Margaret Cotter is our current Vice-Chair and also serves as our Executive Vice President – Real Estate Management and Development - NYC. Margaret Cotter has been responsible for the operation of our live theaters for more than 18 years and has for more than the past 6 years been leading the re-development of our New York properties.

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Ellen M. Cotter has a substantial stake in our business, owning directly 802,903 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 810,284 shares of Class A Stock and 35,100 shares of Class B Stock. Ellen M. Cotter and Margaret Cotter are the Co-Executors of the Cotter Estate and Co-Trustees of the Cotter Trust established for the benefit of his heirs. Together, they have sole or shared voting control over an aggregate of 1,208,988 shares or 71.9% of our Class B Stock.

Mr. Cotter, Jr., has previously asserted that he has the right to vote the Class B Stock held by the Cotter Trust. However, on August 29, 2017, the Superior Court of the State of California for the County of Los Angeles entered a Tentative Statement of Decision (the "Tentative Ruling") in the matter regarding the Cotter Trust, Case No. BP159755 (the "Trust Litigation") in which it tentatively determined, among other things, that Mr. Cotter, Jr., is not a trustee of the Cotter Trust, and that he has no say in the voting of such Class B Stock. Under the Tentative Ruling, however, Mr. Cotter, Jr., would still succeed to the position of sole trustee of the voting sub-trust to be established under the Cotter Trust to hold the Class B Stock owned by the Cotter Trust (and it is anticipated, the Class B Stock currently held by the Cotter Estate), in the event of the death, disability or resignation of Margaret Cotter from such positon. Under the governing California Rules of Court, the Tentative Statement of Decision does not constitute a judgment and is not binding on the Superior Court. The Superior Court remains free to modify or change its decision. It is uncertain as to when, if ever, the Tentative Ruling will become final, or the form in which it will ultimately be issued.

While the issue of Mr. Cotter, Jr.'s status as a trustee of the Cotter Trust is being finally resolved, the Company continues to believe, as stated in our prior proxy materials, 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 collectively constitute at least a majority of the Co-Trustees of the Cotter Trust. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Cotter Trust (41.4% of the shares of the Class B Stock entitled to vote at the Annual Meeting), 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 at the Annual Meeting.

Ellen M. Cotter and Margaret Cotter have informed the Board that they intend to vote the shares held by the Cotter Trust and the Cotter Estate "FOR" each of the eight nominees named in this Proxy Statement for the Election of Directors under Proposal 1, "FOR" the Executive Compensation Proposal under Proposal 2, "One Year" for the Executive Compensation Vote Frequency Proposal under Proposal 3, and "FOR" the Plan Amendment Proposal under Proposal 4. In addition, Ellen M. Cotter and Margaret Cotter have advised our Board that they currently intend to present at the meeting two stockholder proposals, one, to amend the Company's Bylaws to increase the number of directors to nine (9) directors, and, the second to nominate Director James J. Cotter, Jr. as a director of the Company to fill the resulting vacancy, and that they currently intend to vote the shares held by the Cotter Trust and the Cotter Estate in favor of both stockholder proposals. As a result, passage of each of the proposals is assured. The Board's recommendation for the election of its nominees is not changed as a result of the two stockholder proposals.

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The Company has elected to take the "controlled company" exemption under applicable listing rules of the NASDAQ Capital Stock Market (the "NASDAQ Listing Rules"). Accordingly, the Company is exempted from the requirement to have an independent nominating committee and to have a board of directors composed of at least a majority of independent directors, as that term is defined in the NASDAQ Listing Rules and SEC Rules ("Independent Directors"). We are nevertheless nominating a majority of Independent Directors for election to our Board. We currently have an Audit and Conflicts Committee (the "Audit Committee") and a Compensation and Stock Options Committee (the "Compensation Committee") composed entirely of Independent Directors. William D. Gould serves as the Lead Independent Director among our Independent Directors ("Lead Independent Director"). In that capacity, Mr. Gould chairs meetings of the Independent Directors and acts as liaison between our Chair, President and Chief Executive Officer and our Independent Directors. Mr. Gould was recently recognized by the Nevada Supreme Court as an authority in the application of the "business judgment rule" as it relates to decisions of boards of directors in the Court's decision in *Wynn Resorts, Ltd. v. Eighth Judicial District Court*, 133 Nev. Adv. Op, 52, 399 P.2d 334, (Nev. 2017) (the "Wynn Resorts Case"). We also currently have a four-member Executive Committee composed of our Chair and Vice-Chair and Messrs. Guy W. Adams and Edward L. Kane. As a consequence of this structure, the concurrence of at least one non-management member of the Executive Committee is required in order for the Executive Committee to take action.

We believe that our Directors bring a broad range of leadership experience to our Company and regularly contribute to the thoughtful discussion involved in effectively overseeing the business and affairs of the Company. We believe that all Board members are well engaged in their responsibilities and that all Board members express their views and consider the opinions expressed by other Directors. Our Independent Directors are involved in the leadership structure of our Board by serving on our Audit Committee and Compensation Committee, each of which has a separate independent Chair. Nominations to our Board for the Annual Meeting were made by our entire Board, consisting of a majority of Independent Directors.

We encourage, but do not require, our Board members to attend our Annual Meeting. All of our nine incumbent Directors attended the 2016 Annual Meeting of Stockholders.

Since our 2015 Annual Meeting of Stockholders, we have (i) adopted a best practices charter for our Compensation Committee, (ii) adopted a new best practices Charter for our Audit Committee, (iii) completed, with the assistance of compensation consultants Willis Towers Watson and outside counsel Greenberg Traurig, LLP, a complete review of our compensation practices, in order to bring them into alignment with current best practices. Last year we adopted a new Code of Business Conduct and Ethics, and a Supplemental Insider Trading Policy restricting trading in our stock by our Directors and executive officers and updated our Whistleblower Policy. Earlier this year, we adopted a Stock Ownership Policy, setting out minimum stock ownership levels for our directors and senior executives.

Management Succession: Appointment of Ellen M. Cotter as our President and Chief Executive Officer.

On August 7, 2014, James J. Cotter, Sr., our then controlling stockholder, Chair and Chief Executive Officer, resigned from all positions at our Company, and passed away on September 13, 2014. Upon his resignation, Ellen M. Cotter was appointed Chair, Margaret Cotter, her sister, was appointed Vice Chair and James Cotter, Jr., her brother, was appointed Chief Executive Officer, while continuing his position as President.

On June 12, 2015, the Board terminated the employment of James 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 established an Executive Search Committee (the "Search Committee") initially composed of Ellen M. Cotter, Margaret Cotter, and Independent Directors William Gould and Douglas McEachern, and retained Korn/Ferry International ("Korn Ferry") to evaluate candidates for the Chief Executive Officer

position. Ellen M. Cotter resigned from the Search Committee when she concluded that she was a serious candidate for the position. Korn Ferry screened over 200 candidates and ultimately presented six external candidates to the Search Committee. The Search Committee evaluated those external candidates and Ellen M. Cotter in meetings in December 2015 and January 2016, considering numerous factors, including, among others, the benefits of having a President and Chief Executive Officer who has the confidence of the existing senior management team, Ms. Cotter's prior performance as an executive of the Company and her performance as the interim President and Chief Executive Officer of the Company, the qualifications, experience and compensation demands of the external candidates, and the benefits and detriments of having a Chair, President and Chief Executive Officer who is also a controlling stockholder of the Company. The Search Committee recommended the appointment of Ellen M. Cotter as permanent President and Chief Executive Officer and the Board appointed her on January 8, 2016, with seven Directors voting yes, one Director (James J. Cotter, Jr.) voting no, and Ellen M. Cotter abstaining.

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Ellen M. Cotter serves as our President and Chief Executive Officer at the pleasure of our Board and is an employee "at will" with no guaranteed term of employment.

Potential Impact of Trust Litigation Regarding Your Vote.

While our Company is not a party to the Trust Litigation, the rulings of the Superior Court in that case could have a potential material impact upon the control our Company, the future composition of our Board and senior executive management team and our Company's continued pursuit of the Strategic Plan articulated in our various filings with the SEC, at our prior stockholder meetings, and at analyst presentations. To date, the Superior Court has accepted our submissions and allowed us to be involved in the Trust Litigation, so as to provide us an opportunity to address issues of concern to our Company and our stockholders generally. However, no assurances can be given as to the outcome of the Trust Litigation, and we are advised that it is unlikely that we would have standing to pursue an appeal.

In its Tentative Ruling, the Superior Court invalidated the amendment to the Cotter Trust signed by Mr. Cotter, Sr., on June 19, 2014 (the "2014 Amendment") and stated the Superior Court's determination to appoint a temporary trustee ad litem to obtain offers for the Class B Stock held by the Cotter Trust. Under the governing California Rules of Court, the Tentative Ruling does not constitute a judgment and is not binding on the Superior Court. The Superior Court remains free to modify or change its decision. It is uncertain as to when, if ever, the Tentative Ruling will become final, or the form in which it will ultimately be issued.

As to the invalidation of the 2014 Amendment, as mentioned above, if the Tentative Ruling becomes final, Mr. Cotter, Jr.'s claim that he has any right, power or authority to vote the approximately 41.4% of the Class B Stock held by the Cotter Trust will be resolved by placing sole voting control in the hands of Margaret Cotter over the voting trust (the "Cotter Voting Trust") to be established under the Cotter Trust to hold the Class B Stock currently held by the Cotter Trust and, it is anticipated, the approximately 25.5% of the Class B Stock currently held by the Cotter Estate. It will also invalidate the provision of the 2014 Amendment requiring the Trustee of the Cotter Voting Trust to vote to elect Mr. Cotter, Jr. to our Company's Board.

As discussed in more detail below, our Board did not re-nominate Mr. Cotter, Jr., for election to our Board, and has instead reduced the size of our Board from nine (9) to eight (8) members, effective upon completion of the election at our upcoming Annual Meeting. Due to (1) the uncertainty due to the tentative nature of the ruling as to whether or not Ellen M. Cotter and Margaret Cotter, acting as Trustees of the Cotter Trust, would be required to seek appointment of Mr. Cotter, Jr., to the Board, (2) the lack of sufficient time to complete reasonable due diligence on potential candidates for such position, and (3) the difficulty in recruiting potential candidates due to Mr. Cotter, Jr.'s proclivity to sue new directors, the determination was made not to attempt to recruit a new director to our Board at this time, and, instead, the Board reduced the size of our Board from nine (9) members to (8) members effective as of completion of the vote on the election of our Board at our upcoming Annual Meeting.

Ellen M. Cotter and Margaret Cotter have informed our Board that Mr. Cotter, Jr., is taking the position that under the 2014 Amendment, they are obligated to vote to elect him to our Board, even though he has not been nominated by our Board. As also noted above, the California Court has tentatively found the 2014 Amendment to be invalid. However, as that ruling is at this point in time only tentative and not binding on the parties or the Superior Court, Ellen M. Cotter and Margaret Cotter have advised our Board that, unless further action is taken by the Superior Court, they currently intend to present at the meeting two stockholder proposals, the first, to amend our Company's Bylaws to increase the number of directors to nine (9) directors, and, the second, to nominate Director Mr. Cotter, Jr. as a director of the Company to fill the resulting vacancy. Ellen M. Cotter and Margaret Cotter have further advised that they are not recommending the amendment of the Bylaw or the election of Mr. Cotter, Jr., to any other stockholder and that they will not be soliciting proxies in support of such proposals. However, as they control 66.9% of our Class B Stock in their capacities as Co-Executors and Co-Trustees, they have sufficient voting power to amend the Bylaws and to elect Mr. Cotter, Jr., to our Board without the support of any other holder of our Class B Stock. If for

some reason, the size of the Board were not to be increased from 8 to 9 members, then Ellen M. Cotter and Margaret Cotter would still have the power to unilaterally elect Mr. Cotter, Jr., to the Board with the result that one of the eight individuals nominated by the Board would not be elected. However, our Board does not believe that this result is likely.

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As to the appointment of a trustee ad litem, under the Tentative Ruling, the trustee ad litem would have no right, power or authority to effect, or to bind the Cotter Trust to effect, any sale of the Class B Stock held by the Cotter Trust. As we are advised by counsel that a court hearing would be required before any binding agreement to sell such shares could be entered into, we do not anticipate that any material change in the holdings of the Class B Stock held by the Cotter Trust will occur prior to our 2017 Annual Meeting, if ever. We are advised by Ellen M. Cotter and Margaret Cotter that, if there is a sale of the Class B Stock held by the Cotter Trust, they intend to be the buyers of such shares.

As previously announced, on August 7, 2017, our Board of Directors appointed a Special Independent Committee to, among other things, review, consider, deliberate, investigate, analyze, explore, evaluate, monitor and exercise general oversight of any and all activities of our Company directly or indirectly involving, responding to or relating to any potential change of control transaction relating to a sale by the Cotter Trust of its holdings of Class B Stock. The Special Independent Committee will be reviewing the scope and implications of the Tentative Ruling and, consistent with its delegated authority, working to protect the best interests of our Company and stockholders in general. Directors Judy Codding, William Gould and Douglas McEachern have been appointed to serve on this Special Independent Committee.

Board's Role in Risk Oversight

Our management is responsible for the day-to-day management of risks we face as a Company, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The Board plays an important role in risk oversight at Reading through direct decision-making authority with respect to significant matters, as well as through the oversight of management by the Board and its committees. In particular, the Board administers its risk oversight function through (1) the review and discussion of regular periodic reports by the Board and its committees on topics relating to the risks that the Company faces, (2) the required approval by the Board (or a committee of the Board) of significant transactions and other decisions, (3) the direct oversight of specific areas of the Company's business by the Audit Committee and the Compensation Committee, and (4) regular periodic reports from the auditors and other outside consultants regarding various areas of potential risk, including, among others, those relating to our internal control over financial reporting. The Board also relies on management to bring significant matters impacting the Company to the attention of the Board.

"Controlled Company" Status

Under section 5615(c)(1) of the NASDAQ Listing Rules, a "controlled company" is a company in which 50% of the voting power for the election of Directors is held by an individual, a group, or another company. Together, Ellen M. Cotter and Margaret Cotter beneficially own 1,208,988 shares or 71.9% of our Class B Stock. Our Class A Stock does not have voting rights. Based on advice of counsel, our Board has determined that the Company is therefore a "controlled company" within the NASDAQ Listing Rules.

After reviewing the benefits and detriments of taking advantage of the exemptions to certain corporate governance rules available to a "controlled company" as set forth in the NASDAQ Listing Rules, our Board has determined to take advantage of those exemptions. In reliance on a "controlled company" exemption, the Company does not maintain a separate standing Nominating Committee. The Company nevertheless at this time maintains a Board composed of a majority of Independent Directors, a fully independent Audit Committee, and a fully independent Compensation Committee, and has no present intention to vary from that structure. Our Board, consisting of a majority of Independent Directors, approved each of the nominees for our 2017 Annual Meeting. See "*Consideration and Selection of the Board's Director Nominees*," below.

Board Committees

Our Board has a standing Executive Committee, Audit Committee, and Compensation Committee. Our Board has also appointed a Special Independent Committee as discussed above. The Tax Oversight Committee has been inactive since November 2, 2015 in anticipation that its functions would be moved to the Audit Committee under its new charter. That new charter was approved on May 5, 2016. These committees, other than the Tax Oversight Committee, are discussed in greater detail below.

Executive Committee. Our Executive Committee operates pursuant to a resolution adopted by our Board and is currently composed of Ms. Ellen M. Cotter, Ms. Margaret Cotter and Messrs. Guy W. Adams and Edward L. Kane. Pursuant to that resolution, 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 five meetings during 2016.

Audit Committee. The Audit Committee operates pursuant to a Charter adopted by our Board that is available on our website at http://www.readingrdi.com/Committee-Charters. The Audit Committee reviews, considers, negotiates and approves or disapproves related party transactions (see the discussion in the section entitled "*Certain Relationships and Related Party Transactions*" below). In addition, the Audit Committee is responsible for, among other things, (i) reviewing and discussing with management the Company's financial statements, earnings press releases and all internal controls reports, (ii) appointing, compensating and overseeing the work performed by the Company's independent auditors, and (iii) reviewing with the independent auditors the findings of their audits.

Our Board has determined that the Audit Committee is composed entirely of Independent Directors (as defined in section 5605(a)(2) of the NASDAQ Listing Rules), and that Mr. Douglas McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. Our Audit Committee is currently composed of Mr. McEachern, who serves as Chair, Mr. Edward L. Kane and Mr. Michael Wrotniak. The Audit Committee held twelve meetings during 2016.

Compensation Committee. Our Board has established a standing Compensation Committee consisting of three of our Independent Directors, and is currently composed of Mr. Edward L. Kane, who serves as Chair, Dr. Judy Codding and Mr. Douglas McEachern. Mr. Adams served through May 14, 2016. As a controlled company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation solely by Independent Directors. Notwithstanding such exemption, we adopted a Compensation Committee charter on March 10, 2016 requiring our Compensation Committee members to meet the independence rules and regulations of the SEC and the NASDAQ Stock Market. As a part of the transition to this new compensation committee structure, the compensation for 2016 of the President, Chief Executive Officer, all Executive Vice Presidents, all Vice Presidents and all Managing Directors was reviewed and approved by the Board at that March 10, 2016 meeting.

The Compensation Committee charter is available on our website at http://www.readingrdi.com/charter-of-our-compensation-stock-options-committee/. The Compensation Committee evaluates and makes recommendations to the full Board regarding the compensation of our Chief Executive Officer. Under its Charter, the Compensation Committee has delegated authority to establish the compensation for all executive officers other than the President and Chief Executive Officer; provided that compensation decisions related to members of the Cotter Family remain vested in the full Board. In addition, the Compensation Committee establishes the Company's general compensation philosophy and objectives (in consultation with management), approves and adopts on behalf of the Board incentive compensation and equity-based compensation plans, subject to stockholder approval as required, and performs other compensation related functions as delegated by our Board. The Compensation Committee held six meetings during 2016.

Consideration and Selection of the Board's Director Nominees

The Company has elected to take the "controlled company" exemption under applicable NASDAQ Listing Rules. Accordingly, the Company does not maintain a standing Nominating Committee. Our Board, consisting of a majority of Independent Directors, approved each of the Board nominees for our 2017 Annual Meeting.

Our Board does not have a formal policy with respect to the consideration of Director candidates recommended by our stockholders. No non-Director stockholder has, in more than the past ten years, made any formal proposal or recommendation to the Board as to potential

nominees. Neither our governing documents nor applicable Nevada law place any restriction on the nomination of candidates for election to our Board directly by our stockholders. In light of the facts that (i) we are a controlled company under the NASDAQ Listing Rules and exempted from the requirements for an independent nominating process, and (ii) our governing documents and Nevada law place no limitation upon the direct nomination of Director candidates by our stockholders, our Board believes there is no need for a formal policy with respect to Director nominations.

Our Board will consider nominations from our stockholders, provided written notice is delivered to the Secretary of the Annual Meeting at our principal executive offices identifying any such suggested candidate not less than 120 days prior to the first anniversary of the date that this Proxy Statement is sent to stockholders, or such earlier date as may be reasonable in the event that our annual stockholders meeting is moved more than 30 days from the anniversary of the 2017 Annual Meeting. Absent that, stockholders wishing to nominate persons to the Board must do so by other means, such as nominating such persons at the stockholders' meeting. At the present time, we intend to hold our 2018 Annual Meeting in June 2018. Consequently, any stockholder wishing to suggest a candidate for consideration should plan to provide notice identifying such candidate by the end of January 2018. Such written notice should set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our common stock that are beneficially owned by such nominee, and such other information required by the proxy rules of the SEC with respect to a nominee of our Board.

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

Following a review of the experience and overall qualifications of the Director candidates, on September 21, 2017, our Board resolved to nominate, each of the incumbent Directors named in Proposal 1 for election as Directors of the Company at our 2017 Annual Meeting. Eight nominees were approved, excluding Director James J. Cotter, Jr.

Each of the nominees named in Proposal 1 received at least seven (7) Yes votes, with each such nominee abstaining as to his or her nomination.

After selecting the nominees named in Proposal 1, our Board then reduced the size of our Board from nine (9) members to (8) members effective as of completion of the vote on the election of our Board at our upcoming Annual Meeting.

Having been informed that Ellen M. Cotter and Margaret Cotter currently intend to bring stockholder proposals to amend the Bylaws to increase the Board back to nine persons and to nominate James J. Cotter, Jr. to the Board, each of the Board members other than the Cotter family members continue to believe that Mr. Cotter, Jr. should not be a director, but acknowledge that the combined voting power of the Cotter Trust and the Cotter Estate will assure that the Bylaws amendment will be approved and that Mr. Cotter, Jr. will be elected. The Board's recommendation for the election of its nominees is not changed as a result of the two stockholder proposals.

Code of Ethics

We have adopted a Code of Business Conduct and Ethics (the "Code of Conduct") designed to help our Directors and employees resolve ethical issues. Our Code of Conduct 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 Conduct is posted on our website at http://www.readingrdi.com/reading-international-code-of-ethics.

The Board has established a means for employees to report a violation or suspected violation of the Code of Conduct anonymously. In addition, we have adopted an "Amended and Restated Whistleblower Policy and Procedures," which is posted on our website, at http://www.readingrdi.com/amended-and-restated-whistleblower-policy-and-procedures, that establishes a process by which employees may anonymously disclose to our Principal Compliance Officer (currently the Chair of our Audit Committee) alleged fraud or violations of accounting, internal accounting controls or auditing matters.

Review, Approval or Ratification of Transactions with Related Persons

The Audit Committee adopted a written charter for approval of transactions between the Company and its Directors, Director nominees, executive officers, greater than five percent beneficial owners and their respective immediate family members, where the amount involved in the transaction exceeds or is expected to exceed $120,000 in a single calendar year and the party to the transaction has or will have a direct or indirect interest. A copy of this charter is available at http://www.readingrdi.com/group-investor-relations/group-ir-governance /committee-charters/ . For additional information, see the section entitled *"Certain Relationships and Related Party Transactions."*

Material Legal Proceedings Involving Claims Against our Directors and Certain Executive Officers

On June 12, 2015, the Board of Directors terminated James J. Cotter, Jr. as the President and Chief Executive Officer of our Company. That same day, Mr. Cotter, Jr. filed a lawsuit, styled as both an individual and a derivative action, and titled "*James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et al."* Case No,: A-15-719860-V, Dept. XI, against our Company and each of our then sitting Directors (Ellen Cotter, Margaret Cotter, Guy Adams, William Gould, Edward Kane, Douglas McEachern, and Tim Storey) in the Eighth Judicial District Court of the State of Nevada for Clark County (the "Nevada District Court"). Since that date, our Company has been engaged in ongoing litigation with Mr. Cotter, Jr. with respect to his claims against our Directors. Mr. Cotter, Jr. has over this period of time twice amended his complaint, removing his individual claims and withdrawing his claims against Tim Storey (but reserving the right to reinstitute such claims), adding claims relating to actions taken by our Board since the filing of his original complaint and adding as defendants two of our directors who were not on our Board at the time of his termination: Judy Codding and Michael Wrotniak. Mr. Cotter, Jr.'s lawsuit, as amended from time to time, is referred to herein as the "Cotter Jr. Derivative Action" and his complaint, as amended from time to time, is referred to herein as the "Cotter Jr. Derivative Complaint." The defendant directors named in the Cotter Jr. Derivative Complaint, from time to time, are referred to herein as the "Defendant Directors."

The Cotter Jr. Derivative Complaint alleges among other things, that the Defendant Directors breached their fiduciary duties to the Company by terminating Mr. Cotter, Jr. as President and Chief Executive Officer, continuing to make use of the Executive Committee that has been in place for more than the past ten years (but which no longer includes Mr. Cotter, Jr. as a member), making allegedly potentially misleading statements in our Company's press releases and filings with the SEC, paying certain compensation to Ellen Cotter, allowing the Cotter Estate to make use of Class A Common Stock to pay for the exercise of certain long

outstanding stock options to acquire 100,000 shares of Class B Common Stock held of record by the Cotter Estate and determined by the Nevada District Court to be assets of the Cotter Estate, and allowing Ellen Cotter and Margaret Cotter to vote the 100,000 shares of Class B Common Stock issued upon the exercise of such options, appointing Ellen Cotter as President and Chief Executive Officer, appointing Margaret Cotter as Executive Vice President-Real Estate Management and Development-NYC, and the way in which the Board handled an unsolicited indication of interest made by a third party to acquire all of the stock of our Company. In the lawsuit, Mr. Cotter, Jr. seeks reinstatement as President and Chief Executive Officer, a declaration that Ellen Cotter and Margaret Cotter may not vote the above referenced 100,000 shares of Class B Stock, and alleges as damages fluctuations in the price for our Company's shares after the announcement of his termination as President and Chief Executive Officer and certain unspecified damages to our Company's reputation.

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In addition, our Company is in arbitration with Mr. Cotter, Jr. (Reading International, Inc. v. James J. Cotter, AAA Case No. 01-15-0004-2384, filed July 2015) (the "Cotter Jr. Employment Arbitration") seeking declaratory relief and defending claims asserted by Mr. Cotter, Jr. On January 20, 2017, Mr. Cotter Jr. filed a First Amended Counter-Complaint which includes claims of breach of contract, contractual indemnification, retaliation, wrongful termination in violation of California Labor Code § 1102.5, wrongful discharge, and violations of California Code of Procedure § 1060 based on allegations of unlawful and unfair conduct. Mr. Cotter, Jr. seeks compensatory damages estimated by his counsel at more than $1.2 million, plus unquantified special and punitive damages, penalties, interest and attorney's fees. On April 9, 2017, the Arbitrator granted without leave to amend the Company's motion to dismiss Mr. Cotter, Jr.'s claims for retaliation, violation of labor code §1102.5 and wrongful discharge in violation of public policy.

Mr. Cotter, Jr. also brought a direct action in the Nevada District Court (*James J. Cotter, Jr. v. Reading International, Inc., a Nevada corporation; Does 1-100 and Roe Entities, 1-100, inclusive, Case No. A-16-735305-B*) seeking advancement of attorney's fees incurred in the Cotter Jr. Employment Arbitration. Summary judgment was entered against Mr. Cotter, Jr. with respect to that direct action on October 3, 2016.

For a period of approximately 12 months, between August 6, 2015 and August 4, 2016, our Company and our directors other than Mr. Cotter, Jr. were subject to a derivative lawsuit filed in the Nevada District Court captioned T2 Partners Management, LP, a Delaware limited partnership, doing business as Kase Capital Management; T2 Accredited Fund, LP, a Delaware limited partnership, doing business as Kase Fund; T2 Qualified Fund, LP, a Delaware limited partnership, doing business as Kase Qualified Fund; Tilson Offshore Fund, Ltd, a Cayman Islands exempted company; T2 Partners Management I, LLC, a Delaware limited liability company, doing business as Kase Management; T2 Partners Management Group, LLC, a Delaware limited liability company, doing business as Kase Group; JMG Capital Management, LLC, a Delaware limited liability company, Pacific Capital Management, LLC, a Delaware limited liability company (the "T2 Plaintiffs"), derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, Timothy Storey, William Gould and Does 1 through 100, inclusive, as defendants, and, Reading International, Inc., a Nevada corporation, as Nominal Defendant. That complaint was subsequently amended (as amended the "T2 Derivative Complaint") to add as defendants Directors Judy Codding and Michael Wrotniak (collectively with the directors initially named the "T2 Defendant Directors") and S. Craig Tompkins, our Company's legal counsel (collectively with the T2 Defendant Directors, the "T2 Defendants"). The T2 Derivative Action was settled pursuant to a Settlement Agreement between the parties dated August 4, 2016, which as modified was approved by the Nevada District Court on October 6, 2016. The District Court's Order provided for the dismissal with prejudice of all claims contained in the T2 Plaintiffs' First Amended Complaint and provide that each side would be responsible for its own attorneys' fees.

In the joint press release issued by our Company and the T2 Plaintiffs on July 13, 2016, representatives of the T2 Plaintiffs stated as follows: *"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."*

The T2 Plaintiffs alleged in their T2 Derivative Complaint various violations of fiduciary duty, abuse of control, gross mismanagement and corporate waste by the T2 Defendant

Directors. More specifically the T2 Derivative Complaint sought the reinstatement of James J. Cotter, Jr. as President and Chief Executive Officer, 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 by the Cotter Estate and the Cotter Trust, and certain monetary damages, as well as equitable injunctive relief, attorney fees and costs of suit. In May 2016, the T2 Plaintiffs unsuccessfully sought a preliminary injunction (1) enjoining the Inspector of Elections from counting at our 2016 Annual Meeting of Stockholders any proxies purporting to vote either the 327,808 Class B shares held of record by the Cotter Estate or the 696,080 Class B shares held of record by the Cotter Trust, and (2) enjoining Ellen Cotter, Margaret Cotter and James J. Cotter, Jr. from voting the above referenced shares at the 2016 Annual Meeting of Stockholders. This request for preliminary injunctive relief was denied by the Nevada District Court after a hearing on May 26, 2016.

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On September 15, 2016, Mr. Cotter, Jr. filed a writ with the Nevada Supreme Court seeking a determination that the Nevada District Court erred in its determination that, by communicating his thoughts about the Cotter Jr. Derivative Action with counsel for the T2 Plaintiffs without any confidentiality or joint representation agreement, Mr. Cotter, Jr's counsel waived any attorney work product privilege that might otherwise have been applicable to such communication. Our Company is of the view that any privilege was waived by the unprotected communication of such thoughts to a third party such as counsel to the T2 Plaintiffs. On March 23, 2017, the Nevada Supreme Court set oral argument on the matter for the next available calendar.

On February 14, 2017, we filed a writ with the Nevada Supreme Court seeking a determination that the Nevada District Court erred in its decision to allow Mr. Cotter, Jr. access to certain communications between the Defendant Directors and Company counsel, which the Defendant Directors and our Company believe to be subject to the attorney-client communication privilege. Specifically, our writ asks the Nevada Supreme Court to determine whether the fact that the Defendant Directors are relying upon the Nevada business judgment rule constitutes, in whole or in part, a waiver of the attorney-client privilege held by us.

Our request was substantially mooted by the decision in July 2017 in the Wynn Resorts Case, in which similar issues were considered. In that case, the Nevada Supreme Court stated:

> Accordingly, we reiterate that the business judgment rule goes beyond shielding directors from personal liability in decision-making. Rather, it also ensures that courts defer to the business judgment of corporate executives and prevents courts from "substitute[ing] [their] own notions of what is or is not sound business judgment," if "the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company." [Citations omitted]

And,

> We agree that "it is the existence of legal advice that is material to the question of whether the board acted with due care, not the substance of that advice." Accordingly, the district court erred when it compelled Wynn Resorts to produce any attorney client privileged . . . documents on the basis that Wynn Resorts waive the attorney-client privilege of those documents by claiming the business judgment rule as a defense. [Citations omitted].

On September 18, 2017, in light of the decision by the Nevada Supreme Court in the Wynn Resorts Case, the Nevada District Court ruled that the attorney-client communications privilege applicable to advice given by company counsel to directors of the Company was not waived by the fact that the directors may have disclosed that, in the execution of their obligations as directors, they obtained advice of counsel, and that while the fact that such advice was received may be relevant to whether or not a director had meet his or her duties of care, the substance of such advice nevertheless continued to be protected by the attorney-client communications privilege. The Nevada District Court further noted that such privilege belonged to the Company, and could not be waived by individual directors. Accordingly, the Nevada District Court denied Mr. Cotter, Jr.'s motion to discover advice given by Company counsel to the Defendant Directors.

With the resolution of this issue, the Company believes that the remaining discovery is very limited and that it is likely that the Cotter Jr. Derivative Action will be tried beginning in the first quarter of next year.

The Cotter Jr. Employment Arbitration is in the discovery phase.

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Our Company is and was legally obligated to cover the costs and expenses incurred by our Defendant Directors in defending the Cotter Jr. Derivative Action and the T2 Derivative Action. Furthermore, although in a derivative action, the stockholder plaintiff seeks damages or other relief for the benefit of our Company, and not for the stockholder plaintiff's individual benefit and, accordingly, we are, at least in theory, only a nominal defendant, as a practical matter, because Mr. Cotter, Jr. is also seeking, among other things, an order that our Board's determination to terminate Mr. Cotter, Jr. was ineffective and that he be reinstated as the President and Chief Executive Officer of our Company and also limiting the use of our Board's Executive Committee, and as he asserts potentially misleading statements in certain press releases and filings with the SEC, our Company is also incurring on its own account significant cost and expense defending the decision to terminate Mr. Cotter, Jr. as President and Chief Executive Officer, its board committee structure, and the adequacy of those press releases and filings, in addition to its costs incurred in responding to discovery demands and satisfying indemnity obligations to the

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Defendant Directors. Likewise, in connection with the T2 Derivative Action, our Company incurred substantial costs defending claims related to the defense of claims relating to the termination of Mr. Cotter, Jr., opposing his reinstatement, and defending the conduct of its annual meetings. Cost incurred in the Cotter Jr. Employment Arbitration and in the defense of the Cotter Jr. Attorney's fees case were direct costs of our Company.

The Directors and Officer's Insurance Policy, in the amount of $10 million, being used to cover a portion of the costs of defending the Cotter Jr. Derivative Action, has been exhausted. We are now covering the defense costs of the Defendant Directors, in addition to our own costs incurred in connection with the Cotter Jr. Derivative Action.

On August 7, 2017, our Board appointed a Special Independent Committee to, among other things, review, consider, deliberate, investigate, analyze, explore, evaluate, monitor and exercise general oversight of any and all activities of the Company directly or indirectly involving, responding to or relating to the Cotter Jr. Derivative Action, the Cotter Jr. Employment Arbitration and any other litigation or arbitration matters involving any one or more of Ellen Cotter, Margaret Cotter, James J. Cotter, Jr., the Cotter Estate and/or the Cotter Trust. See "Board Committees—Special Independent Committee," above.

PROPOSAL 1: ELECTION OF DIRECTORS

Nominees for Election

Eight Directors are to be elected at our Annual Meeting to serve until the Annual Meeting of Stockholders to be held in 2018 or until their successors are duly elected and qualified. Unless otherwise instructed, the proxyholders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as Directors. The eight nominees for election to the Board who receive the greatest number of votes cast for the election of Directors by the shares present and entitled to vote will be elected Directors. The nominees named have consented to serve if elected.

The names of the nominees for Director, together with certain information regarding them, are as follows:

Name	Age	Position
Ellen M. Cotter	51	Chairperson of the Board and Chief Executive Officer and President (1)
Guy W. Adams	65	Director (1)
Judy Codding	71	Director (2)
Margaret Cotter	49	Vice Chairperson of the Board and Executive Vice President-Real Estate Management and Development-NYC (1)
William D. Gould	78	Director (3)
Edward L. Kane	79	Director (1) (2) (4)
Douglas J. McEachern	65	Director (2) (4)
Michael Wrotniak	50	Director (4)

(1) Member of the Executive Committee.

(2) Member of the Compensation Committee.

(3) Lead Independent Director.

(4) Member of the Audit Committee.

Ellen M. Cotter. Ellen M. Cotter has been a member of our Board of Directors since March 13, 2013, and currently serves as a member of our Executive Committee. Ms. Cotter was appointed Chairperson of our Board on August 7, 2014 and served as our interim President and Chief Executive Officer from June 12, 2015 until January 8, 2016, when she was appointed our

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permanent President and Chief Executive Officer. She joined the Company in March 1998. Ms. Cotter is also a director of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer and marketer). Ms. Cotter is a graduate of Smith College and holds a Juris Doctor from Georgetown University Law Center. Prior to joining the Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in New York City. Ms. Cotter is the sister of Margaret Cotter and James J. Cotter, Jr. Prior to being appointed as our President and Chief Executive Officer, Ms. Cotter served for more than ten years as the Chief Operating Officer ("COO") of our domestic cinema operations, in which capacity she had, among other things, responsibility for the acquisition and development, marketing and operation of our cinemas in

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the United States. Prior to her appointment as COO of Domestic Cinemas, she spent a year in Australia and New Zealand, working to develop our cinema and real estate assets in those countries. Ms. Cotter is the Co-Executor of her father's estate, which is the record owner of 297,070 shares of Class A Stock and 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Cotter is a Co-Trustee of the James J. Cotter Foundation (the "Cotter Foundation"), which is the record holder of 102,751 shares of Class A Stock and Co-Trustee of the James J. Cotter, Sr. Trust (the "Cotter Trust"), which is the record owner of 1,897,649 shares of Class A Stock and 696,080 shares of Class B Stock (representing an additional 41.4% of such Class B Stock). Ms. Cotter also holds various positions in her family's agricultural enterprises.

Ms. Cotter brings to our Board her nineteen years of experience working in our Company's cinema operations, both in the United States and Australia. 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 802,903 shares of Class A Stock and 50,000 shares of Class B Stock and her positions as Co-Executor of her father's estate and Co-Trustee of the Cotter Trust and the Cotter Foundation, Ms. Cotter is a significant stakeholder in our Company. Ms. Cotter is well recognized in and a valuable liaison to the film industry. In recognition of her contributions to the independent film industry, Ms. Cotter was awarded the first Gotham Appreciation Award at the 2015 Gotham Independent Film Awards. She was also inducted that same year into the Show East Hall of Fame.

Guy W. Adams. Guy W. Adams has been a Director of the Company since January 14, 2014, and currently serves as the chair of our Executive Committee. For more than the past eleven years, he has been a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC, a fund investing in various publicly traded securities. Over the past sixteen years, Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor. At these companies, he has held a variety of board positions, including lead director, audit committee chair and compensation committee chair. He has spoken on corporate governance topics before such groups as the Council of Institutional Investors, the USC Corporate Governance Summit and the University of Delaware Distinguished Speakers Program. Mr. Adams provides investment advice to private clients and currently invests his own capital in public and private equity transactions. He served as an advisor to James J. Cotter, Sr. and continues to provide professional advisory services to various enterprises now owned by either the Cotter Estate or the Cotter Trust. Mr. Adams also provides services to two captive insurance companies owned in equal shares by Ellen M. Cotter, James J. Cotter, Jr. and Margaret Cotter. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

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

Dr. Judy Codding. Dr. Judy Codding has been a Director of our Company since October 5, 2015, and currently serves as a member of our Compensation Committee. Dr. Codding is a globally respected education leader. From October 2010 until October 2015, she served as the Managing Director of "The System of Courses," a division of Pearson, PLC (NYSE: PSO), the largest education company in the world that provides education products and services to institutions, governments and to individual learners. Prior to that time, Dr. Codding served as the Chief Executive Officer and President of America's Choice, Inc., which she founded in 1998, and which was acquired by Pearson in 2010. America's Choice, Inc. was a leading education company offering comprehensive, proven solutions to the complex problems educators face in the era of accountability. Dr. Codding has a Doctorate in Education from University of Massachusetts at Amherst and completed postdoctoral work and served as a teaching associate in Education at Harvard University where she taught graduate level courses

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focused on moral leadership. Dr. Codding has served on various boards, including the Board of Trustees of Curtis School, Los Angeles, CA (since 2011) and the Board of Trustees of Educational Development Center, Inc. since 2012. Through family entities, Dr. Codding has been and continues to be involved in the real estate business in Florida and the exploration of mineral, oil and gas rights in Maryland and Kentucky.

Dr. Codding brings to our Board her experience as an entrepreneur, as an author, advisor and researcher in the areas of leadership training and decision-making as well as her experience in the real estate business.

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Margaret Cotter. Margaret Cotter has been a Director of our Company since September 27, 2002, and on August 7, 2014 was appointed Vice Chairperson of our Board and currently serves as a member of our Executive Committee. On March 10, 2016, our Board appointed Ms. Cotter as Executive Vice President-Real Estate Management and Development-NYC, and Ms. Cotter became a full time employee of our Company. In this position, Ms. Cotter is responsible for the management of our live theater properties and operations, including the oversight of the day to day development process of our Union Square and Cinemas 1, 2, 3 properties. Ms. Cotter is the owner and President of OBI, LLC ("OBI"), which, from 2002 until her appointment as Executive Vice President – Real Estate Management and Development-NYC, managed our live-theater operations under a management agreement and provided management and various services regarding the development of our New York theater and cinema properties. Pursuant to the OBI management agreement, Ms. Cotter also served as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. The OBI management agreement was terminated with Ms. Cotter's appointment as Executive Vice President-Real Estate Management and Development-NYC. See *Certain Relationships and Related Transactions*, and *Director Independence*, below for more information about the services provided by OBI. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and in May 2017 due to other commitments stepped down as a long time board member of the League of Off-Broadway Theaters and Producers. She is a director of Cecelia Packing Corporation. 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 297,070 shares of Class A Stock and 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Cotter is also a Co-Trustee of the Cotter Trust, which is the record owner of 1,897,649 shares of Class A Stock and 696,080 shares of Class B Voting Common Stock (representing an additional 41.4% of such Class B Stock). Ms. Cotter is also a Co-Trustee of the Cotter Foundation, which is the record holder of 102,751 shares of Class A Stock and of the James. J. Cotter Grandchildren's Trust which is the record holder of 274,390 shares of Class A Stock. Ms. Cotter also holds various positions in her family's agricultural enterprises.

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, and in New York and Chicago real estate matters. Operating and the daily oversight of our theater properties for over 18 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, with her direct ownership of 810,284 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 Cotter Trust, the Cotter Foundation, and the James J. Cotter Grandchildren's Trust, Ms. Cotter is a significant stakeholder in our Company.

William D. Gould. William D. Gould has been a Director of our Company since October 15, 2004, and currently serves as our Lead Independent Director. Mr. Gould has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. Total fees payable to Mr. Gould's law firm for calendar year 2016 were $1,088. Mr. Gould is an author and lecturer on the subjects of corporate governance and mergers and acquisitions. Mr. Gould brings to our Board more than fifty years of experience as a corporate lawyer and advisor focusing on corporate governance, mergers and acquisitions.

Edward L. Kane. Edward L. Kane has been a Director of our Company since October 15, 2004. Mr. Kane was also a Director of our Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the chair of our Compensation Committee, and until its functions were moved to the Audit Committee in May, 2016, as chair of our Tax Oversight Committee. He also serves as a member of our Executive Committee and our Audit Committee. Mr. Kane practiced as a tax attorney for many years in New York and in California. Since 1996, Mr. Kane has acted as a consultant and advisor to the health care industry. During the 1990s, Mr. Kane also served as the Chairman and CEO of ASMG

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Outpatient Surgical Centers in Southern California, and he served as a director of BDI Investment Corp., which was a regulated investment company, based in San Diego. For over a decade, he was the Chairman of Kane Miller Books, an award-winning publisher of children's books. At various times during the past three decades, Mr. Kane has been Adjunct Professor of Law at two of San Diego's law schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

In addition to his varied business experience, Mr. Kane brings to our Board his many years as a tax attorney and law professor. Mr. Kane also brings his experience as a past President of Craig Corporation and of Reading Company, two of our corporate predecessors, as well as his experience as a former member of the boards of directors of several publicly held corporations.

Douglas J. McEachern. Douglas J. McEachern has been a Director of our Company since May 17, 2012. Mr. McEachern currently serves as the Chair of our Audit Committee, a position he has held since August 1, 2012 and as a member of our Compensation Committee, since May 14, 2016. He has served as a member of the board and of the audit and compensation committees for Willdan Group, a NASDAQ listed engineering company, since 2009. From June 2011 until October 2015, Mr. McEachern was a director of Community Bank in Pasadena, California and a member of its audit committee. Mr. McEachern served as the chair of the board of Community Bank from October 2013 until October 2015. He also is a member of the finance committee of the Methodist Hospital of Arcadia. From September 2009 to December 2015, Mr. McEachern served as an instructor of auditing and accountancy at Claremont McKenna College. Mr. McEachern was an audit partner from July 1985 to May 2009 with the audit firm of Deloitte & Touche, LLP, with client concentrations in financial institutions and real estate. Mr. McEachern was also a Professional Accounting Fellow with the Federal Home Loan Bank board in Washington DC, from June 1983 to July 1985. From June 1976 to June 1983, Mr. McEachern was a staff member and subsequently a manager with the audit firm of Touche Ross & Co. (predecessor to Deloitte & Touche, LLP). Mr. McEachern received a B.S. in Business Administration in 1974 from the University of California, Berkeley, and an M.B.A. in 1976 from the University of Southern California.

Mr. McEachern brings to our Board his more than 39 years' experience meeting the accounting and auditing needs of financial institutions and real estate clients, including our Company. Mr. McEachern also brings his experience reporting as an independent auditor to the boards of directors of a variety of public reporting companies and as a board member himself for various companies and not-for-profit organizations.

Michael Wrotniak. Michael Wrotniak has been a Director of our Company since October 12, 2015, and has served as a member of our Audit Committee since October 25, 2015. Since 2009, Mr. Wrotniak has been the Chief Executive Officer of Aminco Resources, LLC ("Aminco"), a privately held international commodities trading firm. Mr. Wrotniak joined Aminco in 1991 and is credited with expanding Aminco's activities in Europe and Asia. By establishing a joint venture with a Swiss engineering company, as well as creating partnerships with Asia-based businesses, Mr. Wrotniak successfully diversified Aminco's product portfolio. Mr. Wrotniak became a partner of Aminco in 2002. Mr. Wrotniak is a member of the Board of Advisors of the Little Sisters of the Poor at their nursing home in the Bronx, New York since approximately 2004. Mr. Wrotniak graduated from Georgetown University in 1989 with a B.S. in Business Administration (cum laude).

Mr. Wrotniak is a specialist in foreign trade, and brings to our Board his considerable experience in international business, including foreign exchange risk mitigation.

Please see footnote 13 of the Beneficial Ownership of Securities table for additional information regarding the Cotter Trust and the election of Ellen M. Cotter, Margaret Cotter and James Cotter, Jr. to the Board.

Attendance at Board and Committee Meetings

During the year ended December 31, 2016, our Board met eleven times. The Audit Committee held eleven meetings, the Compensation Committee held seven meetings, the Executive Committee met five times and the CEO Search Committee met once. 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 and employees, as well as certain of the Directors and senior officers and employees 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.

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Compensation of Directors

During 2016, we paid our non-employee Directors $50,000 per year. We paid the Chair of our Audit Committee an additional $20,000 per year, the Chair of our Compensation Committee an additional $15,000 per year, the Executive Committee Chair an additional $20,000 per year and the Lead Independent Director an additional $10,000 per year.

In March 2016, the Board approved additional special compensation to be paid for extraordinary services to the Company and devotion of time in providing such services, as follows:

Guy W. Adams:	$50,000
Edward L. Kane:	$10,000
Douglas J. McEachern:	$10,000

In January, 2016, each of our then non-employee Directors received an annual grant of stock options to purchase 2,000 shares of our Class A Stock. The options awarded have a term of five years, an exercise price equal to the market price of Class A Stock on the grant date and were fully vested immediately upon grant. As discussed below, our outside director compensation was changed for the remainder of 2016 and the years thereafter. See "*2016 and Future Director Compensation*," below.

Director Compensation Table

The following table sets forth information concerning the compensation to persons who served as our non-employee Directors during 2016 for their services as Directors.

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)(1)	All Other Compensation ($)	Total ($)
Judy Codding	55,000 (3)	60,000	0	115,000
James J. Cotter, Jr.	44,492 (4)	60,000	0	104,492
Margaret Cotter (2)	11,058 (5)	0	0	11,058
Guy W. Adams	121,250 (6)	60,000	0	181,250
William D. Gould	60,000 (7)	60,000	0	120,000
Edward L. Kane	90,000 (8)	60,000	0	150,000
Douglas J. McEachern	83,750 (9)	60,000	0	143,750
Michael Wrotniak	57,500 (10)	60,000	0	117,500

(1) Fair value of the award computed in accordance with FASB ASC Topic 718.

(2) Until March 10, 2016, in addition to her Director's fees, Ms. Margaret Cotter received a combination of fixed and incentive management fees under the OBI management agreement described under the caption "*Certain Transactions and Related Party Transactions* - OBI Management Agreement," below. Upon her appointment as EVP, Real Estate Management and Development – NYC, she ceased to receive compensation for her services as a director.

(3) Represents payment of Base Director Fee of $50,000 and a Compensation Committee Member Fee of $5,000.

(4) Represents payment of Base Director Fee of $50,000 less amounts related to expenses that were owed to Company.

(5) Represents payment of prorated Base Director Fee for the 2016 First Quarter.

(6) Represents payment of Base Director Fee of $50,000, Executive Committee Chairman Fee of $20,000 and a one-time payment of $50,000 for extraordinary services and unusual time demands. The amount also includes a prorated Compensation Committee Member Fee of $1,250 for the 2016 First Quarter.

(7) Represents payment of Base Director Fee of $50,000 and Lead Independent Member Fee of $10,000.

(8) Represents payment of Base Director Fee of $50,000, Audit Committee Member Fee of $7,500, Compensation Committee Chairman Fee of $15,000, Executive Committee Member Fee of $7,500 and a one-time payment of

$10,000 for extraordinary services and unusual time demands.

(9) Represents payment of Base Director Fee of $50,000, Audit Committee Chairman Fee of $20,000 and a one-time payment of $10,000. The amount also includes a prorated Compensation Committee Member Fee of $3,750 for the 2016 Second, Third and Fourth Quarters.

(10) Represents payment of Base Director Fee of $50,000 and Audit Committee Member Fee of $7,500.

2016 and Future Director Compensation

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

The process followed by our Compensation Committee was similar to that in scope and approach used by the Compensation Committee in considering executive compensation. Willis Towers Watson reviewed and presented to the Compensation Committee the competitiveness of the Company's outside director compensation. The Company's outside director compensation was compared to the compensation paid by the 15 peer companies (identified "Compensation Discussion and Analysis"). Willis Towers Watson's key findings were:

- Our annual Board retainer was slightly above the 50th percentile while the total cash compensation paid to outside Directors was close to the 25th percentile.
- Due to our minimal annual Director equity grants, total direct compensation to our outside Directors was the lowest among the peer group.
- We should consider increasing our committee cash compensation and annual Director equity grants to be in line with peer practices.

The foregoing observations and recommendations were studied, questioned and thoroughly discussed by our Compensation Committee, Willis Towers Watson and legal counsel over the course of our Compensation Committee meetings. Among other things, our Compensation Committee discussed and considered the recommendations made by Willis Towers Watson regarding Director retainer fees and equity awards for Directors. Following discussion, our Compensation Committee recommended and our Board authorized that:

- The Board retainer currently paid to outside Directors will not be changed.
- The committee chair retainers will be increased to $20,000 for our Audit Committee and our Executive Committee and $15,000 for our Compensation Committee.
- The committee member fees will be $7,500 for our Audit and Executive Committees and $5,000 for our Compensation Committee.
- The Lead Independent Director fee will be increased to $10,000.
- The annual equity award value to Directors will be $60,000 as a fixed dollar value based on the closing price on the date of the grant and, that the equity award be restricted stock units and that such restricted stock units have a twelve month vesting period.
- Our Board also approved additional special compensation to be paid to certain directors for extraordinary services provided to us and devotion of time in providing such services as follows:
    - Guy W. Adams, $50,000
    - Edward L. Kane, $10,000
    - Douglas J. McEachern, $10,000

Our Board compensation was made effective for the year 2016 and equity grants were made on March 10, 2016 based upon the closing of the Company's Class A Common Stock on such date.

Vote Required

The eight nominees receiving the greatest number of votes cast at the Annual Meeting

will be elected to the Board.

The Board has nominated each of the nominees discussed above to hold office until the 2018 Annual Meeting of Stockholders and thereafter until his or her respective successor has been duly elected and qualified. The Board has no reason to believe that any nominee will be unable or to serve and all nominees named have consented to serve if elected.

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Ellen M. Cotter and Margaret Cotter, who together have shared voting control over an aggregate of 1,208,988 shares, or 71.9%, of our Class B Stock, have informed the Board that they intend to vote the shares beneficially held by them in favor of eight nominees named in this Proxy Statement for election to the Board discussed under Proposal 1 (the Election of Directors).

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") requires that our stockholders have the opportunity to cast a non-binding, advisory vote regarding the approval of the compensation of our "named executive officers" as disclosed in this Proxy Statement. A description of the compensation paid to these individuals is set out below under the heading, "Executive Compensation."

We believe that the compensation policies for the named executive officers are designed to attract, motivate and retain talented executive officers and are aligned with the long-term interests of our stockholders. This advisory stockholder vote, commonly referred to as a "say-on-pay" vote, gives you as a stockholder the opportunity to approve or not approve the compensation of the named executive officers that is disclosed in this Proxy Statement by voting for or against the following resolution (or by abstaining with respect to the resolution).

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.

This vote is advisory in nature and therefore is not binding on either our Board or us. However, the Compensation Committee will take into account the outcome of the stockholder vote on this proposal when considering future executive compensation arrangements. Furthermore, this vote is not intended to address any specific item of compensation, but rather the overall compensation of our "named executive officers" and our general compensation policies and practices.

Vote Required

The approval of this proposal requires the number of votes cast in favor of this proposal to exceed the number of votes cast in opposition to this proposal.

Ellen M. Cotter and Margaret Cotter, who together have shared voting control over an aggregate of 1,208,988 shares, or 71.9%, of our Class B Stock, have informed the Board that they intend to vote the shares beneficially held by them in favor of the advisory vote on the "say on pay" for our "named executive officers" discussed under Proposal 2 (the Executive Compensation Proposal).

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE COMPENSATION PAID TO OUR NAMED EXECUTIVE OFFICERS.

PROPOSAL 3: ADVISORY VOTE ON THE FREQUENCY OF VOTES ON

EXECUTIVE COMPENSATION

The Dodd-Frank Act requires our stockholders to have the opportunity to cast a non-binding, advisory vote regarding how frequently we should conduct a say-on-pay vote (similar to Proposal 2 above). At our 2011 Annual Meeting of stockholders, our stockholders voted to hold an advisory vote on executive compensation every three years. Accordingly, we have subsequently submitted say-on-pay proposals on executive compensation every three years at our annual meetings.

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We are required to hold a vote on the frequency of say-on-pay proposals every six years. As a result, we are again asking you to vote on whether you would prefer an advisory vote every one, two or three years or you may abstain. The Board has determined that an advisory vote on executive compensation every year is the best approach for the Company. This recommendation is based on a number of considerations, including the following:

- Our Company has implemented a number of corporate governance best practices and this recommendation is in keeping with that direction; and
- An annual cycle will provide stockholders the opportunity to make a non-binding vote on our executive compensation, rather than the previous three year cycle.

Vote Required

The option receiving the greatest number of votes (every one, two or three years) will be considered the frequency approved by stockholders. Although the vote is non-binding, the Board will take into account the outcome of the vote when making future decisions about the frequency for holding an advisory vote on executive compensation.

Ellen M. Cotter and Margaret Cotter, who together have shared voting control over an aggregate of 1,208,988 shares, or 71.9%, of our Class B Stock, have informed the Board that they intend to vote the shares beneficially held by them in favor of conducting the Advisory Vote on Executive Compensation every year.

Recommendation of the Board

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE TO CONDUCT AN ADVISORY VOTE ON EXECUTIVE COMPENSATION EVERY YEAR.

PROPOSAL 4: APPROVAL OF AN AMENDMENT TO INCREASE THE NUMBER OF SHARES OF COMMON STOCK ISSUABLE UNDER THE COMPANY'S 2010 STOCK INCENTIVE PLAN

General

At the Annual Meeting, the stockholders will be asked to approve an amendment to the 2010 Stock Incentive Plan (the "2010 Plan") to increase the number of shares of Common Stock reserved for issuance under the 2010 Plan by an additional 947,460 shares to bring our authorization back up to the original 1,250,000 share authorization.

As of September 30, 2017, there were 302,540 shares authorized for issuance under the 2010 Plan and available for future grants or awards. The purpose of the amendment is to ensure that we will continue to have a sufficient reserve of Common Stock available under the 2010 Plan and will be able to maintain our equity incentive compensation program. Subject to the approval of stockholders, our Board adopted the amendment to the 2010 Plan on March 2, 2017, to increase the number of shares of Common Stock available for issuance under the 2010 Plan by 947,460 shares to bring our authorization back up to the original 1,250,000 share authorization.

We strongly believe that the approval of the amendment to the 2010 Plan is essential to our continued success. Our Board and management believe that equity awards motivate high levels of performance, align the interests of our employees and stockholders by giving directors, employees and consultants the perspective of owners with an equity stake in our Company, and provide an effective means of recognizing their contributions to the success of our Company. Our Board and management believe that equity awards are necessary to remain competitive in our industry and are essential to recruiting and retaining the highly qualified employees who help us meet our goals. Our Board and management believe that the ability to grant equity

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awards will be important to our future success.

The following is a summary of the material terms of the 2010 Plan, as amended by the proposed amendment. This summary is not complete and is qualified in its entirety by reference to the full text of the 2010 Plan, as amended by the proposed amendment.

Share Reserve. If this amendment is approved, the number of shares of Common Stock reserved for issuance under the 2010 Plan will include (a) shares reserved for issuance under the 2010 Plan not to exceed an aggregate of 1,250,000 shares of Common Stock, (b) the number of shares available for issuance under the Plan shall be reduced by one (1) share for each share of Common Stock issued pursuant to a Stock Award granted under the 2010 Plan and (c) one (1) share for each Common Stock equivalent subject to a stock appreciation right granted under the 2010 Plan.

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Vote Required

The approval of this proposal requires the number of votes cast in favor of this proposal to exceed the number of votes cast in opposition to this proposal.

Ellen M. Cotter and Margaret Cotter, who together have shared voting control over an aggregate of 1,208,988 shares, or 71.9%, of our Class B Stock, have informed the Board that they intend to vote the shares beneficially held by them in favor of the 2010 Stock Incentive Plan Amendment discussed under Proposal 4 (the Plan Amendment Proposal).

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" THE APPROVAL OF THE 2010 STOCK INCENTIVE PLAN AMENDMENT.

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REPORT OF THE AUDIT COMMITTEE

The following is the report of the Audit Committee of our Board with respect to our audited financial statements for the fiscal year ended December 31, 2016.

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 our Board in its general oversight of our financial reporting, internal controls and audit functions. The Audit Committee operates under a written Charter adopted by our Board. The Charter is reviewed periodically and subject to change, as appropriate. The Audit Committee Charter describes in greater detail the full responsibilities of the Audit Committee.

In this context, the Audit Committee has reviewed and discussed the Company's audited financial statements with management and Grant Thornton LLP, our independent auditors. Management is responsible for: the preparation, presentation and integrity of our financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Grant Thornton LLP is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as an opinion on (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting.

The Audit Committee has discussed with Grant Thornton LLP the matters required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees" and PCAOB Auditing Standard No. 5, "An Audit of Internal Control Over Financial Reporting that is Integrated with Audit of Financial Statements." In addition, Grant Thornton LLP has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1, as amended, "Independence Discussions with Audit Committees," and the Audit Committee has discussed with Grant Thornton LLP their firm's independence.

Based on their review of the consolidated financial statements and discussions with and representations from management and Grant Thornton LLP referred to above, the Audit Committee recommended to our Board that the audited financial statements be included in our Annual Report on Form 10-K and Form 10-K/A for the year ended December 31, 2016 for filing with the SEC.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that our 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 our independent registered public accounting firm.

In giving its recommendation to our Board, the Audit Committee relied on (1) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (2) the report of our independent registered public accounting firm with respect to such financial statements.

Respectfully submitted by the Audit Committee.

Douglas J. McEachern, Chair
Edward L. Kane
Michael Wrotniak

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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 August 31, 2017 by:

- each of our Directors;
- each of our executive officers and current 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 Directors and 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)(13)	3,165,044	14.8	1,173,888	69.8
James J. Cotter, Jr. (3) (13)	2,698,394	12.6	696,080	41.4
Margaret Cotter (4)(13)	3,423,855	16.0	1,158,988	69.0
Guy W. Adams (5)	7,021	*	–	–
Judy Codding (6)	7,021	*	–	–
Devasis Ghose (7)	50,000	–	–	–
William D. Gould (8)	58,340	*	–	–
Edward L. Kane (9)	25,521	*	100	*
Andrzej J. Matyczynski (10)	55,493	*	–	–
Douglas J. McEachern (11)	44,321	*	–	–
Robert F. Smerling (12)	15,140	*	–	–
Michael Wrotniak	12,021	–	–	–
5% or Greater Stockholders				
James J. Cotter Living Trust (13)	1,897,649	8.8	696,080	41.4
Estate of James J. Cotter, Sr. (Deceased) (13)	326,800	1.5	427,808	25.5
Mark Cuban (14) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,913	12.4
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (15) 875 Prospect Street, Suite 301 La Jolla, California 92037	–	–	117,500	7.0
James J. Cotter Foundation	102,751	*		
Cotter 2005 Grandchildren's Trust	289,390	1.3		
All Directors and executive officers as a group (12 persons) (16)	4,686,791	21.9	1,209,088	71.9

(1) Percentage ownership is determined based on 21,377,070 shares of Class A Stock and 1,680,590 shares of Class B Stock outstanding on August 31, 2017. Beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are currently exercisable, or exercisable within 60 days following the date as of which this information is provided, and not subject to repurchase as of that date, which are indicated by footnote, are deemed to be beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.

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(2) The Class A Stock shown includes 34,941 shares subject to stock options as well as 802,903 shares held directly. The Class A Stock shown also includes 102,751 shares held by the Cotter Foundation. Ellen M. Cotter is a 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 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 Cotter Trust. See footnote (13) to this table for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (13). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

(3) The Class A Stock shown is made up of 423,604 shares held directly. The Class A Stock shown also includes 274,390 shares held by the Cotter 2005 Grandchildren's Trust and 102,751 held by the Cotter Foundation. Mr. Cotter, Jr. is Co-Trustee of the Cotter 2005 Grandchildren's Trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Mr. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the Cotter Trust, which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnote (13) below for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (13). The Class A Stock shown includes 770,186 shares pledged as security for a margin loan. Mr. Cotter, Jr. asserts that options to purchase 50,000 shares granted in connection with his prior employment as CEO remain in effect; we do not believe that this is accurate and treat such options as forfeited.

(4) The Class A Stock shown includes 11,981 shares subject to stock options as well as 810,284 shares held directly. The Class A Stock shown also includes 102,751 shares held by the Cotter Foundation, 274,390 shares held by the Cotter 2005 Grandchildren's Trust and 29,730 shares from the Cotter Profit Sharing Plan. Margaret Cotter is Co-Trustee of the Cotter 2005 Grandchildren's Trust and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 297,070 shares of Class A Stock that are part of the Cotter Estate. As Co-Executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the Cotter Trust. See footnote (13) for information regarding beneficial ownership of the shares held by the Cotter Trust. As Co-Trustees of the Cotter Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (13). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

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

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

(7) The Class A Stock shown includes 42,500 shares subject to stock options.

(8) The Class A Stock shown includes 9,000 shares subject to stock options.

(9) The Class A Stock shown includes of 4,000 shares subject to stock options.

(10) The Class A Stock shown includes of 28,736 shares subject to stock options.

(11) The Class A Stock shown includes of 9,000 shares subject to stock options.

(12) The Class A Stock shown includes of 4,981 shares subject to stock options.

(13) On June 5, 2013, the Declaration of Trust establishing the Cotter Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away on September 13, 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James 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 Cotter Trust, as of the 2013 Restatement, were Ellen M. Cotter and Margaret Cotter. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James J. Cotter, Jr. as the co-trustees of the Reading Voting Trust and provides that, in the event they are unable to agree upon an important trust decision, they shall rotate the trusteeship between them annually on each January 1st. It further directs the trustees of the Reading Voting Trust to, among other things, vote the Class B Stock held by the Reading Voting Trust in favor of the appointment of Ellen M. Cotter, Margaret Cotter and James J. Cotter, Jr. to our Board and to take all actions to rotate the chairmanship of our Board among the three of them. The 2014 Amendment states that James J. Cotter, Jr., Ellen M. Cotter and Margaret Cotter are Co-Trustees of the Cotter Trust. On February 6, 2015, Ellen M. Cotter and Margaret Cotter filed a Petition in the Superior Court of the State of California, County of Los Angeles, captioned In re James J. Cotter Living Trust dated August 1, 2000 (Case No. BP159755) (the "Trust Litigation"). 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. filed an opposition to the Petition. On August 29, 2017, the Superior Court of the State of California for the County of Los Angeles entered a Tentative Statement of

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Decision (the "Tentative Ruling") in the matter regarding the Trust Litigation in which it tentatively determined, among other things, that Mr. Cotter, Jr., is not a trustee of the Cotter Trust, and that he has no say in the voting of such Class B Stock. Under the Tentative Ruling, however, Mr. Cotter, Jr., would still succeed to the position of sole trustee of the voting sub-trust to be established under the Cotter Trust to hold the Class B Stock owned by the Cotter Trust (and it is anticipated, the Class B Stock currently held by the Cotter Estate), in the event of the death, disability or resignation of Margaret Cotter from such positon. Under the governing California Rules of Court, the Tentative Statement of Decision does not constitute a judgment and is not binding on the Superior Court. The Superior Court remains free to modify or change its decision. It is uncertain as to when, if ever, the Tentative Ruling will become final, or the form in which it will ultimately be issued. Accordingly, the Company continues to show the stock held by the Cotter Trust as beneficially owned by each of Ellen M. Cotter, Margaret Cotter, and Mr. Cotter, Jr. The 696,080 shares of Class B Stock shown in the table as being beneficially owned by the Cotter Trust are reflected on the Company's stock register as being held by the Cotter Trust and not by the Reading Voting Trust. The information in the table reflects direct ownership of the 696,080 shares of Class B Stock by the Cotter Trust in accordance with the Company's stock register.

(14) Based on Mr. Cuban's Form 5 filed with the SEC on February 19, 2016 and Schedule 13D/A filed on February 22, 2016.

(15) Based on the PICO Holdings, Inc. and PICO Deferred Holdings, LLC Schedule 13G filed with the SEC on January 14, 2009.

(16) The Class A Stock shown includes 28,639 shares subject to options not currently exercisable.

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Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our executive officers and Directors, and persons who own more than 10% of our common stock, to file reports regarding ownership of, and transactions in, our securities with the SEC and to provide us with copies of those filings. Based solely on our review of the copies received by us and on the written representations of certain reporting persons, we believe that the following Form 4's for transactions that occurred in 2016 were not filed or filed later than is required under Section 16(a) of the Securities Exchange Act of 1934:

Filer	Form	Transaction Date	Date of Filing
James J. Cotter Jr.	4	March 10, 2016	March 15, 2016
Judy Codding	4	March 10, 2016	March 15, 2016

In addition to the above, the following Forms 5 for transactions that occurred 2015 or 2016 were filed later than is required under Section 16(a) of the Securities Exchange Act of 1934.

Filer	Form	Transaction Date	Date of Filing
Andrzej J. Matyczynski	5	December 31, 2016	February 24, 2017

Insofar as we are aware, all required filings have now been made.

EXECUTIVE OFFICERS

The following table sets forth information regarding our current executive officers, other than Ellen M. Cotter and Margaret Cotter, whose information is set forth above under "Directors."

Name	Age	Title
Dev Ghose	64	Executive Vice President, Chief Financial Officer, Treasurer and Corporate Secretary
Robert F. Smerling	82	President - Domestic Cinemas
Wayne D. Smith	59	Managing Director – Australia and New Zealand
Andrzej J. Matyczynski	65	Executive Vice President – Global Operations

Devasis ("Dev") Ghose. Dev Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015, Executive Vice President on March 10, 2016 and Corporate Secretary on April 28, 2016. Over the past 25 years, Mr. Ghose served as Executive Vice President and Chief Financial Officer 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 PricewaterhouseCoopers in the U.S. and KPMG in the UK from 1975 to 1985. 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.

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Robert F. Smerling. Robert F. Smerling has served as President of our domestic cinema operations since 1994. He has been involved in the acquisition and/or development of all of our existing cinemas. Prior to joining our Company, Mr. Smerling was the President of Loews Theaters, at that time a wholly owned subsidiary of Sony. While at Loews, Mr. Smerling oversaw operations at some 600 cinemas employing some 6,000 individuals and the development of more than 25 new multiplex cinemas. Among Mr. Smerling's accomplishments at Loews was the development of the Lincoln Square Cinema Complex with IMAX in New York City, which continues today to be one of the top five grossing cinemas in the United States. Prior to Mr. Smerling's employment at Loews, he was Vice Chairman of USA Cinemas in Boston, and President of Cinemanational Theatres. Mr. Smerling, a recognized leader in our industry, has been a director of the National Association of Theater Owners, the principal trade group representing the cinema exhibition industry.

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

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

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Role and Authority of the Compensation Committee
Background

As a controlled company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation solely by independent directors. Notwithstanding such exemption, we have established a standing Compensation Committee consisting of three of our independent Directors. Our Compensation Committee charter requires our Compensation Committee members to meet the independence rules and regulations of the Securities Exchange Commission and the NASDAQ Stock Market.

In early 2016, our Compensation Committee conducted a thorough evaluation of our compensation policy for executive officers and outside directors to establish a plan that encompasses best corporate practices consistent with our Company's best interests. Our Compensation Committee reviewed, evaluated, and recommended to our Board of Directors the adoption of new compensation arrangements for our executive and management officers and outside directors. Our Compensation Committee retained the international compensation consulting firm of Willis Towers Watson as its advisor in this process, and the Committee also relied on the advice of our legal counsel, Greenberg Traurig, LLP.

Compensation Committee Charter

Our Compensation Committee Charter delegates the following responsibilities to our

Compensation Committee:

- in consultation with our senior management, to establish our compensation philosophy and objectives;
- to review and approve all compensation, including salary, bonus, incentive and equity compensation, for our Chief Executive Officer and our executive officers, provided that our Chief Executive Officer may not be present during voting or deliberations on his or her compensation;

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- to approve all employment agreements, severance arrangements, change in control provisions and agreements and any special or supplemental benefits applicable to our Chief Executive Officer and other executive officers;
- to approve and adopt, on behalf of our Board, incentive compensation and equity-based compensation plans, or, in the case of plans requiring stockholder approval, to review and recommend such plan to the stockholders;
- to review and discuss with our management and our counsel and auditors, the disclosures made in the Compensation Discussion and Analysis and advise our Board whether, in the view of the Committee, the Compensation Discussion and Analysis is, in form and substance, satisfactory for inclusion in our annual report on Form 10-K and proxy statement for the annual meeting of stockholders;
- to prepare an annual compensation committee report for inclusion in our proxy statement for the annual meeting of stockholders in accordance with the applicable rules of the SEC;
- to periodically review and reassess the adequacy of the Compensation Committee Charter and recommend any proposed changes to the Board for approval;
- to administer our equity-based compensation plans, including the grant of stock options and other equity awards under such plans, the exercise of any discretion accorded to the administrator of all such plans and the interpretation of the provisions of such plans and the terms of any awards made under the plans; and
- to consider the results of the most recent stockholder advisory vote on executive compensation required by Section 14A of the Securities Exchange Act of 1934 when determining compensation policies and making decisions on executive compensation.

Under the Compensation Committee Charter, "executive officer" is defined to mean the chief executive officer, president, chief financial officer, chief operating officer, general counsel, principal accounting officer, any executive vice president of the Company and any Managing Director of Reading Entertainment Australia Pty Ltd and/or Reading New Zealand, Ltd.; provided that any compensation determinations pertaining to Ellen M. Cotter and Margaret Cotter are subject to review and approval by our Board.

The Compensation Committee Charter is available on our website at http://www.readingrdi.com/Committee-Charters.

Executive Compensation

In early 2016, our Compensation Committee, following consultation with Willis Towers Watson, our Chief Executive Officer, and our legal counsel, reviewed the Company's compensation levels, programs and practices. As part of its engagement, Willis Towers Watson recommended and the Compensation Committee adopted a new peer group that the Committee believed reflected our geographic operations since the peer group included companies based in the U.S. and Australia and the companies in the peer group were comparable to us based on revenue.

The peer group adopted by the Compensation Committee included the following 15 companies:[1]

Arcadia Realty Trust	Inland Real Estate Corp.
Associated Estates Realty Corp.	Kite Realty Group Trust
Carmike Cinemas Inc.	Marcus Corporation
Cedar Realty Trust Inc.	Pennsylvania Real Estate Investment Trust
Charter Hall Group	Ramco-Gershenson Properties Trust
EPR Properties	Urstadt Biddle Properties Inc.

Vicinity Centres	Village Roadshow Ltd.
IMAX Corporation	

The Compensation Committee used the peer group in reviewing compensation paid to executive and management officers by position, in light of each person's duties and responsibilities. In addition, Willis Towers Watson also compared our top executive and management positions to (i) executive compensation paid by a peer group and (ii) two surveys, the 2015 Willis Towers Watson Data Services Top Management Survey Report and the 2015 Mercer MBD Executive Compensation Survey, in each case, identified by office position and duties performed by the officer.

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Willis Towers Watson prepared a summary for the Compensation Committee that measured our executive and management compensation against compensation paid by peer group companies and the companies listed in the two surveys based on the 25th, 50th and 75th percentile of such peer group and surveyed companies. The 50th

[1] In early 2017, our Compensation Committee engaged Willis Towers Watson to review again the peer group. Based on the recommendations of Willis Towers Watson, the Compensation Committee approved a new peer group for 2017, which included the above companies, except for the following which were removed: Associated Estates Realty Corp., Carmike Cinemas, Inland Real Estate Corp, each of which were acquired, and EPR Properties and Vicinity Centres, which were believed to no longer be size comparable. In their place, the following companies were added: Global Eagle Entertainment, National CineMedia, Red Lion Hotels Corporation, Retail Opportunity Investments Corp. and Saul Centers, Inc.

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percentile was the median compensation paid by such peer group and surveyed companies to executives performing similar responsibilities and duties. The summary included base salary, short term incentive (cash bonus) and long term incentive (equity awards) of the peer and surveyed companies to the base salary, short term incentive and long term incentive provided to our executives and management.

The summary concluded that, except in a few positions, we were generally competitive in base salary, however, we were not competitive when short-term incentives and long term incentives were included in the total compensation paid to our executives and management.

As a result of the foregoing factors, the Compensation Committee implemented commencing in 2016:

- A formal annual incentive program for all executives; and
- A regular annual grant program for long-term incentives.

Additionally, our Compensation Committee recommended, and our Board subsequently adopted, a compensation philosophy for our executive and management team members to:

- Attract and retain talented and dedicated management team members;
- Provide overall compensation that is competitive in its industry;
- Correlate annual cash incentives to the achievement of its business and financial objectives; and
- Provide management team members with appropriate long-term incentives aligned with stockholder value.

As part of the compensation philosophy, our compensation focus will be to (1) drive our strategic plan on growth, (2) align officer and management performance with the interests of our stockholders, and (3) encourage retention of our officers and management team members.

In furtherance of our compensation policy, our Compensation Committee adopted an executive and management officer compensation structure for 2016 consisting of:

- A base salary comparable with job description and industry standard;
- A short-term incentive plan based on a combination of factors including overall corporate and division performance as well as individual performance with a target bonus opportunity to be denominated as a percent of base salary with specific goals weightings and pay-out ranges; and
- A long-term incentive or equity awards in line with job description, performance, and industry standards.

Reflecting the new approach, our Compensation Committee established (i) 2016 annual base salaries at levels that it believed were generally competitive with executives in our peer group and in other comparable publicly-held companies as described in the executive pay summary assessment prepared by Willis Towers Watson, except for the base salary of our Chief Executive Officer, which remains below the 25th percentile, (ii) short term incentives in the form of discretionary annual cash bonuses based on the achievement of identified goals and benchmarks, and (iii) long-term incentives in the form of employee stock options and restricted stock units will be used as a retention tool and as a means to further align an executive's long-term interests with those of our stockholders, with the ultimate objective of affording our executives an appropriate incentive to help drive increases in stockholder value.

In the future, it is anticipated that our Compensation Committee will continue to evaluate both executive performance and compensation to maintain our ability to attract and retain highly-qualified executives in key positions and to assure that compensation provided to executives remains competitive when compared to the compensation paid to similarly situated

executives of companies with whom we compete for executive talent or that we consider comparable to our company.

Role of Chief Executive Officer in Compensation Decisions

At our Compensation Committee's direction, our Chief Executive Officer prepared an executive compensation review for 2016 for each executive officer (other than the Chief Executive Officer), as well as the full executive team, which included recommendations for:

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- 2016 Base Salary;
- A proposed year-end short-term incentive in the form of a target cash bonus based on the achievement of certain objectives; and
- A long-term incentive in the form of stock options and restricted stock units for the year under review.

Our Compensation Committee performs an annual review of executive compensation, generally in the first quarter of the year following the year in review, with a presentation by our Chief Executive Officer regarding each element of the executive compensation arrangements. As part of the compensation review, our Chief Executive Officer may also recommend other changes to an executive's compensation arrangements such as to elect a change in the executive's responsibilities. Our Compensation Committee will evaluate the Chief Executive Officer's recommendations and, in its discretion, may accept or reject the recommendations, subject to the terms of any written employment agreements.

In the first quarter of 2017, our Compensation Committee met separately and with our Chief Executive Officer to review the performance goals of our various officers and to determine the extent to which the officer achieved such goals. Our Compensation Committee, in determining final incentive compensation for services rendered in 2016, also considered, among other things, the recommendations of our Chief Executive Officer, the overall operating results of our Company and the challenges met in achieving those operating results. The Committee noted the following with respect to 2016:

- We made significant strides in our investor relations program and our stock price hit record highs.
- Our total revenues in 2016 were the highest on record.
- Record operational performance was achieved across important metrics in each cinema division.
- A new theater was opened in Hawaii, our Company commenced the CAPEX program in the U.S. and completed the renovations of three Australia and New Zealand theaters.
- Gradual steps were taken in Australia and New Zealand to further expand the cinema portfolio while reviewing several opportunities in the U.S.
- Significant steps were taken through the year to progress our most important value creation projects: Union Square in the U.S., Newmarket Village in Australia and Courtenay Central in New Zealand.
- We acquired and substantially completed the renovation of our new corporate headquarters in Culver City, California.
- We completed three separate financing facilities and renegotiated two others.
- We took several important steps in significantly improving corporate governance.
- We overhauled our executive compensation structure and philosophy to better align compensation with the interest of stockholders.

Chief Executive Officer Compensation

On June 12, 2015, our Board appointed Ellen M. Cotter as our interim President and Chief Executive Officer. Initially, her base salary remained the same and she continued to receive the same base salary of $402,000 that she received at the time of her appointment. In March of 2016, the Compensation Committee, with the assistance of Willis Towers Watson and Ms. Cotter, adopted new procedures regarding officer compensation.

For 2016, our Compensation Committee met in executive sessions without our Chief Executive Officer to consider the Chief Executive Officer's compensation, including base salary, cash bonus and equity award, if any. Prior to such executive sessions, our Compensation Committee interviewed our Chief Executive Officer to obtain a better understanding of factors contributing to the Chief Executive Officer's compensation. With the exception of these executive sessions of our Compensation Committee, as a rule, our Chief Executive Officer

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participated in all deliberations of the Compensation Committee relating to executive compensation. However, our Compensation Committee also asked our Chief Executive Officer to be excused for certain deliberations with respect to the compensation recommended for Margaret Cotter, the sister of our Chief Executive Officer.

The Base Salary set for our Chief Executive Officer for 2016, or $450,000, remains substantially below the market base salary median for our peer companies. By comparison, the Willis Towers Watson report showed that the 25th, 50th and 75th percentiles in the market peer group of Chief Executive Officer base salaries were $505,000, $565,000 and $695,000, respectively. Because Ms. Cotter's potential short term incentive payment was based on a

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percentage (95%) of her base salary, which was below the 25th percentile of market peers**,** Ms. Cotter's potential short term incentive payment was also set to be in a lower range than market peers.

In the first quarter of 2017, our Compensation Committee met separately and with our Chief Executive Officer to review the performance goals of our various officers and to determine the extent to which the officer achieved such goals. Our Compensation Committee, in determining final incentive compensation for services rendered in 2016, also considered, among other things, the recommendations of our Chief Executive Officer, the overall operating results of our Company and the challenges met in achieving those operating results.

2016 Base Salaries

Our Compensation Committee reviewed the executive pay summary prepared by Willis Towers Watson and other factors and engaged in extensive deliberation and then recommended the following 2016 base salaries for the following officers. For 2016 base salaries, our Board approved the recommendations of our Compensation Committee for 2016 base salaries for the President and Chief Executive Officer, Chief Financial Officer and our three most highly paid executive officers other than our Chief Executive Officer and the Chief Financial Officer, collectively referred as our "named executive officers."

Name	Title	2016 Base Salary
Ellen Cotter [1]	President and Chief Executive Officer	$ 450,000
Dev Ghose	EVP, Chief Financial Officer, Treasurer and Corporate Secretary	400,000
Andrzej J. Matyczynski [2]	EVP-Global Operations	336,000
Robert F. Smerling	President, US Cinemas	375,000
Margaret Cotter [3]	EVP-Real Estate Management and Development-NYC	350,000 [3]

(1) Ellen M. Cotter was appointed President and Chief Executive Officer on January 8, 2016. From June 12, 2015 until January 8, 2016, Ms. Cotter was the Interim President and Chief Executive Officer.

(2) Andrzej J. Matyczynski was the Company's Chief Financial Officer and Treasurer until May 11, 2015 and thereafter he acted as Strategic Corporate Advisor to the Company. He was appointed EVP-Global Operations on March 10, 2016.

(3) Margaret Cotter was retained by the Company as a full time employee commencing March 10, 2016. Prior to that time, she provided services as an employee of OBI. A discussion of that arrangement and the amounts paid to OBI are set forth under the caption Related Party Transactions, below. The $350,000 amount specified in the table was an annual compensation, of which $285,343 was paid with respect to services performed in 2016.

2016 Short Term Incentives

The Short Term Incentives authorized by our Compensation Committee provide our executive officers and other management team members, who are selected to participate, with an opportunity to earn an annual cash bonus based upon the achievement of certain company financial goals, division goals and individual goals, established by our Chief Executive Officer and approved by our Compensation Committee. Because of the family relationship, the compensation payable to our Chief Executive Officer, Ellen Cotter, and Margaret Cotter must also be approved by our Board. Participants in the short-term incentive plan are advised of his or her annual potential target bonus expressed as a percentage of the participant's base salary and by dollar amount. The participant will be eligible for a short-term incentive bonus once the participant achieves goals identified at the beginning of the year for a threshold target, the potential target or potential maximum target bonus opportunity.

For 2016, the performance goals for our named executive officers included (i) a target for company-wide "Compensation Adjusted EBITDA" (a non-GAAP measure defined

below) of $39,000,000; and (ii) Company-wide Property Development metrics. In addition, each of our named executive officers was given Compensation Committee approved individually tailored goals based on their respective areas of responsibility.

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Management and the Compensation Committee use "Earnings before Interest, Taxes, Depreciation and Amortization, or "EBITDA," a non-GAAP financial measure, for a number of purposes in assessing the performance of the Company. See our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, Item 6 – Selected Financial Data, a copy of which accompanies this Proxy Statement for a discussion and reconciliation of EBITDA. "Compensation Adjusted EBITDA" is one of the two principal Company-wide performance metrics used by the Compensation Committee and for assessing the performance of executives of the Company. Compensation Adjusted EBITDA is not otherwise used by management and is calculated in a manner intended to adjust out of EBITDA those elements not generally within the control of our executives, taking into account the precision of the annual operating and capital expenditure budgets and the circumstances during the year. The Compensation Adjusted EBITDA approved by our Compensation Committee for determining short-term incentives includes the following adjustments to EBITDA, with the amount of adjustments in 2016 as indicated:

		($ in thousands)
Net Income (Comparable GAAP financial measure)		9,403
EBITDA (Non-GAAP measure, see Item 6 – Selected Financial Data for reconciliation to net income)	$	35,894
Compensation Committee adjustments to EBITDA:		
(i) Adjustment for litigation expenses		3,651
(ii) Elimination of gains and losses from disposition of assets		(393)
(iii) Elimination of unusual or non-recurring events not included in the Company's budget for the performance period, such as the sale of a cinema(s) or the cessation of a cinema operation as a result of a natural disaster		1,421
(iv) Elimination of unbudgeted impairment charges or gains		–
(v) Elimination of non-cash deferred compensation		799
(vi) Elimination of exchange rate adjustments		359
(vii) Box office/attendance industry adjustments to account for industry		–
Compensation Adjusted EBITDA	$	41,731

Ms. Ellen M. Cotter is our President and Chief Executive Officer. Her target bonus opportunity of 95% of Base Salary was dependent on Ms. Cotter's achievement of her performance goals and achievement of corporate goals discussed above. Of that potential target bonus opportunity, her threshold bonus was achievable based upon meeting or exceeding the above referenced Company-wide goals (50%) and upon Ms. Cotter's meeting or achieving certain individual goals (50%). Her individual goals included development of certain strategies and vision for our Company, working on development of 2017's corporate budget, developing a stronger human resources function, working with our finance and tax groups to establish stronger procedures and controls and strategically evaluating certain of our real estate assets for value creation. Based on our Compensation Committee's review, Ms. Cotter was awarded a bonus of $363,375. Ms. Cotter's bonus was also approved by our Board.

Dev Ghose is our EVP, Chief Financial Officer, Treasurer and Corporate Secretary. His potential target bonus opportunity of 50% of Base Salary was achievable based upon meeting or exceeding the above referenced Company-wide goals (50%) and on Mr. Ghose's meeting or achieving certain individual goals (50%) related to his areas of responsibility, including internal audit, global financing costs, project financing, investor relations and return of stockholder capital. Based on our Compensation Committee's review, Mr. Ghose was awarded a bonus of $170,000. Mr. Andrzej J. Matyczynski is our EVP - Global Operations. His target bonus opportunity of 50% of Base Salary was achievable based upon meeting or exceeding the above referenced Company-wide goals (40%), meeting or exceeding division performance goals (30%), and on Mr. Matyczynski's meeting or exceeding certain individual goals (30%) related to his areas of responsibility, including certain corporate growth and cinema division goals. Based on our Compensation Committee's review, Mr. Matyczynski was awarded a bonus of $50,000. Mr. Robert Smerling is President, US Cinemas. His target bonus opportunity of 30% of Base Salary was achievable based upon meeting or exceeding the

above referenced Company-wide goals (40%), achievement of division performance goals (30%), and on Mr. Smerling's meeting or exceeding certain individual goals (30%) related to his areas of responsibility, including certain US cinemas/film buying, US circuit growth and US real estate/US circuit growth. Based on our Compensation Committee's review, Mr. Smerling was awarded a bonus of $72,068. Ms. Margaret Cotter is our EVP – Real Estate Management and Development-NYC. Her target bonus opportunity of 30% of Base Salary was achievable based upon meeting or exceeding the above referenced Company-wide goals (40%), meeting or exceeding division performance goals (30%), and on Ms. Cotter's meeting or exceeding certain individual goals (30%) related to her areas of responsibility, including certain New York City real estate and live theater matters. Based on our Compensation Committee's review, Ms. Cotter was awarded a bonus of $95,000. Ms.

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Cotter's bonus was also approved by our Board.

The positions of other management team members had target bonus opportunities ranging from 20% to 30% of Base Salary based on achievement certain goals. The highest level of achievement, participants were eligible to receive up to a maximum of 150% of his or her target bonus amount. While Company-wide goals were objectively measurable, many of the individual goals had both objective and subjective elements, so the Compensation Committee used discretion in making its final decisions.

Long-Term Incentives

Long-Term incentives utilize the equity-based plan under our 2010 Stock Incentive Plan, as amended (the "2010 Plan"). For 2016, executive and management team participants received awards in the following forms: 50% time-based restricted stock units and 50% non-statutory stock options. The grants of restricted stock units and options will vest ratably over a four (4) year period with 1/4th vesting on each anniversary date of the grant date.

The following grants were made for 2016 on March 10, 2016:

		2016	
Name	**Title**	**Dollar Amount of Restricted Stock Units**	**Dollar Amount of Non-Statutory Stock Options (1)**
Ellen M. Cotter	President and Chief Executive Officer	$ 150,000	$ 150,000
Devasis Ghose [(2)]	EVP, Chief Financial Officer, Treasurer and Corporate Secretary	0	0
Robert F. Smerling	President, US Cinemas	50,000	50,000
Andrzej J. Matyczynski	EVP-Global Operations	37,500	37,500
Margaret Cotter	EVP-Real Estate Management and Development-NYC	50,000	50,000

(1) The number of shares of stock to be issued will be calculated using the Black Scholes pricing model as of the date of grant of the award.

(2) Mr. Dev Ghose was awarded 100,000 non-statutory stock options vesting over a 4-year period commencing on Mr. Ghose's first day of employment on May 11, 2015.

All long-term incentive awards are subject to other terms and conditions set forth in the 2010 Stock Incentive Plan and award grant. In addition, individual grants include certain accelerated vesting provisions. In the case of employees, the accelerated vesting will be triggered upon (i) the award recipient's death or disability, (ii) certain corporate transactions in which the awards are not replaced with substantially equivalent awards, or (iii) upon termination without cause or resignation for "good reason" within twenty-four months of a change of control, or a corporate transaction where equivalent awards have been substituted. In the case of awards to non-executive directors, the accelerated vesting will be triggered upon a change of control or certain corporate transactions in which awards are not replaced with substantially equivalent awards.

Our Compensation Committee has generally discussed, but has not yet seriously evaluated, future consideration of adding a performance condition to the long-term incentive awards.

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 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.

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Other Retirement Plans

During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was partially vested and was to vest further so long as he remained in our continuous employ. The DCP allowed Mr. Matyczynski to defer part of the cash portion of his compensation, subject to annual limits set forth in the DCP. The funds held pursuant to the DCP are not segregated and do not accrue interest or other earnings. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our Board. Please see the "*Nonqualified Deferred Compensation*" table for additional information. In addition, Mr. Matyczynski is entitled to a lump-sum severance payment of $50,000, provided there has been no termination for cause and subject to certain offsets, upon his retirement.

Upon the termination of Mr. Matyczynski's employment, he will also be entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service for reasons other than his death or termination for cause. The DCP was to vest over seven years and with full vesting to occur in 2019 at $1,000,000 in deferred compensation. However, in connection with his changed employment to EVP - Global Operations, the Company and Mr. Matyczynski agreed that the Company would cease making contributions to the DCP on April 15, 2016 and that the final contributions by the Company to the DCP would be $150,000 for 2015, and $21,875 for 2016, satisfying the Company's total contribution obligations under the DCP at an amount of $621,875.

The DCP is an unfunded contractual obligation of the Company. DCP benefits are paid from the general assets of the Company. However, the Company reserves the right to establish a grantor trust from which DCP benefits may be paid.

In March 2016, the Compensation Committee approved a one-time retirement benefit for Robert Smerling, President, Cinema Operations, due to his significant long term service to the Company. The retirement benefit is a single year benefit in an amount equal to the average of the two highest total cash compensation (base salary plus cash bonus) years paid to Mr. Smerling in the then most recently completed five-year period.

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

Key Person Insurance

We maintain life insurance on certain individuals who we believe to be key to our management, including certain named executive officers. If such individual ceases to be our employee or independent contractor, as the case may be, she or he is permitted, by assuming responsibility for all future premium payments, to replace our Company as the beneficiary under such policy. These policies allow each such individual to purchase up to an equal amount of insurance for such individual's own benefit. In the case of our employees, the premium for both the insurance as to which we are the beneficiary and the insurance as to which our employee is the beneficiary, is paid by us. In the case of named executive officers, the premium paid by us for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

Employee Benefits and Perquisites

Our named executive officers are eligible to participate in our health and welfare plans to the same extent as all full-time employees generally. We do not generally provide our named executive officers with perquisites or other personal benefits. Historically, certain of our other named executive officers also received an automobile allowance. The table below shows car allowances granted to our named executive officers under their employment agreements or

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arrangements. Beginning in 2017, our Compensation Committee recommended and management has agreed to eliminate car allowances. From time to time, we may provide other perquisites to one or more of our other named executive officers.

Officer	Annual Allowance ($)
Ellen M. Cotter	13,800
Devasis Ghose	12,000
Robert F. Smerling	18,000
Andrzej J. Matyczynski	12,000

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Tax and Accounting Considerations

Deductibility of Executive Compensation

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

Nonqualified Deferred Compensation

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

Compensation Committee Interlocks and Insider Participation

Our Compensation Committee is currently composed of Mr. Kane, who serves as Chair, Mr. McEachern and Dr. Codding. Mr. Adams served on our Compensation Committee until May 2016. None of the members of the Compensation Committee was an officer or employee of the Company at any time during 2015. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has or had one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

REPORT OF THE COMPENSATION COMMITTEE

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

Respectfully submitted,

Edward L. Kane, Chair
Judy Codding
Douglas McEachern

Executive Compensation

This section discusses the material components of the compensation program for our executive officers named in the Summary Compensation Table below. In 2016, our named executive officers and their positions were as follows:

- Ellen M. Cotter, Chairperson of the Board, President and Chief Executive Officer, interim President and Chief Executive Officer, Chief Operating Officer – Domestic Cinemas and Chief Executive Officer of Consolidated Entertainment, LLC
- Dev Ghose, EVP, Chief Financial Officer and Treasurer
- Andrzej J. Matyczynski, EVP-Global Operations
- Margaret Cotter, EVP, Real Estate Management and Development-NYC; and

- Robert F. Smerling, President – Domestic Cinema Operations.

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Summary Compensation Table

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2016 to (i) Ellen M. Cotter, who served as our interim principal executive officer from June 12, 2015 through January 8, 2016 and who since that date has served as our principal executive officer, (ii) Mr. Dev Ghose, who served as our Chief Financial Officer starting May 11, 2015, and (iii) the other three most highly compensated persons who served as executive officers in 2016.

The following executives are herein referred to as our "named executive officers":

	Year	Salary ($)	Bonus ($)	Restricted Stock Awards ($) (1)	Option Awards ($) (1)	Non-Equity Incentive Plan Compensation ($) (2)	Change in Pension Value and Nonqualified Deferred Compensation Earning ($)	Other Compensation ($)	Total ($)
Ellen M. Cotter [3]	2016	450,000	–	150,000	150,000	363,375	–	25,550 [4]	1,138,925
President and	2015	402,000	250,000	–	–		–	25,465 [4]	677,465
Chief Executive Officer	2014	335,000	–	–	–		–	75,190 [4][5]	410,190
Devasis Ghose [6]	2016	400,000	–	–	–	170,000	–	27,140 [4]	597,140
EVP, Chief Financial	2015	257,692	75,000	–	382,334		–	15,730 [4]	730,756
Officer, Treasurer and	2014	–	–	–	–		–	–	–
Corporate Secretary									
Robert F. Smerling	2016	375,000	–	50,000	50,000	72,068	–	23,434 [4]	570,502
President – Domestic	2015	350,000	75,000	–	–		–	22,899 [4]	447,899
Cinema Operations	2014	350,000	65,000	–	–		–	22,421 [4]	437,421
Andrzej J. Matyczynski [7]	2016	336,000	–	37,500	37,500	50,000	21,875 [8]	27,805 [4]	510,680
EVP-Global Operations	2015	324,000	–	–	33,010		150,000 [8]	27,140 [4]	534,150
	2014	308,640	–	–	33,010		150,000 [8]	26,380 [4]	518,030
Margaret Cotter [9]	2016	285,343	–	50,000	50,000	95,000		11,665 [4]	492,008
EVP-Real Estate	2015	10,990	–	–	–	–	–	–	10,990
Management and	2014	4,375	–	–	–	–	–	–	4,375
Development-NYC									

(1) Stock awards granted as a component of the 2016, 2015 and 2014 annual incentive awards are reported in this column as 2016, 2015 and 2014 compensation, respectively, to reflect the applicable service period for such awards, however, these stock grants were approved by the Compensation Committee during the first quarter of the following calendar year. 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.

(2) For the year ended December 31, 2016, the Compensation Committee approved the payment of a short-term incentives cash bonus. For a discussion regarding the 2016 short term incentive, see "Compensation Discussion and Analysis – 2016 Short Term Incentives."

(3) Ms. Ellen M. Cotter was appointed our interim President and Chief Executive Officer on June 12, 2015.

(4) Includes our matching employer contributions under our 401(k) plan, the imputed tax of key person insurance, and any automobile allowances. Aside from the car allowances only the employer contributions for the 401(k) plan exceeded $10,000, see table below. See the table in the section entitled Employee Benefits and Perquisites for the amount of each individual's car allowance.

Name	2016	2015	2014
Ellen M. Cotter	$ 10,600	$ 10,600	$ 10,400
Devasis Ghose	10,600	4,000	0
Andrzej J. Matyczynski	10,600	10,600	10,400
Margaret Cotter	10,600	0	0
Robert F. Smerling	0	0	0

(5) Includes a $50,000 tax gross-up for taxes incurred as a result of the exercise of nonqualified stock options that were intended to be issued as incentive stock options.

(6) Mr. Ghose became Chief Financial Officer and Treasurer on May 11, 2015, as such; he was paid a prorated amount of his $400,000 salary for 2015.

(7) Mr. Matyczynski resigned as our Chief Financial Officer and Treasurer on May 11, 2015, and acted as our Strategic Corporate Advisor until March 10, 2016, then took on the role of EVP-Global Operations.

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

(9) Margaret Cotter was retained by the Company as a full time employee commencing March 10, 2016. As such, she was paid a prorated amount of her $350,000 base salary for 2016. Prior to that time, she provided services as an employee of OBI. A discussion of that arrangement and the amounts paid to OBI are set forth under the caption Certain Relationships and Related Party Transactions, below.

Grants of Plan-Based Awards

The following table contains information concerning (i) potential payments under the Company's compensatory arrangements when performance criteria under such arrangements were established by the Compensation Committee in the first quarter of 2016 (actual payouts are reflected in the "Non-Equity Incentive Plan Compensation" column of the Summary Compensation table) and (ii) stock awards and options granted to our named executive officers for the year ended December 31, 2016:

			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	All Other Option Awards: Number of Securities	Exercise or Base Price of	Grant Date Fair Value of Stock and
Name	Award Type	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)	Units (#)	Underlying Options (#)(2)	Option Award ($/share)	Option Awards ($)(3)
Ellen M. Cotter	Short-term Incentive(1)		213,750	427,500	641,250	–	–	–			11.95	300,000
	Stock Options	3/10/2016								59,763		
	RSU	3/10/2016							12,552			
Devasis Ghose	Short-term Incentive(1)		100,000	200,000	300,000	–	–	–	–	–	–	–
	Stock Options											
	RSU											
Robert F. Smerling	Short-term Incentive(1)		56,250	112,500	168,750	–	–	–			11.95	100,000
	Stock Options	3/10/2016								19,921		
	RSU	3/10/2016							4,184			
Andrzej J. Matyczynski	Short-term Incentive(1)		84,000	168,000	252,000	–	–	–			11.95	75,000
	Stock Options	3/10/2016								14,941		
	RSU	3/10/2016							3,138			
Margaret Cotter	Short-term Incentive(1)		52,500	105,000	157,500	–	–	–			11.95	100,000
	Stock Options	3/10/2016								19,921		
	RSU	3/10/2016							4,184			

(1) Represents the short-term (or annual) incentive for fiscal year 2016. The award amount is based upon the achievement of certain company financial goals measured by our EBITDA and development metrics, division goals and individual goals, as approved by the Compensation Committee. For a discussion regarding the 2016 short term incentive, see "Compensation Discussion and Analysis – 2016 Short Term Incentives."

(2) Represents stock options granted under our Stock Incentive Plan. The stock options granted to the Named Executive Officers in 2016 have a 5-year term and vests to 25% of the shares of our common stock underlying the option great per year on the first day of each successive 12- month period commencing one year from the date of the grant. Options are granted with an exercise price equal to the closing price per share on the date of grant.

(3) Represents the aggregate ASC 718 value of awards made in 2016.

Nonqualified Deferred Compensation

Name	Executive contributions in 2016 ($)	Registrant contributions in 2016 ($)	Aggregate earnings in 2016 ($)	Aggregate withdrawals/ distributions ($)	Number of years of credited service	Aggregate balance at December 31, 2016 ($)
Andrzej J. Matyczynski (1)	0	21,875	0	0	7	621,875

(1) Mr. Matyczynski is the only executive who has a Nonqualified Deferred Compensation.

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2010 Equity Incentive Plan

On May 13, 2010, our stockholders approved the 2010 Stock Incentive Plan at the annual meeting of stockholders in accordance with the recommendation of our Board. The Plan provides for awards of stock options, restricted stock, bonus stock, and stock appreciation rights to eligible employees, Directors, and consultants. On March 10, 2016 our Board approved a First Amendment to the Plan to permit the award of restricted stock units. On March 2, 2017 and on April 26, 2017, our Board approved a further amendment to the Plan (the Second Amendment to the Plan) to allow net exercises of stock options to be made at the Participant's election; to incorporate the substance of the resolutions of the Compensation Committee on May 16, 2013 authorizing certain cashless transactions automatic exercise of expiring in the money options; and to broaden the permissible tax withholding by surrender of shares and to change the definition of Fair Market Value for purposes of the calculation of share value for purposes of net exercises and cashless exercises from the closing price to the average of the price of the highest sale price and the lowest sale price on the applicable measured day. The Plan permits issuance of a maximum of 1,250,000 shares of Class A Stock of which, 645,143 has been used to date. The Plan expires automatically on March 11, 2020.

Equity awards under our Plan are intended by us as a means to attract and retain qualified management, directors and consultants, to bind the interests of eligible recipients more closely to our own interests by offering them opportunities to acquire our common stock and/or cash and to afford eligible recipients stock-based compensation opportunities that are competitive with those afforded by similar businesses. Equity awards may include stock options, restricted stock, restricted stock units, bonus stock, or stock appreciation rights.

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

Policy on Stock Ownership

At its meeting held March 23, 2017, our Board determined that, as a matter of policy, directors should hold shares of the Company's common stock having a fair market value equal to not less than three times (3X) their annual cash retainer, that the chief executive officer should hold shares of the Company's common stock having a fair market value equal to not less than six times (6X) her base salary, and that all other executive officers (as defined in the Compensation Committee Charter) should hold shares of the Company's common stock having a fair market value equal to not less than one times (1X) their respective base salaries. In each case, fair market value would be determined by reference to the trading price of such securities on the NASDAQ, as measured at the end of each calendar year. The Board further determined that for purposes of determining requisite stock ownership, there should be included all shares owned of record or beneficially, all vested and unvested stock options and all vested and unvested restricted stock units held by such individual and that the individuals covered by the policy should have a period of five years in which to achieve such levels of ownership.

Outstanding Equity Awards

The following table sets forth outstanding equity awards held by our named executive officers as of December 31, 2016 under the Plan:

Outstanding Equity Awards at Year Ended December 31, 2016

		Option Awards					Restricted Stock Awards			
Name	Class	Number of Shares Underlying Unexercised Options Exercisable	Number of Shares Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: No. of Common Shares Underlying Unexercised Unearned Options	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 (1)	Equity Incentive Plan Awards: No. of Unearned Common Shares That Have Not Vested	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares That Have Not Vested
Ellen M.	A	20,000	–	–	5.55	3/6/2018	–	–	–	–
Cotter	A	14,941	44,822 (2)	–	11.95	3/9/2021	–	–	–	–
	A	–	–	–	–	–	9,414 (3)	$ 156,272	–	–
Devasis Ghose	A	17,500	75,000 (4)		13.42	5/10/2020	–	–	–	–
Andrzej J.	A	25,000	–	–	6.02	8/22/2022	–	–	–	–
Matyczynski	A	3,735	11,206 (5)	–	11.95	3/9/2021	–	–	–	–
	A	–	–	–	–	–	2,354 (6)	$ 39,076	–	–
Robert F.	A	43,750	–	–	10.24	5/8/2017	–	–	–	–
Smerling	A	4,980	14,941 (7)	–	11.95	3/9/2021	–	–	–	–
	A	–	–	–	–	–	3,138 (8)	$ 52,091	–	–
Margaret	A	5,000	–	–	6.11	6/20/2018	–	–	–	–
Cotter	A	2,000	–	–	12.34	1/14/2020	–	–	–	–
	A	4,980	14,941 (9)	–	11.95	3/9/2021	–	–	–	–
	A	–	–	–	–	–	3,138 (10)	$ 52,091	–	–

(1) Reflects the amount calculated by multiplying the number of unvested restricted shares by the closing price of our Common Stock as of December 31, 2016 or $16.60.

(2) 14,941 options will vest on each of March 10, 2018 and March 10, 2019 and 14,940 will vest on March 10, 2020.

(3) 3,138 units will vest on each of March 10, 2018, March 10, 2019 and March 10, 2020.

(4) 25,000 options will vest on each of May 10, 2017, May 10, 2018 and May 10, 2019.

(5) 3,735 options will vest on each of March 10, 2018 and March 10, 2019, and 3,736 options will vest on March 10, 2020.

(6) 785 units will vest on March 10, 2018, and 784 units will vest on each of March 10, 2019 and March 10, 2020.

(7) 4,980 options will vest on each of March 10, 2018 and March 10, 2019, and 4,981 options will vest on March 10, 2020.

(8) 1,046 units will vest on each of March 10, 2018, March 10, 2019 and March 10, 2020.

(9) 4,980 options will vest on each of March 10, 2018 and March 10, 2019, and 4,981 options will vest on March 10, 2020.

(10) 1,046 units will vest on each of March 10, 2018, March 10, 2019 and March 10, 2020.

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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, 2016:

		Option Awards		Stock Awards	
Name	Class	Number of Shares Acquired on Exercise	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting	Value Realized on Vesting ($)
Ellen M. Cotter	–	–	–	–	–
Devasis Ghose	A	7,500	102,900	–	–
Andrzej J. Matyczynski	–	–	–	–	–
Robert F. Smerling	–	–	–	–	–
Margaret Cotter	–	–	–	–	–

Equity Compensation Plan Information

The following table sets forth, as of December 31, 2016, a summary of certain information related to our equity incentive plans under which our equity securities are authorized for issuance:

Equity compensation plans approved by security holders [1]	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Stock Options	535,077 [2]	$ 9.84	
Restricted Stock Units	68,153 [2]	11.96	
Total	603,230		604,857

(1) These plans are the Company's 1999 Stock Option Plan and 2010 Stock Incentive Plan.

(2) Represents outstanding stock awards only.

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, 2016:

Mr. Dev Ghose – Termination without Cause. Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renewal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

Mr. Andrzej J. Matyczynski – Deferred Compensation Benefits. During 2012, Mr. Matyczynski was granted an unfunded, nonqualified DCP that was partially vested and was to vest further so long as he remained in our continuous employ. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our Board. Please see the "*Nonqualified Deferred Compensation*" table for additional information.

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Upon the termination of Mr. Matyczynski's employment, he will be entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service for reasons other than his death or termination for cause. The DCP was to vest over 7 years and with full vesting to occur in 2019 at $1,000,000 in deferred compensation. However, in connection with his employment as EVP Global Operations, the Company and Mr. Matyczynski agreed that the Company would cease making contributions to the DCP on April 15, 2016 and that the final contributions by the Company to the DCP would be $150,000 for 2015 and $21,875 for 2016, satisfying the Company's obligations under the DCP. Mr. Matyczynski's agreement contains nonsolicitation provisions that extend for one year after his retirement.

Under Mr. Matyczynski's agreement, on his retirement date and provided there has not been a termination for cause, Mr. Matyczynski will be entitled to a lump sum severance payment in an amount equal to $50,000, less certain offsets.

Robert F. Smerling – Retirement Benefit. In March 2016, the Compensation Committee approved a one-time retirement benefit for Robert Smerling, President, Cinema Operations, due to his significant long-term service to the Company. The retirement benefit is a single year payment based on the average of the two highest total cash compensation (base salary plus cash bonus) years paid to Mr. Smerling in the then most recently completed five-year period.

Option and RSU Grants. All long-term incentive awards are subject to other terms and conditions set forth in the 2010 Plan and award grant. In addition, beginning in 2017, individual grants include certain accelerated vesting provisions. In the case of employees, the accelerated vesting will be triggered upon (i) the award recipient's death or disability, (ii) certain corporate transactions in which the awards are not replaced with substantially equivalent awards, or (iii) upon termination without cause or resignation for "good reason" within twenty-four months of a change of control, or a corporate transaction where equivalent awards have been substituted. Options granted prior to that date typically provide for acceleration upon a "Corporate Transaction" defined to mean (i) a sale, lease or other disposition of all or substantially all of the capital stock or assets of our Company, (ii) a merger or consolidation of our Company, or (iii) a reverse merger in which our Company is the surviving corporation but the shares or Common Stock outstanding immediately preceding the merger are converted by virtue of the merger into other property, whether in the form of securities, cash or otherwise. If not so provided for in the applicable grant, then the acquiring entity has the right to substitute similar grants and if no such grants are substituted, then the outstanding then the applicable stock award terminates if not exercised on or prior to the date of such Corporate Transaction. RSU's granted prior to that date did not provide for acceleration upon a change of control

Except as described above, no other named executive officers currently have employment agreements or other arrangements providing benefits upon termination or a change of control. The table below shows the maximum benefits that would be payable to each person listed above in the event of such person's termination without cause or termination in connection with a change in control, if such events occurred on December 31, 2016, assuming the transaction took place on December 31, 2016 at price equal to the closing price of the Class A stock, which was of $16.60.

Payable on upon Termination without Cause ($)				**Payable on upon Termination in Connection with a Change in Control ($)**			**Payable upon Retirement ($)**
Severance Payments	*Value of Vested Stock Awards*	*Value of Vested Option Awards(1)*	*Value of Health Benefits*	*Severance Payments*	*Value of Vested Stock Awards*	*Value of Vested Stock Options (1)*	*Benefits Payable under Retirement Plans or the DCP*

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Ellen M. Cotter	–	–	290,476	–	–	–	498,898	–
Devasis Ghose	400,000	–	55,650	23,040	800,000	–	294,150	–
Andrzej J. Matyczynski	–	–	281,868	–	–	–	333,976	621,875 (2)
Margaret Cotter	–	–	84,127	–	–	–	153,603	–
Robert F. Smerling	–	–	301,407	–	–	–	307,883	459,200 (3)

(1) Reflects the amount calculated by multiplying the number of unvested restricted shares by the closing price of our Common Stock as of December 30, 2016 or $16.60. In the event of a change in control all unvested options vest the day before the change in control. In the event of death or disability, all restricted stock awards vest.

(2) Represents vested benefit under his DCP and the payment will be made in accordance with the terms of the DCP. For a discussion regarding the Mr. Matyczynski's DCP, see "Compensation Discussion and Analysis – Other Elements of Compensation – Other Retirement Plans."

(3) Mr. Smerling's one-time retirement benefit is a single year payment based on the average of the two highest total cash compensation (bash salary plus cash bonus) years paid to Mr. Smerling in the most recently completed five-year period. The figure quoted in the table represents the average of total compensation paid for years 2016 and 2015.

Employment Agreements

As of December 31, 2016, our named executive officers had the following employment agreements in place.

Dev Ghose. On April 20, 2015, we entered into an employment agreement with Mr. Dev Ghose, pursuant to which he agreed to serve as our Chief Financial Officer for a one-year term, renewable annually, commencing on May 11, 2015. The employment agreement provides that Mr. Ghose is to receive an annual base salary of $400,000, with an annual target bonus of $200,000, and employee benefits in line with those received by our other senior executives. Mr. Ghose was also granted stock options to purchase 100,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a four-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renewal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

Andrzej J. Matyczynski. Mr. Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written agreement with our Company that provides for a lump-sum severance payment of $50,000, provided there has been no termination for cause and subject to certain offsets, and to the payment of his vested benefit under his deferred compensation plan discussed below in the section entitled "Other Elements of Compensation." Mr. Matyczynski resigned as our Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer effective May 11, 2015, but continued as an employee in order to assist in the transition of our new Chief Financial Officer. He was appointed EVP-Global Operations in March 2016.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The members of our Audit Committee are Douglas McEachern, who serves as Chair, Edward Kane and Michael Wrotniak. Management presents all potential related party transactions to the Audit Committee for review. Our Audit Committee reviews whether a given related party transaction is beneficial to our Company, and approves or bars the transaction after a thorough analysis. Only Committee members disinterested in the transaction in question participate in the determination of whether the transaction may proceed. See the discussion entitled "*Review, Approval or Ratification of Transactions with Related Persons*" for additional information regarding the review process.

Sutton Hill Capital

In 2001, we entered into a transaction with Sutton Hill Capital, LLC ("SHC") regarding the master leasing, with an option to purchase, of certain cinemas located in Manhattan including our Village East and Cinemas 1, 2, 3 theaters. In connection with that transaction, we also agreed (i) to lend certain amounts to SHC, to provide liquidity in its investment, pending our determination whether or not to exercise our option to purchase and (ii) to manage the 86th Street Cinema on a fee basis. SHC is a limited liability company owned in equal shares by the Cotter Estate or the Cotter Trust and a third party.

As previously reported, over the years, two of the cinemas subject to the master leasing agreement have been redeveloped and one (the Cinemas 1, 2, 3 discussed below) has been acquired. The Village East is the only cinema that remains subject to this master lease. We paid an annual rent of $590,000 for this cinema to SHC in each of 2016, 2015, and 2014. During this same period, we received management fees from the 86th Street Cinema of $150,000, $151,000, $123,000, respectively.

In 2005, we acquired (i) from a third party the fee interest underlying the Cinemas 1, 2, 3 and (ii) from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2, 3. The ground lease estate and the improvements acquired from SHC were originally a part of the master lease transaction, discussed above. In connection with that transaction, we granted to SHC an option to acquire at cost a 25% interest in the special purpose entity (Sutton Hill Properties, LLC ("SHP") formed to acquire these fee, leasehold and improvements interests. On June 28, 2007, SHC exercised this option, paying $3.0 million and assuming a proportionate share of SHP's liabilities. At the time of the option exercise and the closing of the acquisition of the 25% interest, SHP had debt of $26.9 million, including a $2.9 million, non-interest bearing intercompany loan from the Company. As of December 31, 2015, SHP had debt of $19.4 million (again, including the intercompany loan). Since the acquisition by SHC of its 25% interest, SHP has covered its operating costs and debt service through cash flow from the Cinemas 1, 2, 3, (ii) borrowings from third parties, and (iii) pro-rata contributions from the members. We receive an annual management fee equal to 5% of SHP's gross income for managing the cinema and the property, amounting to $177,000, $153,000 and $118,000 in 2015, 2014 and 2013 respectively. This management fee was modified in 2015, as discussed below, retroactive to December 1, 2014.

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema by 10 years, with a new termination date of June 30, 2020. This amendment was reviewed and approved by our Audit Committee. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require Reading to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. We recorded the Village East Cinema building as a property asset of $4.7 million on our balance sheet based on the cost carry-over basis from an

entity under common control with a corresponding capital lease liability of $5.9 million presented under other liabilities (see our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, Item 8. Financial Statements and Supplementary Date, Notes to Consolidated Financial Statements, Note 11 – *Pension and Other Liabilities*, a copy of which accompanies this Proxy Statement).

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In February 2015, SHP and we entered into an amendment to the management agreement dated as of June 27, 2007 between SHP and us. The amendment, which was retroactive to December 1, 2014, memorialized our undertaking to SHP with respect to $750,000 (the "Renovation Funding Amount") of renovations to Cinemas 1, 2, 3 funded or to be funded by us. In consideration of our funding of the renovations, our annual management fee under the management agreement was increased commencing January 1, 2015 by an amount equivalent to 100% of any incremental positive cash flow of Cinemas 1, 2, 3 over the average annual positive cash flow of the Cinemas 1, 2, 3 over the three-year period ended December 31, 2014 (not to exceed a cumulative aggregate amount equal to the Renovation Funding Amount), plus a 15% annual cash-on-cash return on the balance outstanding from time to time of the Renovation Funding Amount, payable at the time of the payment of the annual management fee (the "Improvements Fee"). Under the amended management agreement, we are entitled to retain ownership of (and any right to depreciate) any furniture, fixtures and equipment purchased by us in connection with such renovation and have the right (but not the obligation) to remove all such furniture, fixtures and equipment (at our own cost and expense) from the Cinemas upon the termination of the management agreement. The amendment also provides that, during the term of the management agreement, SHP will be responsible for the cost of repair and maintenance of the renovations. In 2016 and 2015, we received no Improvements Fee. This amendment was approved by SHC and by our Audit Committee.

On August 31, 2016, SHP secured a new three-year mortgage loan ($20.0 million) with Valley National Bank, the proceeds of which were used to repay the mortgage on the property with the Bank of Santander ($15.0 million), to repay our Company for its $2.9 million loan to SHP), and for working capital purposes.

OBI Management Agreement

Pursuant to a Theater Management Agreement (the "Management Agreement"), our live theater operations were, until this year, managed by Off-Broadway Investments, LLC ("OBI Management"), which is wholly owned by Ms. Margaret Cotter who is the daughter of the late Mr. James J. Cotter, Sr., the sister of Ellen Cotter and James Cotter, Jr., and a member of our Board of Directors. That Management Agreement was terminated effective March 10, 2016 in connection with the retention by our Company of Margaret Cotter as a full time employee.

The Theater Management Agreement generally provided for the payment of a combination of fixed and incentive fees for the management of our four live theaters. Historically, these fees have equated to approximately 21% of the net cash flow generated by these properties. The fees to be paid to OBI for 2016, 2015 and 2014 were $79,000, $589,000 and $397,000, respectively. We also reimbursed OBI for certain travel expenses, shared the cost of an administrative assistant and provided office space at our New York offices. The increase in the payment to OBI for 2015 was attributable to work done by Margaret Cotter, working through OBI, with respect to the development of our Union Square and Cinemas 1, 2, 3 properties.

OBI Management historically conducted its operations from our office facilities on a rent-free basis, and we shared the cost of one administrative employee of OBI Management. We reimbursed travel related expenses for OBI Management personnel with respect to travel between New York City and Chicago in connection with the management of the Royal George complex. Other than these expenses, OBI Management was responsible for all of its costs and expenses related to the performance of its management functions. The Management Agreement renewed automatically each year unless either party gives at least six months' prior notice of its determination to allow the Management Agreement to expire. In addition, we could terminate the Management Agreement at any time for cause.

Effective March 10, 2016, Margaret Cotter became a full time employee of the Company and the Management Agreement was terminated. As Executive Vice-President Real Estate Management and Development - NYC, Ms. Cotter continues to be responsible for the management of our live theater assets, continues her role heading up the pre-redevelopment of our New York properties and is our senior executive responsible for the redevelopment of our

New York properties. Pursuant to the termination agreement, Ms. Cotter gave up any right she might otherwise have, through OBI, to income from STOMP.

Ms. Cotter's compensation as Executive Vice-President was recommended by the Compensation Committee as part of an extensive review of our Company's overall executive compensation and approved by the Board. For 2016, Ms. Cotter's base salary was $350,000 ($285,343 being paid in 2016, reflecting her March 10, 2016 start date), and bonus was $95,000, she was granted a long term incentive of a stock option for 19,921 shares of Class A common stock and 4,184 restricted stock units under the Company's 2010 Stock Incentive Plan, as amended, which long term incentives vest over a four-year period.

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Live Theater Play Investment

From time to time, our officers and Directors may invest in plays that lease our live theaters. The play STOMP has been playing in our Orpheum Theatre since prior to the time we acquired the theater in 2001. The Cotter Estate or the Cotter Trust and Mr. Michael Forman own an approximately 5% interest in that play, an interest that they have held since prior to our acquisition of the theater. Refer to our Annual Report on Form 10-K for the fiscal year ended December 31, 2016, Item 3 – *Legal Proceedings,* a copy of which accompanies this Proxy Statement, for more information about the show STOMP.

Shadow View Land and Farming, LLC

Director Guy Adams performed consulting services for James J. Cotter, Sr., with respect to certain holdings that are now controlled by the Cotter Estate and/or the Cotter Trust (collectively the "Cotter Interests"). These holdings include a 50% non-controlling membership interest in Shadow View Land and Farming, LLC (the "Shadow View Investment" and "Shadow View" respectively), certain agricultural interests in Northern California (the "Cotter Farms") and certain land interests in Texas (the "Texas Properties"). In addition, Mr. Adams is the CFO of certain captive insurance entities, owned by trusts for the benefit of Ellen M. Cotter, James J. Cotter, Jr. and Margaret Cotter (the "captive insurance entities").

Shadow View is a consolidated subsidiary of the Company. The Company has from time to time made capital contributions to Shadow View. The Company has also, from time to time, as the managing member, funded on an interim basis certain costs incurred by Shadow View, ultimately billing such costs through to the two members. The Company has never paid any remuneration to Shadow View. Mr. Adams' consulting fees with respect to the Shadow View Interest were to have been measured by the profit, if any, derived by the Cotter Interests from the Shadow View Investment. He has no beneficial interest in Shadow View or the Shadow View Investment. His consulting fees with respect to Shadow View were equal to 5% of the profit, if any, derived by the Cotter Interests from the Shadow View Investment after recoupment of its investment plus a return of 100%. To date, no profits have been generated by Shadow View and Mr. Adams has never received any compensation with respect to these consulting services. His consulting fee would have been calculated only after the Cotter Interests had received back their costs and expenses and two times their investment in Shadow View. Mr. Adams' consulting fees would have been 2.5% of the then-profit, if any, recognized by Shadow View, considered as a whole.

The Company and its subsidiaries (i) do not have any interest in, (ii) have never conducted any business with, and (iii) have not made any payments to, the Cotter Family Farms, the Texas Properties and/or the captive insurance entities.

Director Independence

Our Company common stock is traded on NASDAQ, and we comply with applicable listing rules of the NASDAQ Stock Market (the "NASDAQ Listing Rules"). In determining who is an "independent director", we follow the definition in section 5605(a)(2) of the NASDAQ Listing Rules.

Under such rules, we consider the following directors to be independent: Guy Adams, Dr. Judy Codding, William Gould, Edward Kane, Douglas McEachern and Michael Wrotniak.

We are not aware of any applicable transactions, relationships or arrangements not disclosed above that were considered by our Board of Directors under the applicable independence definitions in determining that any of our directors is independent.

Because we are a "controlled company" under NASDAQ rules, we are not required to and do not maintain a standing Nominating Committee. Our Board, consisting of a majority of Independent Directors, approved the Board nominees for our 2017 Annual Meeting.

Under the independent director definition under section 5605(a)(2) of the NASDAQ Listing Rules, we do not currently consider the following directors to be independent: Ellen Cotter, Margaret Cotter and James Cotter, Jr.

RDI-A09077

Review, Approval or Ratification of Transactions with Related Persons

The Audit Committee has adopted a written charter, which includes responsibility for approval of "Related Party Transactions." Under its charter, the Audit Committee performs the functions of the "Conflicts Committee" of the Board and is delegated responsibility and authority by the Board to review, consider and negotiate, and to approve or disapprove on behalf of the Company the terms and conditions of any and all Related Party Transactions (defined below) with the same effect as though such actions had been taken by the full Board. Any such matter requires no further action by the Board in order to be binding upon the Company, except in the case of matters that, under applicable Nevada law, cannot be delegated to a committee of the Board and must be determined by the full Board. In those cases where the authority of the Board cannot be delegated, the Audit Committee nevertheless provides its recommendation to the full Board.

As used in the Audit Committee's Charter, the term "Related Party Transaction" means any transaction or arrangement between the Company on one hand, and on the other hand (i) any one or more directors, executive officers or stockholders holding more than 10% of the voting power of the Company (or any spouse, parent, sibling or heir of any such individual), or (ii) any one or more entities under common control with any one of such persons, or (iii) any entity in which one or more such persons holds more than a 10% interest. Related Party Transactions do not include matters related to employment or employee compensation related issues.

The charter provides that the Audit Committee reviews transactions subject to the policy and determines whether or not to approve or ratify those transactions. In doing so, the Audit Committee takes into account, among other factors it deems appropriate:

- the approximate dollar value of the amount involved in the transaction and whether the transaction is material to us;
- whether the terms are fair to us, have resulted from arm's length negotiations and are on terms at least as favorable as would apply if the transaction did not involve a Related Person;
- the purpose of, and the potential benefits to us of, the transaction;
- whether the transaction was undertaken in our ordinary course of business;
- the Related Person's interest in the transaction, including the approximate dollar value of the amount of the Related Person's interest in the transaction without regard to the amount of any profit or loss;
- required public disclosure, if any; and
- any other information regarding the transaction or the Related Person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

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, 2016, 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 Form 10-K and Form 10-Q provided by Grant Thornton LLP for 2016 was approximately $776,500.

Audit-Related Fees

Grant Thornton LLP did not provide us any audit related services for 2016.

Tax Fees

Grant Thornton LLP did not provide us any products or any services for tax compliance, tax advice, or tax planning for 2016.

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All Other Fees

Grant Thornton LLP did not provide us any services for 2016, 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 2016 and 2015.

RDI-A09080

STOCKHOLDER COMMUNICATIONS

Annual Report

A copy of our Annual Report on Form 10-K and Form 10-K/A for the fiscal year ended December 31, 2016 is being provided with this Proxy Statement.

Stockholder Communications with Directors

It is the policy of our Board that any communications sent to the attention of any one or more of our Directors in care of our executive offices will be promptly forwarded to such Directors. Such communications will not be opened or reviewed by any of our officers or employees, or by any other Director, unless they are requested to do so by the addressee of any such communication. Likewise, the content of any telephone messages left for any one or more of our Directors (including call-back number, if any) will be promptly forwarded to that Director.

Stockholder Proposals and Director Nominations

Any stockholder who, in accordance with and subject to the provisions of the proxy rules of the SEC, wishes to submit a proposal for inclusion in our Proxy Statement for our 2018 Annual Meeting of Stockholders, must deliver such proposal in writing to the Annual Meeting Secretary at the address of our Company's principal executive offices at 5995 Sepulveda Boulevard, Suite 300, Culver City, CA 90230. Unless we change the date of our 2018 annual meeting by more than 30 days from the anniversary of the prior year's meeting, such written proposal must be delivered to us no later than June 22, 2018 to be considered timely. If our 2018 Annual Meeting is not held within 30 days of the anniversary of our 2017 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 2018 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2018 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive 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 Boards will consider written nominations for Directors from stockholders. To be considered by our Board, 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.

We currently anticipate that our 2018 Annual Meeting will be held in June of next year. Accordingly, stockholders wishing to make nominations should anticipate making such nominations by the end of January 2018.

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.

RDI-A09081

RDI-A09082

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., 5995 Sepulveda Boulevard, Suite 300, Culver City, CA 90230.

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 13, 2017

RDI-A09083

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 6, 2017.

VOTE BY INTERNET **WWW.FCRVOTE.COM/RDI**

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m., PT, on November 6, 2017. 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 **1-866-859-2524**

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m. PT, on November 6, 2017. Have your proxy card in hand when you call and then follow the instructions.

OR

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided to: First Coast Results, Inc., P.O. Box 3672, Ponte Vedra Beach, FL 32004-9911.

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card. **Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.**

CONTROL NUMBER

If submitting a proxy by mail, please sign and date the card below and fold and detach card at perforation before mailing.

READING INTERNATIONAL, INC. ANNUAL MEETING PROXY CARD
Proposal 1. Election of BOARD OF DIRECTORS
The Board of Directors recommends a vote FOR all nominees listed.

(01) Ellen M. Cotter (02) Guy W. Adams (03) Judy Codding (04) Margaret Cotter
(05) William D. Gould (06) Edward L. Kane (07) Douglas J. McEachern (08) Michael Wrotniak

FOR ALL ☐ WITHHOLD ALL ☐ FOR ALL EXCEPT ☐

To withhold your vote for any individual nominee(s), mark "For All Except" box and write the number(s) of the nominees(s) you want to withhold your vote for on the line below.

_____

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" PROPOSAL 2:

Proposal 2. Advisory Vote on Executive Officer Compensation - To approve, on a non-binding, advisory basis, the executive compensation of our named executive officers

FOR ☐ AGAINST ☐ ABSTAIN ☐

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "ONE YEAR" ON PROPOSAL 3:

Proposal 3. Advisory Vote on the Frequency of the Advisory Vote on Executive Compensation - To recommend, by non-binding, advisory vote, the frequency of votes on executive compensation

1 Year ☐ 2 Years ☐ 3 Years ☐ Abstain ☐

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE "FOR" ON PROPOSAL 4:

Proposal 4. Approval of Amendment to Company's 2010 Stock Incentive Plan - To approve an amendment to increase the number of shares of common stock issuable under our 2010 Stock Incentive Plan from 302,540 shares back up to its original reserve of 1,250,000 shares

FOR ☐ AGAINST ☐ ABSTAIN ☐

Proposal 5. Other Business - To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

Signature

Signature (Capacity)

Date

NOTE: Please sign exactly as your name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If stockholder is a corporation, please sign full corporate name by authorized officers, giving full title as such. If a partnership, please sign in partnership name by authorized person, giving full title as such.

RDI-A09085

**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 6, 2017, TO BE INCLUDED IN THE VOTING RESULTS. ALL VALID PROXIES RECEIVED PRIOR TO 11:59 P.M. PACIFIC TIME, NOVEMBER 6, 2017 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 7, 2017, 11:00 a.m.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints S. Craig Tompkins and William D. Gould, and each of them, the attorneys, agents, and proxies of the undersigned, with full powers of substitution to each, to attend and act as proxy or proxies of the undersigned at the Annual Meeting of Stockholders of Reading International, Inc. to be held at the Courtyard by Marriott Los Angeles Westside, located at 6333 Bristol Parkway, Culver City, California 90230 on Thursday, November 7, 2017 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 4, AND "ONE YEAR" ON PROPOSAL 3 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.

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James J. Cotter, Jr.

DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, v. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, Defendants. And READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	) Case No. A-15-719860-B) Dept. No. XI)) Coordinated with:)) Case No. P-14-0824-42-E) Dept. No. XI)) Jointly Administered)) **PLAINTIFF'S SUPPLEMENTAL**) **OPPOSITION TO MOTION**) **SUMMARY JUDGMENT NOS. 2**) **AND 5 AND GOULD**) **SUMMARY JUDGMENT**) **MOTION**)) **Hearing date: December 11, 2017**) **Hearing time: 8:30 a.m.**)

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Plaintiff James J. Cotter, Jr. ("Plaintiff" or Mr. Cotter") respectfully submits this supplemental opposition to the so-called summary judgment motion nos. 2 and 5, as well as to the separate summary judgment motion filed by defendant Gould, and in response to the "Supplement to Motions for Partial Summary Judgment Nos. 1, 2, 3, 5 and 6" (the "Supplement") filed by the other individual director defendants.

I. INTRODUCTION[1]

Insofar as directed at Summary Judgment No. 5 in particular, the Supplement merely misapprehends or misstates a recent statutory amendment and otherwise begs the question with respect to what the evidence shows regarding the aborted CEO search. For the reasons discussed hereinafter, that so-called summary judgment motion should be denied.

II. STATEMENT OF FACTS AND PROCEDURAL HISTORY

The CEO search process was set up and directed by EC until, at the eleventh hour, she announced that she was a "serious" candidate. That precipitated the CEO search process being aborted, Korn Ferry (the outside search firm hired to assist in the search) being told to stand down and the CEO search committee pre-empting the process, including by not presenting the three final candidates to the Board and by having by Korn Ferry not perform its independent, proprietary assessment of any candidate. Instead, the CEO search committee simply selected EC and presented her to the Board as the search committee's choice to be permanent CEO,

[1]Plaintiff concurrently is submitting four supplemental oppositions, one with respect to each of so-called Summary Judgment Motion Nos. 1, 3 5 and 6. Because each addresses issues relating to Summary Judgment Motion No. 2 and to Gould's separate summary judgment motion, each also is submitted as a supplemental brief with respect to those motions, as well.

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notwithstanding the fact that she lacked the experience that was identified by the CEO search committee to be sine qua non to be RDI's CEO and used by Korn Ferry to source and identify CEO candidates.

A. EC Directs the CEO Search Process

EC suggested a CEO search committee and "suggested" the four members, EC, MC, Gould and McEachern, which the Board approved without "much discussion." *See* Ex. 1 to Declaration of Akke Levin ("Levin Decl.") (Gould 6/8/16 Dep. Tr. at 25:24–27:1). There was no discussion of whether EC, who had just been appointed interim CEO, should or should not be on the CEO search committee. *See* Ex. 2 to Levin Decl. (Gould 6/29/16 Dep. Tr. at 280:4–10).

EC hired Korn Ferry as the search firm to be used in the search for a permanent CEO. After receiving the finalized Korn Ferry engagement letter in July 2015, EC waited approximately a month to announce that RDI would be retaining a search firm and return the letter to Korn Ferry. Ex. 12 to Levin Decl. (July 9, 2015 Letter from Korn Ferry to Ellen Cotter) ("Korn Ferry Engagement Letter"); Ex. 5 (Margaret Cotter 6/15/16 Dep. Tr. 89:7–13); and Ex. 9 (Email dated August 5, 2015 attaching Memo from Ellen Cotter to Board of Directors dated August 2, 2015 ("Aug. 2, 2015 Memo")).

Korn Ferry had advised the CEO search committee "that it would be a big mistake for [RDI] to just anoint [an] internal candidate[] as the next CEO in the interest of expediency." Ex. 14 to Levin Decl. (Email from Robert Wagner to Craig Tompkins, dated June 21, 2015).

Part of the Korn Ferry's engagement with RDI for the CEO search was to perform a proprietary Korn Ferry assessment of the final candidates. Ex. 9 (Aug. 2, 2015 Memo); Ex. 12 (Korn Ferry Engagement Letter); *see also* Ex. 3 (Mayes Dep. Tr. at 18:15–21). As part of its engagement,

Korn Ferry was paid for the proprietary assessment of the final candidates. *See Ex.* 3 (Mayes dep. Tr. at 50: 23–51:7; 19:19–20:5). However, none was performed, as described below. *Id*.

The CEO search committee was to conclude their work by providing the three final candidates to the full board for interviews. (Ex. 9, Aug. 2, 2015 Memo; *see also* Ex. 1 (Gould 6/8/16 Dep. Tr. at 49:2–11; Ex. 11 (Reading International, Inc. Meeting of the Board of Directors Telephonic Meeting June 30, 2015) at p. 2.)) As described below, that too did not happen.

During the Korn Ferry engagement for the RDI CEO search, Korn Ferry communicated with the entire search committee, but "most of the communication was with Ellen [Cotter]." *See* Ex. 3 (Mayes Dep. Tr. at 30:12–21). With respect to Committee Member and director defendant William Gould, who claims to have assumed the role of chairman of the CEO search committee after EC announced her candidacy and withdrew, Gould communicated with Korn Ferry representatives on two or three occasions when the communication was with the entire CEO search committee and once in developing the position specification or success profile. *See id*. (Mayes Dep. Tr. at 70:14–71:1).

B. EC's Undeclared Candidacy

Robert Mayes, the senior partner at Korn Ferry responsible for the RDI CEO search engagement, testified that it is not uncommon for interim CEOs to be considered for the permanent CEO role (Ex. 3, Mayes Dep. Tr. at 29:21–30:5), but that it is not common for an interim CEO to chair a CEO search committee. *Id*. (at 49:17–50:1). He also testified that ninety percent (90%) of the time a company or board hires a search firm, an external candidate is selected to be the new CEO. *Id*. (at 32:8–15.)

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Director Tim Storey asked EC if she was going to be a candidate and she provided him an equivocal response which he shared with Gould, together with his inference that EC may well be a candidate, but Gould and McEachern nevertheless did not discuss whether EC should be on the CEO search committee. Ex. 6 to Levin Decl. (Storey 8/3/16 Dep. Tr. 72:5–15; Ex. 8 (Email from Storey to William Gould dated June 29, 2015); *see also* Ex. 2 (Gould 6/29/16 Dep. Tr. at 280:15–281:10).

Search committee and Board member Gould acknowledged that it occurred to him early on, well prior to EC announcing her candidacy, that she might be a candidate. *See* Ex. 1 (Gould 6/8/16 Dep. Tr. at 56:20–57:8). Nevertheless, Gould testified that he never discussed with EC that she might or would be a candidate prior to her announcing it in November 2015. *See* Ex. 1 (Gould 6/8/16 Dep. Tr. at 57:9–11). However, EC testified to the contrary, stating that after the CEO search committee had been formed and Korn Ferry hired, both Gould and McEachern solicited her to become a candidate for permanent CEO. Ex. 4 (Ellen Cotter 6/16/16 Dep. Tr. 93:12–94:21, 120:17–121:15).

C. Real Estate Development Experience is Agreed to be the *Sine Qua Non* to be the Permanent CEO of RDI.

The four members of the CEO search committee were interviewed by Korn Ferry to prepare a list of qualifications and experience, which were memorialized in a so-called position specification, which was used to source and identify CEO candidates and select those who would be interviewed. *See* Ex. 1 (Gould 6/8/16 Dep. Tr. at 22:9–23:11; 38:17–40:1); Ex. 3 (Mayes Dep. Tr. at 37:18–38:24; 54:11–17); Ex. 15 (Email from Robert Mayes dated September 3, 2015). The four CEO search committee members agreed and concluded, and the position specification reflected, that it was critically important that the new CEO have substantial, firsthand experience in

commercial real estate development, which no senior executive at the Company possessed. *See* Ex. 1 (Gould 6/8/16 Dep. Tr. at 38:17–39:8; 41:3–42:5; 44:21–45:6). All four members of the CEO search committee emphasized real estate experience as the most important factor. *See* Ex. 3 (Mayes dep. Tr. at 42:6–16); *see also* Ex. 3 (Mayes Dep. Tr. at 71:4–16) ("[W]hat I can tell you is that all four members of the committee were consistent at the outset. This company really needs real estate expertise, we have this land in Manhattan, we need to figure out what to do with it to optimize value. They were very consistent")).

The Korn Ferry senior executive working with the CEO search committee, Robert Mayes, was a senior partner in Korn Ferry's real estate practice. *See* Ex. 2 (Gould 6/29/16 Dep. Tr. at 298:3–299:15); Ex. 13 (Email from Robert Wagner to Craig Tompkins dated June 18, 2015).

D. EC Formally Declares Her Candidacy

On or about November 13, 2015, months after the search process had been commenced and just before the CEO search committee was to interview four candidates, EC declared her candidacy. Ex. 10 to Levin Decl. (Memo from Craig Tompkins to Board of Directors dated January 5, 2016); Ex. 2 (Gould 6/29/16 Dep. Tr. at 356:1–25). EC at that time withdrew as a member of the CEO search committee. *Id*.

After EC formally declared her candidacy to be permanent CEO and withdrew as chairperson of the CEO search committee, the remaining committee members (Gould, McEachern and MC) had no discussions about whether MC should be replaced as a member of the CEO search committee, whether any actions of the committee needed to be reviewed or redone or whether they should seek the advice of independent counsel *See* Ex. 1

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(Gould 6/8/16 Dep. Tr. at 52:4–53:19; Ex. 2 (Gould 6/29/16 Dep. Tr. at 358:25–360:7).

E. The CEO Search Process Is Aborted

After Ellen Cotter announced her candidacy and the CEO search committee on November 13, 2015 conducted interviews of four candidates and immediately spoke to Mayes (Ex. 10), communication between Korn Ferry and the search committee became "spotty," because the search committee was not responsive to Korn Ferry. Ex. 3 (Mayes Dep. Tr. at 11:2–12:21) ("There we're probably a few weeks there where there was radio silence").

Korn Ferry on December 17, 2015 recommended that three candidates, including EC, undergo the proprietary assessment by Korn Ferry. Ex. 10; *see* Ex. 3 (Mayes Dep. Tr. at 63:7–11). Neither William Gould nor any of the two other two members of the CEO search committee had any communications with Korn Ferry representatives about Ellen Cotter as a candidate for the permanent CEO position. *See* Ex. 3 (Mayes Dep. Tr. at 48:10–19).

Also on December 17, 2015 the CEO search committee met and directed Craig Tompkins to direct Korn Ferry to stand down, and perform no further services. Ex. 10; *see* Ex. 2 (Gould 6/29/16 Dep. Tr. at 411:8–14).

On December 23, 2015 the CEO search committee "interviewed" EC and had a Skype communication with a candidate Korn Ferry had identified after the November interviews. Ex. 10 (Dep. Ex. 313.) Six days later, on December 29, the CEO search committee had a conference call and formally selected EC to be the next CEO, subject to Board approval. *Id*.

That EC and MC would be controlling shareholders was a consideration to which the CEO search committee ascribed significance in selecting

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EC to be permanent CEO. Exs. 10, 16 (Minutes of the Board of Directors of Reading International CEO Search Committee December 29, 2015). *Gould personally recognized the control EC and MC as controlling shareholders could exercise, stating that "if [board members] displease[d] the controlling shareholders, the board members could be dismissed" and that the same would be true for the C.E.O. See* Ex. 2 (Gould 6/29/16 Dep. Tr. at 414:21–415:11).

The CEO search committee did not provide the three final candidates to the full RDI Board. *See* Ex. 2 (Gould 6/29/16 Dep. Tr. at 291:3–12). Nor did the CEO search committee allow Korn Ferry perform the proprietary assessment of any of the finalists, including EC. *See* Ex. 3 (Mayes Dep. Tr. at 50:23–51:7; 19:19–20:5).

F. EC Was Unqualified by the Measure Set by the CEO Search Committee, and Was Selected Because She Controlled the Supposedly Independent Decisionmakers.

According to Robert Mayes, the Korn Ferry senior partner responsible for the RDI CEO search engagement, typically the successful candidate in a CEO search will fit 80% or greater of the position specification. "It's rare for a candidate to be hired without... that threshold." Ex. 3 (Mayes Dep. Tr. at 59:12–16). When asked by counsel for RDI if he had any reason to believe that Ellen Cotter was not a qualified candidate for the RDI CEO position, Mayes answered affirmatively, stating that "I thought relative to the [position] spec[ification] she lacked real estate experience." *See id*. (at 68:14–20.)

After the CEO search committee formally selected EC on December 29, 2015, Craig Tompkins at the beginning of 2016 asked Korn Ferry to prepare a (fake) candidate report for Ellen Cotter, which was done. *See id*. (at 63:21–64:17); Ex. 17 (Confidential Candidate Report on Ellen M.

Cotter for the Position of Chief Executive Officer Reading International Inc. January 2016).

As noted above, the CEO search committee did not provide the three final candidates to the full RDI Board. Nor did Korn Ferry perform the proprietary assessment of any of the finalists, including EC. *See* Ex. 2 (Gould 6/29/16 Dep. Tr. at 284:3–12; 306:5–17).

At the Board meeting at which the CEO search committee presented EC as their choice for permanent CEO, McEachern made comments to the effect that he thought it important to take into consideration that EC was or might become the controlling shareholder. *See* Ex. 2 (Gould 6/29/16 Dep. Tr. at 437:21–438:8). Codding had told Plaintiff that her view was that a Cotter should be CEO. Ex. 18 (Declaration of James J. Cotter Jr. In Opposition to All Individual Defendants' Motions for Partial Summary Judgment ¶ 24).

Board members who were not on the CEO search committee, Adams and Kane, as well as Codding and Wrotniak who had been added to the Board approximately two months earlier, had little or no involvement in the activities of the search committee and/or Korn Ferry, and simply accepted the recommendation of the CEO search committee and acquiesced to the wishes of EC and MC as controlling shareholders. After a brief meeting, the full Board (except for Plaintiff) approved the CEO search committee's selection of EC to be permanent CEO. Ex. 7 (Minutes of the Board of Directors of Reading International, Inc. dated January 8, 2016).

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III. ARGUMENT

A. The Amendments to the Nevada Statute Do Not Change the Analysis or Outcome Here.[2]

As demonstrated in Plaintiff's opposition to the renewed motion to exclude the expert testimony of Chief Justice Myron Steele ("Renewed Steele MIL"), defendants' characterization of a recent amendment to NRS 78.138 is inaccurate and their reliance on it unavailing. Plaintiff respectfully incorporates that opposition herein. Briefly, as explained in Plaintiff's opposition to the Renewed Steele MIL, those amendments do not change the analysis or the result here. Contrary to what the Supplement argues regarding subsection 4 of S.B. 203, that subsection merely provides that directors of a Nevada corporation are not liable for breach of fiduciary duty for failing to abide by foreign laws, judicial decisions or practices. That of course says nothing about whether a Nevada Court in determining whether a director of a Nevada corporation breached his or her fiduciary duties under Nevada law may look to Delaware statutes and/or judicial decisions to assist in interpreting a Nevada statute if doing so would not entail supplanting or modifying the law of Nevada. Finally, insofar as subsection 4 of S.B. 203 amends NRS 78.148 (7) to include language that a director of a Nevada corporation cannot be liable to the corporation for money damages "unless...[t]he trier of fact determines that the presumption established by subsection 3 has been rebutted[,]" this provision merely clarifies the pre-existing evidentiary burden, which is that the plaintiff bears the initial burden of rebutting the statutory presumption. The Motion admits as

[2] For the convenience of the Court, the discussion in this section is include here, although it is substantially the same as in Plaintiff's other supplemental oppositions filed concurrently herewith.

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much, stating that the business judgment rule presumptions apply "*if* the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interest of the company." Motion at 3:25–4:2 (citing *Wynn Resorts*) (emphasis supplied).

Likewise, the discussion in the Supplement of the portions of the amendment concerning change of control issues (Supplement at 5:10–6:15) is a classic exercise in question begging. They simply invoke the business judgment rule and ignore the facts of this case, which raise the questions of why the director defendants acted as they did, which of course must be viewed in the context of their historical conduct, which evidences a recurring practice of acting as they understand the controlling shareholder(s) desire, in derogation of their fiduciary duties to the Company and its other shareholders. As the facts of this case make clear, including those described herein, the non-Cotter director defendants, led by defendant Gould, appear to have based their decision on how to respond to the Patton Vision Offer(s) based upon their understanding of the wishes of the controlling shareholder(s). In other words, instead of independently taking actions to ascertain what was in the best interests of the Company and all of its shareholders, they intentionally did not do so and instead acted to accommodate the wishes of the controlling shareholder(s). Such conduct constitutes intentional misconduct, as described below, and rebuts the presumptions of the business judgment rule. At a minimum, the finder of fact should resolve such disputed issues of material fact.

B. Material Questions of Fact Exist Regarding the Conduct of the CEO Search

"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

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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.*

Here, the acts and omissions of each of the director defendants in connection with the aborted CEO search, and particularly those of CEO search committee members Gould and McEachern, at a minimum raise disputed questions of material fact about whether they (i) acted to accommodate and further the wishes and interests of the controlling shareholders rather than to protect and further the interests of the Company and all of its shareholders and/or (ii) intentionally failed act in the face of a known duty to do so, thereby demonstrating a conscious or willful disregard of their fiduciary duties.

Why did each of Gould and McEachern abort the search process, effectively fire Korn Ferry and prevent the full Board from even speaking with, much less seeing Korn Ferry proprietary evaluations of, other finalists? Why if not because EC was a controlling shareholder? Why would Gould and McEachern allow obviously interested and conflicted MC to have any involvement in the process? And why would they ignore the fact that EC lacked the experience and qualifications they had agreed were the *sine qua non* for the CEO position. They can proffer many and varied explanations, but one explanation answers all such questions: they breached their duty of loyalty by acting to further the wishes of the controlling shareholder.

In sum, the evidence raises a triable question of fact, at a minimum, about whether the director defendants acted with a purpose other than that of advancing the interests of the Company and Company shareholders other than EC and MC, which is what happened if they even

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considered, much less acquiesced to or accommodated, the wishes of the controlling shareholders. Moreover, if, as the evidence suggests, they acquiesced to or accommodated the wishes of the controlling shareholders, by doing so they engaged in intentional misconduct, which would rebut the business judgment rule presumptions and shift the burden to the individual director defendants to prove the entire fairness of their actions.

The evidence raises a triable question of fact about whether the director defendants, by what they did not do, intentionally or purposefully failed to act in the face of a known duty to act, thereby demonstrating a conscious disregard for their fiduciary duties. The Supplement does not address this issue. Instead, it begs the question—and highlights the disputed material facts—by asking the Court to accept the factual contention that the CEO search committee acted as it did for "rational business purposes.' (Supplement at 9:2–10:9.) (For good measure, the Supplement includes a gross mischaracterization of Plaintiff's deposition testimony in bold typeface. *Id.*)

Although the facts and evidence described herein concern only the aborted CEO search, well-developed law (consistent with simple logic) provides that all of the matters 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 Del. Ch. LEXIS 5 at *66-67 n.137, 2016 WL 208402 (Del. Ch. 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 Del. Ch. LEXIS 144 at *29-30, 2002 WL 31888343 (Del. Ch. Dec. 18, 2002) (concluding that allegations that individually would be insufficient to show a lack of disinterestedness or independence were, taken together, sufficient to do so).

When viewed against the factual backdrop of prior and subsequent complained of conduct, including by way of example only McEachern (with Adams and Kane) threatening Mr. Cotter with termination as President and CEO of the Company if he did not settle trust disputes with EC and MC on terms satisfactory to them, and Gould effectively directing all board members to determine how to respond to the Patton Vision offer(s) based upon how EC and MC as controlling shareholders would respond, the facially dubious conduct of the director defendants in connection with the aborted CEO search becomes even more clearly actionable. For such reasons. Plaintiff respectfully submits that he has made more than a *prima facie* showing sufficient for the matters to be resolved by the finder of fact at trial.

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IV. CONCLUSION

For the foregoing reasons and others previously briefed and argued, Plaintiff respectfully submits the MSJ Nos. 2 and 5 and Gould's summary judgment motion both should be denied.

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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that I am an employee of MORRIS LAW GROUP and that on the date below, I cause the following document(s) to be served via the Court's Odyssey E-Filing System: **PLAINTIFF'S SUPPLEMENTAL OPPOSITION TO MOTION SUMMARY JUDGMENT NOS. 2 AND 5 AND GOULD SUMMARY JUDGMENT MOTION**, to be served on all interested parties, as registered with the Court's E-Filing and E-Service System. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 1st day of December, 2017.

By: /s/ PATRICIA FERRUGIA

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DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, v. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, Defendants. And READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	Case No. A-15-719860-B Dept. No. XI Coordinated with: Case No. P-14-0824-42-E Dept. No. XI Jointly Administered **PLAINTIFF JAMES COTTER, JR.'S MOTION IN LIMINE NO. 2 REGARDING THE SUBMISSION OF MERITS-RELATED EVIDENCE BY NOMINAL DEFENDANT READING INTERNATIONAL, INC.**

Case Number: A-15-719860-B

Docket 75053 Document 2019-23836

MOTION *IN LIMINE* TO EXCLUDE THE SUBMISSION OF MERITS-RELATED EVIDENCE BY NOMINAL DEFENDANT READING INTERNATIONAL, INC.

TO: ALL PARTIES, COUNSEL, AND THE COURT

COMES NOW, plaintiff James J. Cotter, Jr., by and through his counsel of record, hereby submits this Motion *In Limine* to Exclude the Submission of Merits Related Evidence by Nominal Defendant Reading International, Inc.

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

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NOTICE OF MOTION

TO: ALL PARTIES, COUNSEL, AND THE COURT

PLEASE TAKE NOTICE that the above Motion will be heard the 11th day of DEC, 2017 at 8:30AM in Department XI of the above designated Court or as soon thereafter as counsel can be heard.

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Attorneys for Plaintiff
James J. Cotter, Jr.

I. INTRODUCTION

As the Court knows, this action is brought derivatively on behalf of nominal defendant Reading International, Inc. ("RDI" or the "Company") and asserts claims for breaches of fiduciary duty and aiding and abetting breaches of fiduciary duty against the individual director defendants. By this motion *in limine*, plaintiff James J. Cotter, Jr. ("Plaintiff") asks the Court to exclude evidence and argument by counsel for nominal defendant RDI that bears upon or concerns the merits of and/or defense to any claim(s) against any or all of the individual director defendants. This motion should be granted, and counsel for RDI should be barred from introducing such evidence, for at least three reasons. *First*, as the nominal defendant and real

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party in interest, the corporation in a derivative suit generally may not defend the suit on the merits, as a matter of law. *Second*, any probative value of evidence or argument proffered by counsel for the Company relating to the merits is substantially outweighed by considerations of undue delay, waste of time and/or needless presentation of cumulative evidence. The individual defendants are represented by separate counsel, and allowing counsel of record for the Company to present an additional defense on the merits of breach of fiduciary duty claims against individual director defendants would entail a needless presentation of cumulative evidence and result in undue delay and waste the time of the Court, the jury and the litigants. *Third*, any probative value of evidence or argument proffered by counsel for the Company in defense of or relating to the merits of the claims against the individual director defendants is substantially outweighed by the danger of unfair prejudice, of confusion of the issues and of misleading the jury in this derivative case. Indeed, it is hard to imagine a circumstance in which a plaintiff more readily could be and likely will be prejudiced, the issues more likely confused and the jury misled than one in which the nominal defendant and real party in interest corporation in a derivative case is allowed to proffer evidence and argument relating to, much less in defense of, the merits of breach of fiduciary duty claims entailing self-dealing against the corporation's individual director defendants. For all these reasons, Plaintiff respectfully submits that this motion should be granted.

II. PROCEDURAL HISTORY AND STATEMENT OF FACTS

A. This Action

Because the Court is familiar with the nature and history of this action, Plaintiff will forego a lengthy recitation of the procedural history and relevant facts. Instead, Plaintiff respectfully reminds the Court that this is a shareholder derivative action in which nominal defendant RDI is the real

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party in interest, as if it were the plaintiff, notwithstanding the fact that it is controlled by Ellen and Margaret Cotter who, throughout this action (and the so-called California Trust Action), have directed counsel of record for RDI to act to protect and further their personal interests rather than the interests of RDI. As the Court also understands, no claims are brought by Plaintiff against RDI in this action.

Nevertheless, counsel for RDI in this action has not confined their efforts to asserting rights unique to RDI, such as when RDI filed a motion to compel arbitration based upon the executive employment contract to which RDI and Plaintiff in his capacity as an executive officer of RDI were parties. Instead, counsel for RDI consistently and repeatedly has proffered evidence and argument in support of factual and legal defenses to the merits of the claims made herein derivatively against the individual director defendants. The examples are countless. One example is the motion to dismiss filed by RDI in which RDI argued that Plaintiff was required to satisfy Rule 9(b) pleading standards and had failed to do so. Obviously, that argument was made on behalf of the individual director defendants, because no claims of any type were made by Plaintiff against RDI, much less claims that could be mischaracterized as sounding in fraud. Likewise, RDI filed separate briefs in support of so-called motions for summary judgment filed by the individual director defendants. RDI did so notwithstanding the fact that it is not a defendant, and did so in an effort to provide evidence and additional arguments by an additional set of lawyers in defense of the merits of breach of fiduciary duty claims brought against the individual director defendants. There can be no doubt that counsel for RDI intends to do more of the same at the trial of this action.

B. The California Trust Action

Counsel for nominal defendant RDI, Greenberg Traurig ("GT"), has appeared (not properly sought to intervene) in the California Trust

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Action and contended that it is not in the best interests of RDI or its shareholders that the controlling block of RDI class B voting stock, which is presently controlled by Ellen and Margaret Cotter, be offered for sale or sold. (*See* Ex. A hereto.) GT, counsel of record for nominal defendant RDI herein, has advocated positions on behalf of RDI in the California Trust Action in such a manner that the judge in that case characterized GT as effectively acting as additional counsel for Ellen and Margaret Cotter:

> "And the other thing I want to make the point is that their interests, as far as I'm told, are identical with the interests of the two sisters who have been very well represented here the whole time..."

(*See* Ex. B hereto, the June 5, 2017 transcript (at 2:26-3:1) from the California Trust Case.)

III. ARGUMENT

A. The Nominal Defendant in a Derivative Action Cannot Defend the Merits of Claims Brought on Its Behalf Against Director Defendants

A shareholder derivative action is a lawsuit brought by a corporate shareholder "to enforce a *corporate* cause of action against officers, directors, and third parties." *Kaman v. Kemper Fin. Servs., Inc.*, 500 U. S. 90, 95 (1991) (quoting *Ross v. Bernhard*, 390 U. S. 531, 534 (1970)); *Schoen v. SAC Holding Corp.*, 137 P.3d 1171, 1179 (Nev. 2006) ("so-called derivative suits allow shareholders to 'compel the corporation to sue' and to thereby pursue litigation on the corporation's behalf against the corporation's board of directors and officers, in addition to third parties"). A shareholder derivative action provides corporate shareholders "a means to protect the interests of the corporation from the misfeasance and malfeasance of 'faithless directors and managers.'" *Kemper*, 500 U.S. at 95 (quoting *Cohen v. Beneficial Indus. Loan Corp.*, 337 U.S. 541, 548 (1949)).

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Although the corporation is named as a nominal defendant in a shareholder derivative action, it is the real party in interest. *Ross*, 396 U.S. at 538. As such, it is a necessary party to a shareholder derivative action. *Ross*, 396 U.S. at 538.

Because of the nature of a shareholder derivative action, "the corporation has no ground to challenge the merits of a derivative action filed on its behalf... ." *Patrick v. Alacer Corp.*, 167 Cal App.4th 995, 1005, 84 Cal Rptr. 3rd 642, 652 (2008) ("[A] nominal defendant corporation generally may not defend a derivative action filed on its behalf"); *Sobba v. Elmen*, 462 F. Supp. 2d 944, 947 (E.D. Ark. 2006) (" . . . [a] corporation ordinarily cannot defend a derivative suit on the merits . . . ."). This is the reason that Delaware's Chancery Court raises questions of conflict when lawyers appear in a derivative action on behalf of the nominal corporate defendant and the individual director and/or officer defendants. *See Conrad v. Black*, 940 A.2d 28, 37 (Del. Ch. 2007) (the court referenced "aspects of this matter that undermine the court's confidence in the ability of the board to properly consider a demand[,]" which included the fact that "the company continues to be represented by the same lawyers who represent the [allegedly interested and conflicted] directors..."). The few exceptions to the rule that a nominal defendant corporation may not defend the merits of derivative actions concern rights unique to corporations, such as the right to challenge a plaintiff's standing as a corporate shareholder, and unusual derivative actions in which the corporation itself has interests adverse to those of the nominal plaintiff, such as "an action to enjoin the performance of a contract by the corporation, to appoint a receiver, to interfere with a corporate reorganization or to interfere with the internal management where there is no allegation of fraud or bad faith." *Patrick*, 167 Cal. App. 4th at 1006–1007, 84 Cal. Rptr.3d at 653–654 (*citing Swenson v. Thibaut*, 39 N.C. App. 77, 250

S.E.2d 279, 293-294 (1978). Where, as here, corporate directors are accused of "a pattern of self-dealing" and "where the alleged wrongdoers are in control of the corporation[,]" "the corporation should not be allowed to defend this action on the merits[.]" *Patrick*, 167 Cal. App. 4th at 1006-1007, 84 Cal. Rptr. 3d at 653-654 (*citing Swenson*, 250 S.E.2d at 286, 294).

Notwithstanding the nature of a derivative action and the claims made in this one, the individual director defendants have used counsel for RDI not only to assert RDI's unique rights (*e.g.*, the motion to compel arbitration based on the executive employment agreement Plaintiff had entered into with RDI), but also to defend the merits of the claims against the individual director defendants. By way of example only, RDI separately moved to dismiss claims made against the individual directors and RDI filed briefs in support of so-called summary judgment motions brought by the individual director defendants. Likewise, RDI appeared in the California Trust Action and, acting ostensibly as an independent third party (which ruse was recognized by the judge, who stated in effect that he viewed RDI as acting as a separate set of lawyers for Ellen and Margaret Cotter), advocated positions that suited Ellen and Margaret Cotter (but were disputed by RDI shareholders as not in the best interests of all RDI shareholders). Simply put, counsel for RDI in two different cases has served as merits advocates for Ellen and Margaret Cotter. To the point, there can be no doubt that counsel for RDI at trial of this action will continue to defend the merits of the claims for breach of fiduciary duty brought derivatively for RDI against the director defendants individually.

Because RDI is the nominal defendant and the real party in interest as the effective plaintiff, and because this derivative action entails claims for breach of fiduciary arising out of a pattern of entrenchment and self-dealing by director defendants who remain in control of the nominal

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defendant, RDI cannot defend the merits of the claims brought against the individual director defendants, as a matter of law. RDI and its counsel of record therefore should be barred from introducing evidence or argument doing so.

B. Evidence by Nominal Defendant RDI Regarding the Merits of Claims Against Director Defendants Is Inadmissible Under NRS 48.015.

NRS 48.035 provides that evidence is inadmissible in circumstances such as those here. It states in relevant part:

> **NRS 48.035 Exclusion of relevant evidence on grounds of prejudice, confusion or waste of time.**
>
> 1. Although relevant, evidence is not admissible if its probative value is substantially outweighed by the danger of unfair prejudice, of confusion of the issues or of misleading the jury.
>
> 2. Although relevant, evidence may be excluded if its probative value is substantially outweighed by considerations of undue delay, waste of time or needless presentation of cumulative evidence.

NRS 48.035.

Courts in Nevada have excluded evidence on these grounds in circumstances far less compelling than those present here. *See M.C. Multi-Family Dev., L.L.C. v. Crestdale Assocs., LTD.*, 124 Nev. 901, 193 P.3d 536, 545 (2008) (unexecuted draft of consulting agreement properly excluded because it may have resulted in undue confusion concerning the existence or non-existence of the oral consulting agreement that was in issue); *State v. Cowan*, 120 Nev. 851, 103 P.3d 1, 6 (2004) (probative value of comparable land sales in California was not probative of Nevada situation, and "would be highly confusing and misleading to the jury").

First, the probative value of any evidence RDI would seek to introduce at trial relating to the merits of the claims against the individual director defendants is substantially outweighed by considerations of undue

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delay, waste of time and needless presentation of cumulative evidence. Counsel for RDI simply acts as an extra set of lawyers defending the merits of the claims against the individual director defendants. As such, evidence RDI would or might proffer going to the merits should be excluded under NRS 48.035.2.

Second, this action will be tried to a jury. Particularly in view of the challenges a jury will face in understanding the nature of the derivative action, the probative value of evidence (and argument) introduced (and proffered) by counsel for RDI concerning the merits of the claims against the individual director defendants is substantially outweighed by the danger of unfair prejudice, of confusion of issues and of misleading the jury. Indeed, a juror easily could conclude erroneously that, because counsel for RDI offers evidence or proffers argument in support of a point or position, that that point or position reflects the Company's interests or what is in the best interests of the Company. Based on such likely and erroneous inferences, the director defendants' conduct at issue is all but certain to be viewed differently—and more favorably—by the finder of fact. It is difficult to imagine a more prejudicial, confusing and misleading introduction of evidence (and argument) than by counsel for the nominal defendant in a derivative action in defense of the merits of claims brought against individual director and officer defendants, who are represented by their own counsel. Therefore, any and all evidence RDI would or might proffer with respect to or concerning the merits of any claim or claims against any or all of the individual director defendants should be excluded under NRS 48.035.1.

IV. CONCLUSION

For the foregoing reasons, Plaintiff respectfully requests that the Court enter an order barring the introduction of evidence and the proffering

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of argument by counsel for nominal defendant RDI with respect to, concerning and/or in defense of the merits of any claim(s) against any or all of the individual director defendants.

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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that I am an employee of MORRIS LAW GROUP and that on the date below, I cause the following document(s) to be served via the Court's Odyssey E-Filing System: **PLAINTIFF JAMES COTTER, JR.'S MOTION IN LIMINE NO. 2 REGARDING THE SUBMISSION OF MERITS RELATED EVIDENCE BY NOMINAL DEFENDANT READING INTERNATIONAL, INC.** 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.

DATED this 9th day of November, 2017.

By: /s/ PATRICIA CANNON

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Exhibit A

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Attorneys for READING INTERNATIONAL, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

CENTRAL DISTRICT

In re the JAMES J. COTTER LIVING TRUST dated August 1, 2000, as amended	CASE NO. BP159755 **READING INTERNATIONAL, INC.'S STATEMENT OF POSITION ON JAMES J. COTTER, JR.'S *EX PARTE* PETITION FOR THE APPOINTMENT OF A TRUSTEE *AD LITEM*** **DECLARATIONS OF WILLIAM GOULD, DOUGLAS McEACHERN, AND EDWARD KANE** Assigned for All Purposes to: Hon. Clifford L. Klein Date: May 15, 2017 Time: 8:30 a.m. Dept.: 9

PROVISIONALLY FILED UNDER SEAL

RDI-A08787

PRELIMINARY STATEMENT

Reading International, Inc. ("RDI" or "the Company") makes this Statement of Position to protect the interests of its stockholders (including the James J. Cotter Living Trust (the "Trust") and the Estate of James J. Cotter (the "Estate") as major owners of RDI Common Stock), as this Court considers potentially fundamental changes to the control structure of RDI.[1]

There is no reason to rush into a decision based on the Ex Parte Petition for the Appointment of a Trustee Ad Litem filed by James Cotter, Jr. RDI asks that the Court fully consider the potential impact selling shares of Class B voting stock would have on the Company, its stockholders generally (including the Trust, both as a current holder and as a future holder of the shares held by the Estate), and on the implementation of the business plan originally developed by James J. Cotter, Sr., approved by the Board of Directors, and currently being pursued by RDI.

At a minimum, any such sale process should occur (if at all) only after this Court finally determines all issues in the present suit. To do anything else risks adversely impacting the Company's current business plan, disrupting its operations and affecting stockholder interests. Accordingly, RDI respectfully requests that the Court undertake further proceedings to consider the potential adverse impacts that could result from an interim decision to commence a process to sell voting stock, and whether such a course of action is truly in the best interests of the Trust. The Board of Directors, in the exercise of its fiduciary duties, believes that stockholder values will be maximized by the continued pursuit of its cinema/real estate business plan and not by a change of control at this time.

BACKGROUND INFORMATION

As this Court knows, RDI is a publicly-owned Nevada corporation, controlled by the family of the late James J. Cotter, Sr. In May 2016, September 2016, and again in December 2016, the Board of Directors of RDI received unsolicited and nonbinding indications of interest

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[1] While the Trust only owns approximately 41.4% of the voting power of RDI, some 28% of such voting power is in the hands of stockholders other than the Cotter Family. This includes two concentrations of stock ownership in the hands of Mark Cuban (12.4%) and Pico Holdings, Inc./Pico Deferred Holdings, LLC (7%).

RDI-A08788

III. CONCLUSION

This Court should reject James J. Cotter, Jr.'s *ex parte* petition for the appointment of a trustee *ad litem* to evaluate the Patton Vision's "offer" and take steps to act on the "offer" in the trustee's sole discretion. RDI is financially sound and there is no imminent danger that would justify the relief requested. Moreover, the Company understands that further proceedings remain herein and include anticipated findings regarding the status of the so called "Hospital Amendment" and Cotter, Sr.'s intent. As such, until such proceedings are complete, there is no basis for the relief requested.

Absent complete rejection of that petition, the Court should hold an evidentiary hearing where the Company can express its concerns regarding the proposed course of action and explain in greater detail to the Court the impact of such a decision and why the Company's Board believes that the pursuit of the Company's current business plan is in the best interests of all stockholders.

DATED: May 15, 2017

GREENBERG TRAURIG, LLP

By Mark E. Ferrario (mpb)
Mark E. Ferrario
Attorneys for Reading International, Inc.

RDI-A08789

Exhibit B

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT 9 HON. CLIFFORD L. KLINE, JUDGE

IN RE THE MATTER OF THE
JAMES J. COTTER
LIVING TRUST. No. BP 159 755

REPORTER'S TRANSCRIPT OF PROCEEDINGS

MONDAY, JUNE 5, 2017

APPEARANCES:

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(APPEARANCES CONTINUED ON FOLLOWING PAGE.)

ORIGINAL

ELSA BANDA LARA, CSR NO. 3226
OFFICIAL REPORTER

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CASE NUMBER: BP 159 755
CASE NAME: JAMES J. COTTER, DECEASED
LOS ANGELES, CA MONDAY, JUNE 5, 2017
DEPARTMENT 9 HON. CLIFFORD L. KLINE, JUDGE
APPEARANCES: (AS NOTED ON TITLE PAGE.)
REPORTER: ELSA BANDA LARA, CSR NO. 3226
TIME: A.M. SESSION
---O---

THE COURT: Let's get to the Cotter matter.

Starting with you, Miss Lodise.

MS. LODISE: Margaret Lodise on behalf of Margaret and Ellen Cotter.

MR. SUSMAN: Harry Susman on behalf of Margaret and Ellen Cotter.

MR. STREISAND: Adam Streisand for James Cotter, Jr., Your Honor.

MR. VAN BRUNT: Nick Van Brunt also for James Cotter, Jr., Your Honor.

MR. CARICO: Christopher Carico, guardian ad litem, Your Honor.

MR. MILLER: Ron Miller expert witness.

MR. ANSEL: Dan Ansel expert witness.

MR. FERRARIO: Mark Ferrario.

THE COURT: Expert with the --

MR. STREISAND: Court appointed witness.

THE COURT: Well, I know I got a number of documents Thursday at 4:30 in the afternoon on Thursday.

When did the Greenberg lawyers think I would have time to thoroughly read all this?

I just thought I'd ask that question? This is ridiculous. I mean, you know I have a full calendar. Literally, I got this Thursday between 4:00 and 4:30.

All right, I have to vent a little.

MR. STREISAND: Well, I've got a solution.

THE COURT: I assume you've got the same problems.

MR. STREISAND: Well, I've got a solution and I'd renew my objection. They have no standing here whatsoever. The pleadings ought to be stricken. They should not be allowed to produce, there's no standing.

THE COURT: Well, I think that the -- well, let me just say I obviously didn't read every exhibit here. It's ridiculous considering I have other cases.

I think they have standing on the sealing because it could affect the price of the stock. So I think they have an interest in that.

As for everything else, one of the problems is they weren't here for the whole trial. And a lot of it, frankly, was cumulative. Not addressing a point, for example, a lot of it was explaining why the guardian ad litem or trustee ad litem shouldn't proceed with the sale, which isn't on the table right now. So I don't think I have to go there.

And the other thing I want to make the point is that their interests, as far as I'm told, are identical with the interests of the two sisters who have

been very well represented here the whole time. So there wasn't anything knew.

I didn't like to have to read five and a half pages -- excuse me, five and a half inches, I measured it -- to see that there wasn't, to me, much new, but I still felt that at least I had to read the moving papers to decide if there was anything that was relevant, but it's all covered.

All right. Let me get to the issues here, I did read and mark up the first issue, which is the sealing one. There was something I wasn't clear, Miss Lodise, you had suggested or recommended that two sections be sealed. They were fairly minimal. I want to make sure I understand that's what the sort of bottom-line request was.

And that, let me see, on the report of the guardian ad litem, I have marked here three places where you requested a redaction. Did I read this correctly? I mean, I know you want the whole thing sealed, but in terms of redaction, which I'm inclined to do.

MS. LODISE: And, Your Honor, are you talking about the initial report or the supplemental report, because we --

THE COURT: There's a lot to read here, somewhere I saw and I did read all your documents, that you wanted on page 3, five lines redacted. On page 4 you wanted six lines redacted. And on page 10 you wanted six lines redacted. And then in the other report there was one

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT 9 HON. CLIFFORD L. KLINE, JUDGE

IN RE THE MATTER OF THE JAMES J. COTTER LIVING TRUST.	NO. BP 159 755
RESPONDENT.	REPORTER's CERTIFICATE

I, ELSA BANDA LARA, Official Reporter of the Superior Court of the State of California, for the County of Los Angeles, do hereby certify that the foregoing Pages 1 through 83, inclusive, comprise a full, true, and correct transcript of the proceedings held in the matter of the above-entitled cause on MONDAY, JUNE 5, 2017.

Dated this 14TH day of JUNE, 2017.

ELSA BANDA LARA, CSR NO. 3226
OFFICIAL REPORTER

Electronically Filed
11/21/2017 8:41 AM
Steven D. Grierson
CLERK OF THE COURT

JOIN
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Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

MARGARET COTTER, et al,

Defendants.

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Coordinated with:

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

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

READING INTERNATIONAL, INC.'S JOINDER TO MARGARET COTTER, ELLEN COTTER, DOUGLAS MCEACHERN, GUY ADAMS, EDWARD KANE, JUDY CODDING AND MICHAEL WROTNIAK'S SUPPLEMENT TO MOTIONS FOR PARTIAL SUMMARY JUDGMENT NOS. 1, 2, 3, 5 AND 6.

Date of Hearing: December 11, 2017
Time: 8:30 a.m.

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JAMES J. COTTER, JR.,

Plaintiff,

v.

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

Defendants.

READING INTERNATIONAL, INC., by and through its counsel Greenberg Traurig, LLP, hereby submits its joinder to Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, Edward Kane, Judy Codding and Michael Wrotniak's Supplement to Motions for partial Summary Judgments Nos. 1, 2, 3, 5 and 6.

DATED: this 21st day of November, 2017.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario
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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing to be filed and served via the Court's Odyssey E-Filing system on all registered and active parties. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 21st day of November, 2017.

/s/ Megan L. Sheffield
An employee of GREENBERG TRAURIG, LLP

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EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

AND

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

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

Related and Coordinated Cases

BUSINESS COURT

DEFENDANTS MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK'S ANSWER TO PLAINTIFF'S SECOND AMENDED COMPLAINT

DEFENDANTS' ANSWER TO PLAINTIFF'S SECOND AMENDED COMPLAINT

Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy Codding, and Michael Wrotniak ("Defendants") hereby set forth the following Answer to the Second Amended Verified Complaint, filed by Plaintiff James Cotter, Jr. ("Plaintiff") on September 2, 2016 ("Complaint"). Any allegation, averment, contention or statement in the Complaint not specifically and unequivocally admitted is denied. Defendants respond to each of the paragraphs of the Complaint as follows:

RESPONSE TO "NATURE OF THE CASE"

1. Defendants deny the allegations of paragraph 1 of the Complaint.

2. Defendants deny the allegations of paragraph 2 of the Complaint.

3. Defendants deny the allegations of paragraph 3 of the Complaint.

4. Defendants admit that Ellen Cotter correctly asserted that Plaintiff's employment agreement required him to resign from the Board of Directors ("Board") of Reading International, Inc. ("RDI" or the "Company") upon his termination. To the extent that the allegations of paragraph 4 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 4 of the Complaint in all other respects.

5. Defendants admit that Ellen Cotter and Margaret Cotter have referred to Edward Kane as "Uncle Ed." Defendants admit that "family disputes" between Ellen Cotter and Margaret Cotter, on the one hand, and James Cotter, Jr., on the other hand, included certain trust and estate litigation commenced by Ellen Cotter and Margaret Cotter against James Cotter, Jr. following the passing of their father, James J. Cotter, Sr., in September 2014. Defendants deny the allegations of paragraph 5 of the Complaint in all other respects.

6. Defendants admit that Ellen Cotter was appointed CEO in January 2016 and Margaret Cotter was appointed Executive Vice President-Real Estate Management and Development-NYC in March 2016. Defendants deny the allegations of paragraph 6 of the Complaint in all other respects.

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7. Defendants deny the allegations of paragraph 7 of the Complaint.

8. Defendants admit that Ellen Cotter, Margaret Cotter, Edward Kane, and Guy Adams are members of RDI's Executive Committee. Defendants admit that, pursuant to its Charter, the Executive Committee is authorized, to the fullest extent permitted by Nevada law and RDI's Bylaws, to take any and all actions that could have been taken by the full Board between meetings of the full Board. Defendants deny the allegations of paragraph 8 of the Complaint in all other respects.

9. Defendants deny the allegations of paragraph 9 of the Complaint.

10. Defendants admit that Ellen Cotter and Margaret Cotter, acting in the capacities as the Co-Executors of the Estate of James J. Cotter, Sr. (the "Cotter Estate"), exercised on behalf of the Cotter Estate an option held by the Cotter Estate to acquire 100,000 shares of RDI Class B voting stock. Defendants admit that the use of Class A shares to effect such exercise was approved by the Compensation Committee. Defendants deny the allegations of paragraph 10 of the Complaint in all other respects.

11. Defendants admit that, on or about October 5, 2015, Ellen Cotter proposed adding Judy Codding to RDI's Board of Directors. Defendants admit that Mary Cotter knows Ms. Codding. Defendants admit that Mary Cotter is the mother of Plaintiff, Ellen Cotter, and Margaret Cotter. Defendants admit that Judy Codding had not previously served on the board of directors of a public company. Defendants deny the allegations of paragraph 11 of the Complaint in all other respects.

12. Defendants admit that Timothy Storey retired from the RDI Board. Defendants admit that Edward Kane, Guy Adams, and Douglas McEachern were members of RDI's nominating committee. Defendants admit that RDI's Annual Stockholder Meeting was scheduled for November 10, 2015. Defendants admit that Michael Wrotniak had not previously served on the board of directors of a public company. Defendants admit that Michael Wrotniak's wife is a friend of Margaret Cotter. Defendants deny the allegations of paragraph 12 of the Complaint in all other respects.

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13. Defendants deny the allegations of paragraph 13 of the Complaint.

14. Defendants admit that Ellen Cotter was appointed interim CEO after Plaintiff was terminated. Defendants admit that Ellen Cotter selected Korn Ferry to be the outside search firm the Company would use to search for a permanent CEO. Defendants admit that Ellen Cotter, Margaret Cotter, Douglas McEachern, and William Gould were members of the CEO search committee ("Search Committee"). Defendants admit that members of the Search Committee and others provided input to Korn Ferry, which prepared a position specification. Defendants admit that, prior to initial interviews of candidates, Ellen Cotter announced that she would be a candidate for President and CEO and resigned from the Search Committee. Defendants admit that Margaret Cotter remained on the Search Committee. Defendants admit that Korn Ferry was instructed to cease its services. Defendants admit that after interviewing six external candidates and Ellen Cotter, the Search Committee recommended to the RDI Board that Ellen Cotter be appointed CEO. Defendants admit that the RDI Board appointed Ellen Cotter as CEO. Defendants deny the allegations of paragraph 14 of the Complaint in all other respects.

15. Defendants admit that Margaret Cotter became Executive Vice President-Real Estate Management and Development-NYC on or about March 10, 2016. Defendants admit that Margaret Cotter is responsible for the development of RDI's properties in New York City. Defendants admit that the RDI Board approved a compensation package for Margaret Cotter that includes a base salary of $350,000, a target bonus of $105,000 (30% of her base salary), and a long-term incentive of a stock option for 19,921 shares of Class A common stock and 4,184 restricted stock units under the Company's 2010 Stock Incentive Plan, as amended, which long term incentives vest over a four year period. Defendants admit that, in or about March 2016, the Compensation Committee, consisting of Guy Adams, Edward Kane, and Judy Codding, and the Audit Committee, comprised of Edward Kane, Douglas McEachern, and Michael Wrotniak, approved an additional consulting fee compensation of $200,000 to Margaret Cotter. Defendants admit that the RDI Board of Directors approved payment of $50,000 to Guy Adams for extraordinary services provided to the Company and devotion of time in providing such services. Defendants deny the allegations of paragraph 15 of the Complaint in all other respects.

16. Defendants admit that on or about May 31, 2016, the Company received an unsolicited, non-binding indication of interest in purchasing all of the outstanding stock of RDI at a price of $17 per share from third parties unrelated to the Cotters. Defendants admit that they did not engage a financial advisor with respect to the non-binding indication of interest. Defendants admit that RDI's management presented a conservative valuation of the Company at a value greater than the value suggested by the non-binding indication of interest. Defendants admit that they agreed the $17 per share price indicated in the non-binding indication of interest was inadequate. Defendants deny the allegations of paragraph 16 of the Complaint in all other respects.

RESPONSE TO "PARTIES"

17. Defendants admit that, at all times relevant hereto, James Cotter, Jr. was a stockholder of RDI. Defendants admit that James Cotter, Jr. has been a director of RDI. Defendants admit that James Cotter, Jr. was appointed Vice Chairman of RDI's Board of Directors, then later President of RDI. Defendants admit that James Cotter, Jr. was appointed CEO by RDI's Board of Directors after James Cotter, Sr. resigned from that position. Defendants admit that James Cotter, Jr. is the son of the late James Cotter, Sr. and the brother of Ellen Cotter and Margaret Cotter. Defendants admit that the James J. Cotter Living Trust became irrevocable upon the passing of James Cotter, Sr. in September 2014. Defendants deny the allegations of paragraph 17 of the Complaint in all other respects.

18. Defendants admit that Margaret Cotter is engaged in trust and estate litigation against James Cotter, Jr. Defendants admit that Margaret Cotter is a director of RDI. Defendants admit that Margaret Cotter was the owner and President of OBI, LLC, a company that provided theater management services to live theaters indirectly owned by RDI through Liberty Theatres, LLC, of which Margaret Cotter is President. Defendants admit that Margaret Cotter wanted to become an employee of RDI. Defendants admit that Margaret Cotter was involved in development of real estate in New York owned directly or indirectly by RDI. Defendants admit that Margaret Cotter wanted to be, and now is, responsible for the development of RDI's real estate in New York City. Defendants admit that Margaret Cotter was appointed Executive Vice President-Real Estate

Management and Development-NYC on or about March 10, 2016. Defendants deny the allegations of paragraph 18 of the Complaint in all other respects.

19. Defendants admit that Ellen Cotter is and at all times relevant hereto was a director of RDI. Defendants admit that Ellen Cotter is engaged in trust and estate litigation against James Cotter, Jr. Defendants admit that Ellen Cotter served as the Chief Operating Officer of RDI's domestic cinema operations. Defendants admit that Ellen Cotter was appointed interim CEO on or about June 12, 2015 and was appointed CEO in January 2016. Defendants deny the allegations of paragraph 19 of the Complaint in all other respects.

20. Defendants admit that Edward Kane is an outside director of RDI. Defendants admit that Edward Kane has been a director of RDI since approximately October 15, 2009. Defendants admit that Edward Kane was a friend of James Cotter, Sr. Defendants deny the allegations of paragraph 20 of the Complaint in all other respects.

21. Defendants admit that Guy Adams is an outside director of RDI. Defendants admit that Guy Adams became a director of RDI in January 2014. Defendants admit that Guy Adams was granted stock options in or about January 2016. Defendants admit that, in or about March 2016, Guy Adams was paid $50,000 for extraordinary services provided to the Company and devotion in time in providing such services. Defendants admit that Guy Adams was a member of RDI's Compensation Committee until he resigned in or about May 2016. Defendants deny the allegations of paragraph 21 of the Complaint in all other respects.

22. Defendants admit that Douglas McEachern is an outside director of RDI. Defendants admit that Douglas McEachern became a director of RDI in May 2012. Defendants deny the allegations of paragraph 22 of the Complaint in all other respects.

23. Defendants admit that William Gould is an outside director of RDI. Defendants admit that William Gould became a director of RDI in October 2004. Defendants deny the allegations of paragraph 23 of the Complaint in all other respects.

24. Defendants admit that Judy Codding is an outside director of RDI. Defendants admit that Judy Codding became a director on October 5, 2015. Defendants admit that Judy Codding had not previously served as a director of a public company. Defendants admit that Mary

Cotter knows Ms. Codding. Defendants admit that Judy Codding voted to appoint Ellen Cotter as CEO and Margaret Cotter as Executive Vice President-Real Estate Management and Development-NYC. Defendants deny the allegations of paragraph 24 of the Complaint in all other respects.

25. Defendants admit that Michael Wrotniak is an outside director of RDI. Defendants admit that Michael Wrotniak became a director of RDI on October 12, 2015. Defendants admit that Michael Wrotniak had not previously served as a director of a public company. Defendants admit that Michael Wrotniak is not an expert in real estate development or cinemas. Defendants admit that Michael Wrotniak voted to appoint Ellen Cotter as CEO and Margaret Cotter as Executive Vice President-Real Estate Management and Development-NYC. Defendants deny the allegations of paragraph 25 of the Complaint in all other respects.

26. Defendants admit that RDI is a Nevada corporation. Defendants admit that RDI has two classes of stock—Class A stock and Class B stock. The other allegations of paragraph 26 of the Complaint are purportedly based on written documents, which speak for themselves. Defendants deny the remaining allegations of paragraph 26 of the Complaint.

27. Defendants deny the allegations of paragraph 27 of the Complaint.

RESPONSE TO "ALLEGATIONS COMMON TO ALL CLAIMS"

28. Defendants admit that, since approximately 2000 and until he resigned as Chairman and CEO of RDI, James J. Cotter, Sr. was the CEO and Chairman of the Board of Directors of RDI. Defendants deny the allegations of paragraph 28 of the Complaint in all other respects.

29. Defendants deny the allegations of paragraph 29 of the Complaint.

30. Defendants deny the allegations of paragraph 30 of the Complaint.

31. Defendants admit that James Cotter, Jr. was appointed Vice Chairman of the RDI Board in 2007. Defendants admit that the RDI Board appointed James Cotter, Jr. President of RDI on or about June 1, 2013. Defendants deny the allegations of paragraph 31 of the Complaint in all other respects.

32. Defendants admit that James J. Cotter, Sr. passed away in September 2014. Defendants admit that Ellen Cotter and Margaret Cotter are in litigation with James Cotter, Jr. Defendants deny the allegations of paragraph 32 of the Complaint in all other respects.

33. Defendants admit that, as President and CEO of RDI, James Cotter, Jr. worked to push his sisters out of RDI. Defendants deny the allegations of paragraph 33 of the Complaint in all other respects.

34. Defendants deny the allegations of paragraph 34 of the Complaint.

35. Defendants deny the allegations of paragraph 35 of the Complaint.

36. Defendants deny the allegations of paragraph 36 of the Complaint.

37. Defendants admit that Ellen Cotter sought an employment agreement. Defendants admit that Ellen Cotter believed that James Cotter, Jr. would try to fire her without cause. Defendants deny the allegations of paragraph 37 of the Complaint in all other respects.

38. Defendants admit that Margaret Cotter and Ellen Cotter have called Edward Kane "Uncle Ed." To the extent that the allegations of paragraph 38 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 38 of the Complaint in all other respects.

39. Defendants admit that, in October 2014, RDI reimbursed Ellen Cotter $50,000 for income taxes she incurred as a result of her exercise of stock options as further detailed in RDI's public filings. Defendants deny the allegations of paragraph 39 of the Complaint in all other respects.

40. Defendants admit that, on or about November 2014, RDI's Board of Directors approved an increase in compensation for each nonemployee director. Defendants deny the allegations of paragraph 40 of the Complaint in all other respects.

41. Defendants admit that, in 2014, Ellen Cotter proposed that Ellen Cotter and Margaret Cotter report to an executive committee, rather than Plaintiff. Defendants deny the allegations of paragraph 41 of the Complaint in all other respects.

42. Defendants admit that, on or about January 15, 2015, RDI's Board of Directors approved purchase of a directors and officers insurance policy. Defendants deny the allegations of paragraph 42 of the Complaint in all other respects.

43. Defendants admit that the quoted resolution was approved. Defendants deny the allegations of paragraph 43 of the Complaint in all other respects.

44. Defendants deny that Plaintiff's work as CEO was recognized as successful by the stock market. Defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 44 of the Complaint, and therefore deny them.

45. To the extent that the allegations of paragraph 45 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 45 of the Complaint, and therefore deny them.

46. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 46 of the Complaint, and therefore deny them.

47. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 47 of the Complaint, and therefore deny them.

48. Defendants deny the allegations of paragraph 48 of the Complaint.

49. Defendants deny the allegations of paragraph 49 of the Complaint.

50. Defendants admit that Timothy Storey was appointed to function as ombudsman to work with James Cotter, Jr. Defendants deny the allegations of paragraph 50 of the Complaint in all other respects.

51. Defendants deny the allegations of paragraph 51 of the Complaint.

52. Defendants deny the allegations of paragraph 52 of the Complaint.

53. Defendants admit that Margaret Cotter asked for an employment agreement with RDI. To the extent that the allegations of paragraph 53 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 53 of the Complaint in all other respects.

54. Defendants admit that the non-Cotter directors sought additional compensation for time expended on RDI matters. Defendants deny the allegations of paragraph 54 of the Complaint in all other respects.

55. Defendants admit that director Timothy Storey resides in New Zealand and that he took trips to Los Angeles on RDI business. Defendants deny the allegations of paragraph 55 of the Complaint in all other respects.

56. Defendants deny the allegations of paragraph 56 of the Complaint.

57. The allegations of paragraph 57 of the Complaint are purportedly based on written documents, which speak for themselves. Defendants deny the remaining allegations of paragraph 57 of the Complaint.

58. Defendants admit that the Stomp Producers gave notice of termination of Stomp's lease at the Orpheum Theatre on or about April 23, 2015. Defendants deny the allegations of paragraph 58 of the Complaint in all other respects.

59. To the extent that the allegations of paragraph 59 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 59 of the Complaint in all other respects.

60. Defendants deny the allegations of paragraph 60 of the Complaint.

61. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 61 of the Complaint, and therefore deny them.

62. Defendants deny the allegations of paragraph 62 of the Complaint.

63. Defendants deny the allegations of paragraph 63 of the Complaint.

64. Defendants admit that Guy Adams has testified: "I took a sabbatical, basically." To the extent that the allegations of paragraph 64 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 64 of the Complaint in all other respects.

65. Defendants deny the allegations of paragraph 65 of the Complaint.

66. Defendants admit that Guy Adams has been paid and is paid $1,000 per week from the Cotter Family Farms. Defendants admit that Guy Adams received carried interests in certain

real estate projects, including in Shadow View. Defendants deny the allegations of paragraph 66 of the Complaint in all other respects.

67. To the extent that the allegations of paragraph 67 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 67 of the Complaint in all other respects.

68. Defendants deny the allegations of paragraph 68 of the Complaint.

69. Defendants deny the allegations of paragraph 69 of the Complaint.

70. Defendants admit that on March 26, 2015, Guy Adams sold all RDI options he then had. To the extent that the allegations of paragraph 70 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 70 of the Complaint in all other respects.

71. Defendants admit that Guy Adams resigned from the Compensation Committee on or about May 14, 2016. Defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 71, and therefore deny them.

72. Defendants admit that Ellen Cotter distributed an agenda for the May 21, 2015 RDI Board meeting on or about May 19, 2015, and that the first action item on the agenda was entitled "Status of President and CEO." Defendants deny the allegations of paragraph 72 of the Complaint in all other respects.

73. Defendants deny the allegations of paragraph 73 of the Complaint.

74. Defendants admit there was a request that the non-Cotter directors meet before the RDI Board meeting on May 21, 2015. Defendants deny the allegations of paragraph 74 of the Complaint in all other respects.

75. Defendants admit that Akin Gump attended the RDI Board meeting on May 21, 2015 at the request of Chairperson Ellen Cotter. Defendants deny the allegations of paragraph 75 of the Complaint in all other respects.

76. Defendants deny the allegations of paragraph 76 of the Complaint.

77. Defendants admit that the RDI Board did not vote on the termination of Plaintiff at the RDI Board meeting on May 21, 2015. Defendants deny the allegations of paragraph 77 of the Complaint in all other respects.

78. Defendants admit that Harry Susman transmitted a settlement offer to Adam Streisand. Defendants deny the allegations of paragraph 78 of the Complaint in all other respects.

79. To the extent that the allegations of paragraph 79 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 79 of the Complaint in all other respects.

80. Defendants deny the allegations of paragraph 80 of the Complaint.

81. The allegations of paragraph 81 of the Complaint are purportedly based on written documents, which speak for themselves. Defendants deny the remaining allegations of paragraph 81 of the Complaint.

82. Defendants deny the allegations of paragraph 82 of the Complaint.

83. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 83 of the Complaint, and therefore deny them.

84. Defendants admit that Plaintiff was present at the RDI Board meeting on May 29, 2015. Defendants admit that Guy Adams made a motion to remove Plaintiff from his position as President and CEO of RDI. Defendants admit that Plaintiff questioned the independence of Guy Adams. Defendants deny the allegations of paragraph 84 of the Complaint in all other respects.

85. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 85 of the Complaint, and therefore deny them.

86. Defendants deny the allegations of paragraph 86 of the Complaint.

87. Defendants admit that James Cotter, Jr. was advised that the RDI Board meeting would be adjourned until about 6:00 p.m. that evening. Defendants deny the allegations of paragraph 87 of the Complaint in all other respects.

88. Defendants admit that the RDI Board meeting reconvened at approximately 6:00 p.m. Defendants admit that Ellen Cotter reported that she, Margaret Cotter, and Plaintiff had reached an "agreement-in-principle." Defendants admit that Ellen Cotter read some of the

"agreement-in-principle" to the RDI Board. Defendants admit that the RDI Board did not vote on the termination of Plaintiff at the RDI Board meeting on May 29, 2015. Defendants admit that the RDI Board meeting was adjourned. Defendants deny the allegations of paragraph 88 of the Complaint in all other respects.

89. Defendants admit that on or about June 3, 2015, Harry Susman transmitted a document to counsel for James Cotter, Jr., Adam Streisand. Defendants deny the allegations of paragraph 89 of the Complaint in all other respects.

90. Defendants deny the allegations of paragraph 90 of the Complaint.

91. Defendants deny the allegations of paragraph 91 of the Complaint.

92. To the extent that the allegations of paragraph 92 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 92 of the Complaint in all other respects.

93. To the extent that the allegations of paragraph 93 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the remaining allegations of paragraph 93 of the Complaint.

94. Defendants admit an RDI Board meeting was held on June 12, 2015. Defendants admit that Guy Adams, Edward Kane, and Douglas McEachern voted to terminate Plaintiff. Defendants admit that Timothy Storey and William Gould voted against terminating Plaintiff. Defendants admit that Ellen Cotter was elected interim CEO. Defendants deny the allegations of paragraph 94 of the Complaint in all other respects.

95. Defendants admit that no candidate was offered the position of Director of Real Estate. Defendants admit that the Company decided to put the search for a Director of Real Estate on hold. Defendants deny the allegations of paragraph 95 of the Complaint in all other respects.

96. Defendants deny the allegations of paragraph 96 of the Complaint.

97. Defendants deny the allegations of paragraph 97 of the Complaint.

98. Defendants deny the allegations of paragraph 98 of the Complaint.

99. Defendants deny the allegations of paragraph 99 of the Complaint.

100. Defendants deny the allegations of paragraph 100 of the Complaint.

101. To the extent that the allegations of paragraph 101 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 101 of the Complaint in all other respects.

102. Defendants admit that at least forty one percent (41%) of RDI's Class B voting stock is held in the name of the James J. Cotter Living Trust. Defendants admit that the James J. Cotter Living Trust became irrevocable upon James J. Cotter, Sr.'s death in September 2014. Defendants admit that who has authority to vote the RDI Class B voting stock held in the name of the James J. Cotter Living Trust is a subject of dispute in the California trust and estate litigation between Ellen Cotter and Margaret Cotter, on one hand, and Plaintiff, on the other hand. The allegations of paragraph 102 of the Complaint related to Section 15620 of the California Probate Code constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 102 of the Complaint related to Section 15620 of the California Probate Code are denied. Defendants deny the allegations of paragraph 102 of the Complaint in all other respects.

103. Defendants deny the allegations of paragraph 103 of the Complaint.

104. Defendants admit that in April 2015, Ellen Cotter and Margaret Cotter exercised options to acquire 50,000 and 35,100 shares of RDI Class B stock, respectively. Defendants admit that in September 2015, Ellen Cotter and Margaret Cotter, acting in the capacities as the Co-Executors of the Cotter Estate, exercised on behalf of the Cotter Estate an option held by the Cotter Estate to acquire 100,000 shares of RDI Class B voting stock. Defendants admit that Class A shares were used to pay for the exercise of the Cotter Estate's option. Defendants deny the allegations of paragraph 104 of the Complaint in all other respects.

105. Defendants deny the allegations of paragraph 105 of the Complaint.

106. Defendants deny the allegations of paragraph 106 of the Complaint.

107. Defendants admit that Edward Kane is and Guy Adams was a member of the Compensation Committee. Defendants admit that the Compensation Committee authorized the use of Class A shares to pay for the exercise the Cotter Estate's option to acquire 100,000 shares of Class B stock. Defendants admit that Edward Kane and Guy Adams have acknowledged

receiving advice from legal counsel, including in-house counsel Craig Tompkins, regarding Compensation Committee decision-making. Defendants admit that Timothy Storey was a member of the Compensation Committee. Defendants admit that Timothy Storey did not attend a meeting of the Compensation Committee. Defendants deny the allegations of paragraph 107 of the Complaint in all other respects.

108. Defendants deny the allegations of paragraph 108 of the Complaint.

109. To the extent that the allegations of paragraph 109 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the remaining allegations of paragraph 109 of the Complaint.

110. Defendants admit that in December 2014, the District Court of Clark County, Nevada, appointed Ellen Cotter and Margaret Cotter as co-executors of the Cotter Estate. Defendants deny the allegations of paragraph 110 of the Complaint in all other respects.

111. To the extent that the allegations of paragraph 111 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the remaining allegations of paragraph 111 of the Complaint.

112. Defendants admit that in April 2015, Ellen Cotter exercised an option to acquire 50,000 shares of RDI Class B stock. Defendants admit that Class A shares were used to pay for the exercise. To the extent that the allegations of paragraph 112 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 112 of the Complaint in all other respects.

113. Defendants admit that in April 2015, Margaret Cotter exercised options to acquire 35,100 shares of RDI Class B stock. Defendants admit that Class A shares were used to pay for the exercise. To the extent that the allegations of paragraph 113 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 113 of the Complaint in all other respects.

114. Defendants deny the allegations of paragraph 114 of the Complaint.

115. To the extent that the allegations of paragraph 115 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 115 of the Complaint in all other respects.

116. To the extent that the allegations of paragraph 116 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the remaining allegations of paragraph 116 of the Complaint.

117. To the extent that the allegations of paragraph 117 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the remaining allegations of paragraph 117 of the Complaint.

118. Defendants deny the allegations of paragraph 118 of the Complaint.

119. Defendants deny the allegations of paragraph 119 of the Complaint.

120. Defendants deny the allegations of paragraph 120 of the Complaint.

121. Defendants deny the allegations of paragraph 121 of the Complaint.

122. Defendants admit that a candidate for RDI's Board withdrew from consideration. Defendants admit that Ellen Cotter also knows the candidate's wife and child. Defendants admit that the candidate had done business with RDI and that Ellen Cotter had known the candidate for years. To the extent that the allegations of paragraph 122 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 122 of the Complaint in all other respects.

123. Defendants admit that Ellen Cotter proposed Judy Codding as a candidate for RDI's Board of Directors. Defendants admit that Judy Codding had not previously served as a director of a public company. Defendants deny the allegations of paragraph 123 of the Complaint in all other respects.

124. Defendants admit that Mary Cotter knows Judy Codding. Defendants admit that Mary Cotter is the mother of Plaintiff, Ellen Cotter, and Margaret Cotter. Defendants deny the allegations of paragraph 124 of the Complaint in all other respects.

125. Defendants admit that, with the exception of James Cotter, Jr. and Timothy Storey, RDI's directors voted to add Ms. Codding to RDI's Board of Directors on October 5, 2015. Defendants deny the allegations of paragraph 125 of the Complaint in all other respects.

126. Defendants admit that Edward Kane, Guy Adams, Douglas McEachern, and William Gould had not personally performed a background check regarding Judy Codding. Defendants admit that Edward Kane, Guy Adams, and Douglas McEachern were initially not aware of the alleged violations by Judy Codding's employer. Defendants admit that Ellen Cotter was generally aware of certain of the alleged violations by Judy Codding's employer. Defendants are without knowledge or information sufficient to form a belief as to the truth of the allegations in paragraph 126 of the Complaint related to one of RDI's shareholder representatives, and therefore deny them. Defendants deny the allegations of paragraph 126 of the Complaint in all other respects.

127. Defendants deny the allegations of paragraph 127 of the Complaint.

128. Defendants deny the allegations of paragraph 128 of the Complaint.

129. Defendants deny the allegations of paragraph 129 of the Complaint.

130. Defendants deny the allegations of paragraph 130 of the Complaint.

131. Defendants admit that RDI's Board of Directors voted to elect Michael Wrotniak to fill the vacancy on the Board of Directors. Defendants deny the allegations of paragraph 131 of the Complaint in all other respects.

132. Defendants admit that Michael Wrotniak is not an expert in cinema operations and real estate development. Defendants admit that Michael Wrotniak had not previously been a director of a public company. Defendants admit that Michael Wrotniak's wife is a friend of Margaret Cotter. Defendants deny the allegations of paragraph 132 of the Complaint in all other respects.

133. Defendants admit that the Special Nominating Committee voted to nominate Michael Wrotniak to the RDI Board for nomination. Defendants are without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 133 of the Complaint, and therefore deny them.

134. Defendants deny the allegations of paragraph 134 of the Complaint.

135. To the extent that the allegations of paragraph 135 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 135 of the Complaint in all other respects.

136. To the extent that the allegations of paragraph 136 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 136 of the Complaint in all other respects.

137. Defendants admit that the selection of the search firm was delegated by the RDI Board to Ellen Cotter. Defendants admit that the Search Committee consisted of William Gould, Douglas McEachern, Margaret Cotter, and Ellen Cotter. Defendants admit that Ellen Cotter functioned as the chair of the Search Committee until she resigned from the Search Committee. Defendants deny the allegations of paragraph 137 of the Complaint in all other respects.

138. Defendants admit that on August 4, 2015, Ellen Cotter advised that the Company had retained Korn Ferry to assist the Company in the CEO search. Defendants deny the allegations of paragraph 138 of the Complaint in all other respects.

139. Defendants admit that Korn Ferry interviewed each of the members of the Search Committee. Defendants admit that Korn Ferry spoke with Craig Tompkins. Defendants admit that Korn Ferry created a "position specification." To the extent that the allegations of paragraph 139 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 139 of the Complaint in all other respects.

140. Defendants admit that an initial set of interviews of candidates was set to occur on November 13, 2015. Defendants admit that before the interviews commenced, Ellen Cotter informed the Search Committee that she wanted to be a candidate and resigned from the Search Committee. Defendants deny the allegations of paragraph 140 of the Complaint in all other respects.

141. Defendants admit that when Ellen Cotter informed the Search Committee that she wanted to be a candidate, the other Search Committee members did not discuss whether Margaret

Cotter should continue to serve on the Search Committee. Defendants admit that the Search Committee did not seek the advice of counsel in connection with Ellen Cotter's announcement. Defendants deny the allegations of paragraph 141 of the Complaint in all other respects.

142. Defendants deny the allegations of paragraph 142 of the Complaint.

143. Defendants admit that in November and December, the Search Committee interviewed several candidates, including Ellen Cotter. Defendants admit that after the candidates were interviewed, the Search Committee reached a consensus that Ellen Cotter would likely be the Search Committee's recommended candidate. Defendants deny the allegations of paragraph 143 of the Complaint in all other respects.

144. Defendants admit that the Search Committee held a meeting on December 29, 2015. Defendants admit that after discussion, the Search Committee resolved to recommend to the RDI Board Ellen Cotter as CEO and President. Defendants admit that Craig Tompkins was directed to prepare a draft report of the Search Committee's actions and determinations for review and approval by the Search Committee and submission to the RDI Board. To the extent that the allegations of paragraph 144 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the allegations of paragraph 144 of the Complaint in all other respects.

145. Defendants admit the allegations of paragraph 145 of the Complaint.

146. Defendants admit that William Gould reviewed with the RDI Board the Search Committee's recommendation that the RDI Board appoint Ellen Cotter as President and CEO. Defendants admit that seven of the nine RDI directors voted to appoint Ellen Cotter as President and CEO. Defendants admit that Plaintiff voted against the motion and Ellen Cotter did not participate. Defendants deny the allegations of paragraph 146 of the Complaint in all other respects.

147. To the extent that the allegations of paragraph 147 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the remaining allegations of paragraph 147 of the Complaint.

148. Defendants deny the allegations of paragraph 148 of the Complaint.

149. Defendants admit that on March 10, 2016, the RDI Board appointed Margaret Cotter as Executive Vice President-Real Estate Management and Development-NYC. Defendants admit that Margaret Cotter is responsible for the development of RDI's properties in New York City. Defendants deny the allegations of paragraph 149 of the Complaint in all other respects.

150. Defendants admit that Margaret Cotter was awarded a compensation package that included a base salary of $350,000, and a short term incentive target bonus opportunity of $105,000 (30% of her base salary). Defendants admit that Margaret Cotter was granted a long term incentive of a stock option for 19,921 shares of Class A common stock and 4,184 restricted stock units under the Company's 2010 Stock Incentive Plan, as amended, which long term incentives vest over a four year period. Defendants deny the allegations of paragraph 150 of the Complaint in all other respects.

151. Defendants admit that the Compensation Committee, comprised of Edward Kane, Judy Codding, and Guy Adams, and the Audit and Conflicts Committee, comprised of Douglas McEachern, Edward Kane, and Michael Wrotniak, each approved an additional one-time payment to Margaret Cotter totaling $200,000 for services rendered by her to the Company in recent years outside of the scope of the Theater Management Agreement, including, but not limited to: (i) predevelopment work on the Company's Union Square and Cinemas 1,2 & 3 properties, (ii) management of the New York properties, and (iii) management of Union Square tenant matters. Defendants deny the remaining allegations of paragraph 151 of the Complaint in all other respects.

152. Defendants admit that the Compensation Committee evaluated the Company's compensation policy for executive officers and outside directors and established a plan that encompasses sound corporate practices consistent with the best interests of the Company. Defendants deny the allegations of paragraph 152 of the Complaint in all other respects.

153. Defendants admit that the RDI Board adopted a resolution providing that Guy Adams be compensated $50,000 in recognition of extraordinary services to the Board of Directors. Defendants deny the allegations of paragraph 153 of the Complaint in all other respects.

154. To the extent that the allegations of paragraph 154 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants admit that the price

proposed in the non-binding indication of interest was approximately 34% and 33% greater than the prices at which RDI's Class A and Class B stock opened on May 31, 2016. Defendants deny the allegations of paragraph 154 of the Complaint in all other respects.

155. To the extent that the allegations of paragraph 155 of the Complaint are purportedly based on written documents, the documents speak for themselves. Defendants deny the remaining allegations of paragraph 155 of the Complaint.

156. Defendants admit that two days after Ellen Cotter received the unsolicited letter, the RDI Board discussed the non-binding indication of interest at a duly noticed regular meeting of the Board held on June 2, 2016. Defendants admit that copies of the unsolicited letter were distributed to the RDI Board prior to the RDI Board meeting. Defendants deny the allegations of paragraph 156 of the Complaint in all other respects.

157. Defendants admit that on June 23, 2016, a duly noticed telephonic meeting of the RDI Board was held for the sole purpose of discussing the unsolicited letter. Defendants admit that Ellen Cotter presented management's view that $17 per share was an inadequate price for the Company. Defendants admit that Ellen Cotter advised that adding together the existing value of the Company's cinemas and the appraised value of the Company's real estate, and subtracting RDI's debt, suggested an net asset value greater than the total equity value indicated in the unsolicited letter. Defendants admit that Ellen Cotter concluded that, in management's view, the interests of the Company and its stockholders would best be served by continuing with the implementation of the Company's business plan and long-term strategic objectives. Defendants admit that, with the exception of Plaintiff, who abstained, each of the other eight directors voted in favor of a resolution that stated that the value proposed for the Company in the indication of interest was inadequate. Defendants deny the allegations of paragraph 157 of the Complaint in all other respects.

158. Defendants deny the allegations of paragraph 158 of the Complaint.

159. Defendants admit that they did not consult with outside independent financial advisors in connection with the non-binding indication of interest. Defendants deny the allegations of paragraph 159 of the Complaint in all other respects.

160. Defendants deny the allegations of paragraph 160 of the Complaint.

161. Defendants admit that Ellen Cotter and Margaret Cotter did not consult with outside independent financial advisors in connection with the non-binding indication of interest. Defendants deny the allegations of paragraph 161 of the Complaint in all other respects.

162. Defendants deny the allegations of paragraph 162 of the Complaint.

163. Defendants deny the allegations of paragraph 163 of the Complaint.

164. Defendants deny the allegations of paragraph 164 of the Complaint.

165. Defendants deny the allegations of paragraph 165 of the Complaint.

166. To the extent the allegations of paragraph 166 of the Complaint constitute conclusions of law, no responsive pleading is required. To the extent a response is deemed required, such allegations of paragraph 166 of the Complaint are denied. Defendants deny the allegations of paragraph 166 of the Complaint in all other respects.

167. To the extent the allegations of paragraph 167 of the Complaint constitute conclusions of law, no responsive pleading is required. To the extent a response is deemed required, such allegations of paragraph 167 of the Complaint are denied. Defendants deny the allegations of paragraph 167 of the Complaint in all other respects.

168. Defendants deny the allegations of paragraph 168 of the Complaint.

169. Defendants deny the allegations of paragraph 169 of the Complaint.

170. Defendants deny the allegations of paragraph 170 of the Complaint.

171. Defendants deny the allegations of paragraph 171 of the Complaint.

172. Defendants deny the allegations of paragraph 172 of the Complaint.

RESPONSE TO "FIRST CAUSE OF ACTION

(For Breach of Fiduciary Duty – Against All Defendants)"

173. Defendants reassert and incorporate their responses to paragraphs 1 through 172 of the Complaint.

174. Defendants admit that they are directors of RDI. To the extent the allegations of paragraph 174 of the Complaint constitute conclusions of law, no responsive pleading is required.

To the extent a response is deemed required, the allegations of paragraph 174 of the Complaint are denied. Defendants deny the allegations of paragraph 174 of the Complaint in all other respects.

175. The allegations of paragraph 175 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 175 of the Complaint are denied. Defendants deny the allegations of paragraph 175 of the Complaint in all other respects.

176. The allegations of paragraph 176 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 176 of the Complaint are denied. Defendants deny the allegations of paragraph 176 of the Complaint in all other respects.

177. Defendants deny the allegations of paragraph 177 of the Complaint.

178. Defendants deny the allegations of paragraph 178 of the Complaint.

179. Defendants deny that Plaintiff, RDI, or its stockholders have suffered any damages by virtue of Defendants' conduct.

RESPONSE TO "SECOND CAUSE OF ACTION

(Breach of Fiduciary Duty – Against All Defendants)"

180. Defendants reassert and incorporate their responses to paragraphs 1 through 179 of the Complaint.

181. Defendants admit that they are directors of RDI. To the extent the allegations of paragraph 181 of the Complaint constitute conclusions of law, no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 181 of the Complaint are denied. Defendants deny the allegations of paragraph 181 of the Complaint in all other respects.

182. The allegations of paragraph 182 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 182 of the Complaint are denied. Defendants deny the allegations of paragraph 182 of the Complaint in all other respects.

183. Defendants deny the allegations of paragraph 183 of the Complaint.

184. Defendants deny the allegations of paragraph 184 of the Complaint.

185. Defendants deny the allegations of paragraph 185 of the Complaint.

186. Defendants deny the allegations of paragraph 186 of the Complaint.

RESPONSE TO "THIRD CAUSE OF ACTION

(Breach of Fiduciary Duty – Against All Defendants)"

187. Defendants reassert and incorporate their responses to paragraphs 1 through 186 of the Complaint.

188. Defendants admit that they are directors of RDI. To the extent the allegations of paragraph 188 of the Complaint constitute conclusions of law, no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 188 of the Complaint are denied. Defendants deny the allegations of paragraph 188 of the Complaint in all other respects.

189. The allegations of paragraph 189 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 189 of the Complaint are denied. Defendants deny the allegations of paragraph 189 of the Complaint in all other respects.

190. Defendants deny the allegations of paragraph 190 of the Complaint.

191. Defendants deny the allegations of paragraph 191 of the Complaint.

192. Defendants deny the allegations of paragraph 192 of the Complaint.

RESPONSE TO "FOURTH CAUSE OF ACTION

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

193. Defendants reassert and incorporate their responses to paragraphs 1 through 192 of the Complaint.

194. Defendants deny the allegations of paragraph 194 of the Complaint.

195. Defendants deny the allegations of paragraph 195 of the Complaint.

196. Defendants deny the allegations of paragraph 196 of the Complaint.

197. Defendants deny the allegations of paragraph 197 of the Complaint.

198. To the extent the allegations of paragraph 198 of the Complaint constitute conclusions of law, no responsive pleading is required. To the extent a response is deemed

required, the allegations of paragraph 198 of the Complaint are denied. Defendants deny the allegations of paragraph 198 of the Complaint in all other respects.

199. Defendants deny the allegations of paragraph 199 of the Complaint.

200. Defendants deny the allegations of paragraph 200 of the Complaint.

RESPONSE TO "IRREPARABLE HARM"

201. Defendants deny the allegations of paragraph 201 of the Complaint.

202. Defendants deny the allegations of paragraph 202 of the Complaint.

RESPONSE TO "PRAYER FOR RELIEF"

203. Responding to the unnumbered WHEREFORE paragraph following paragraph 202 of the Complaint, Defendants admit that Plaintiff demands and prays for judgment as set forth therein, but deny that Defendants caused or contributed to Plaintiff's or RDI's alleged injuries and further deny that Defendants are liable for damages or any other relief sought in the Complaint.

AFFIRMATIVE DEFENSES

204. Subject to the responses above, Defendants allege and assert the following defenses in response to the allegations, undertaking the burden of proof only as to those defenses deemed affirmative defenses by law, regardless of how such defenses are denominated herein. In addition to the affirmative defenses described below, subject to their responses above, Defendants specifically reserve all rights to allege additional affirmative defenses that become known through the course of discovery.

FIRST DEFENSE – FAILURE TO STATE A CAUSE OF ACTION

205. The Complaint, and each purported cause of action therein, is barred, in whole or in part, for failure to state a cause of action against Defendants under any legal theory.

SECOND DEFENSE – STATUTES OF LIMITATIONS AND REPOSE

206. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the applicable statutes of limitations and/or statutes of repose.

THIRD DEFENSE – LACHES

207. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrine of laches, in that Plaintiff waited an unreasonable period of time to file this action and this prejudicial delay has worked to the detriment of Defendants.

FOURTH DEFENSE – UNCLEAN HANDS

208. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrine of unclean hands.

FIFTH DEFENSE – SPOLIATION

209. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by Plaintiff's spoliation of evidence and obstruction of justice.

SIXTH DEFENSE – ILLEGAL CONDUCT AND FRAUD

210. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by Plaintiff's own illegal conduct and/or fraud.

SEVENTH DEFENSE – WAIVER, ESTOPPEL, AND ACQUIESCENCE

211. The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrines of waiver, estoppel, and acquiescence because Plaintiff's acts, conduct, and/or omissions are inconsistent with his requests for relief.

EIGHTH DEFENSE – RATIFICATION AND CONSENT

212. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because any purportedly improper acts by Defendants, if any, were ratified by Plaintiff and his agents, and/or because Plaintiff consented to the same.

NINTH DEFENSE – NO UNLAWFUL ACTIVITY

213. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because, to the extent any of the activities alleged in the Complaint actually occurred, those activities were not unlawful.

TENTH DEFENSE – NO RELIANCE

214. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because Plaintiff did not justifiably rely on any alleged misrepresentation of Defendants.

ELEVENTH DEFENSE – FAILURE TO PLEAD FRAUD WITH PARTICULARITY

215. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because Plaintiff failed to plead the alleged fraud with particularity, including but not limited to identification of the alleged misrepresentations.

TWELFTH DEFENSE – UNCERTAIN AND AMBIGUOUS

216. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because it is uncertain and ambiguous as it relates to Defendants.

THIRTEENTH DEFENSE – PRIVILEGE AND JUSTIFICATION

217. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because the actions complained of, if taken, were at all times reasonable, privileged, and justified.

FOURTEENTH DEFENSE – GOOD FAITH AND LACK OF FAULT

218. The Complaint, and each purported cause of action therein, is barred, in whole or in part, because, at all times material to the Complaint, Defendants acted in good faith and with innocent intent.

FIFTEENTH DEFENSE – NO ENTITLEMENT TO INJUNCTIVE RELIEF

219. Plaintiff is not entitled to injunctive relief because, among other things, he has not suffered irreparable harm, he has an adequate remedy at law, and injunctive relief is not supported by any purported cause of action alleged in the Complaint and is not warranted by the balance of the hardships and/or any other equitable factors.

SIXTEENTH DEFENSE – DAMAGES TOO SPECULATIVE

220. Plaintiff is not entitled to damages of any kind or in any sum or amount whatsoever as a result of Defendants' acts or omissions alleged in the Complaint because any damages sought are speculative, uncertain, and not recoverable.

SEVENTEENTH DEFENSE – NO ENTITLEMENT TO PUNITIVE DAMAGES

221. The Complaint, and each purported cause of action alleged therein, fails to support the recovery of punitive, exemplary, or enhanced damages from Defendants, including because such damages are not recoverable under applicable Nevada statutory and common law

requirements and are barred by the constitutional limitations, including the Due Process Clause of the Fourteenth Amendment and the Eighth Amendment to the United States Constitution.

EIGHTEENTH DEFENSE – MITIGATION OF DAMAGES

222. Plaintiff has failed to properly mitigate the damages, if any, he has sustained, and by virtue thereof, Plaintiff is barred, in whole or in part, from maintaining the causes of action asserted in the Complaint against Defendant.

NINETEENTH DEFENSE – COMPARATIVE FAULT

223. Plaintiff's recovery against Defendants is barred, in whole or in part, based on principles of comparative fault, including Plaintiff's own comparative fault.

TWENTIETH DEFENSE – BUSINESS JUDGMENT RULE

224. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, by the business judgment rule.

TWENTY-FIRST DEFENSE – EQUITABLE ESTOPPEL

225. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, by the doctrine of equitable estoppel.

TWENTY-SECOND DEFENSE – ELECTION OF REMEDIES

226. Plaintiff is barred, in whole or in part, from obtaining relief under the Complaint, or any of the causes of action or claims therein, that are based on inconsistent positions and/or remedies, including but not limited to inconsistent and duplicative claims for equitable and legal relief.

TWENTY-THIRD DEFENSE – NEVADA REVISED STATUTE 78.138

227. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, by Nevada Revised Statute 78.138, which provides that a director or officer is not individually liable to the corporation or its stockholders or creditors for any damages as a result of any act or failure to act in his or her capacity as a director or officer unless it is proven that: (a) the director's or officer's act or failure to act constituted a breach of his or her fiduciary duties as a director or officer; and (b) the breach of those duties involved intentional misconduct, fraud or a knowing violation of law.

TWENTY-FOURTH DEFENSE – FAILURE TO MAKE APPROPRIATE DEMAND

228. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, for failure to make a demand on RDI's Board of Directors.

TWENTY-FIFTH DEFENSE – CONFLICT OF INTEREST AND UNSUITABILITY TO SERVE AS DERIVATIVE REPRESENTATIVE

229. The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, because Plaintiff has conflicts of interest and is unsuitable to serve as a derivative representative.

WHEREFORE, Defendants request that Plaintiff's Second Amended Complaint be dismissed in its entirety with prejudice, that judgment be entered in favor of Defendants, that Defendants be awarded costs and, to the extent provided by law, attorneys' fees, and any such other relief as the Court may deem proper.

Dated this 28th day of November, 2017.

COHEN|JOHNSON|PARKER|EDWARDS

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

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

CERTIFICATE OF SERVICE

I hereby certify that, on November 28, 2017, I caused a true and correct copy of the foregoing **DEFENDANTS MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK'S ANSWER TO PLAINTIFF'S SECOND AMENDED COMPLAINT** 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

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DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, v. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, Defendants. And READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	Case No. A-15-719860-B Dept. No. XI Coordinated with: Case No. P-14-0824-42-E Dept. No. XI Jointly Administered **SUPPLEMENTAL OPPOSITION TO MOTION FOR SUMMARY JUDGMENT NOS. 1 AND 2 AND GOULD MOTION FOR SUMMARY JUDGMENT** **Hearing date: December 11, 2017** **Hearing time: 8:30 a.m.**

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I. INTRODUCTION[1]

The "Supplement to Motions for Partial Summary Judgment Nos. 1, 2, 3, 5 and 6" (the "Supplement") asserts with respect to MSJ No. 1, which the Court denied, that new issues of law merit reconsideration and granting that motion, and with respect to MSJ No. 2 that Plaintiff has failed to proffer evidence raising any disputed questions of fact regarding director independence or disinterestedness. Both arguments are predicated upon misstatements of the law and the argument with respect to MSJ No. 2 simply ignores the wealth of compelling evidence that shows a lack of independence and/or disinterestedness on the part of almost all if not all of the director defendants, in many instances generally and in all instances with respect to the matters at hand which were of interest to EC and MC.

With respect to MSJ No. 1, contrary to what the Supplement contends, no changes to the law warrant reconsideration, much less a different outcome. However, recent additional testimony by defendant Adams clarifies and confirms his financial dependence on EC and MC and, if reconsideration is warranted, supports granting Plaintiff's summary judgment motion.

With respect to MSJ No.2, the Supplement ignores what constitutes independence and disinterestedness and, more critically, the lack thereof, which Plaintiff again explains in this brief. Also with respect to MSJ No. 2, the Supplement ignores the evidence and ignores the fact that the Court is required to look at it both collectively and particularly with respect

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[1] Plaintiff concurrently is submitting four supplemental oppositions, one with respect to each of so-called Summary Judgment Motion Nos. 1, 3 5 and 6. Because each addresses issues relating to Summary Judgment Motion No. 2 and to Gould's separate summary judgment motion, each is submitted as a supplemental brief with respect to those motions as well.

to particular matters that Plaintiff claims in and of themselves, not just together with other matters, entail or constitute breaches of fiduciary duty.

II. SUPPLEMENTAL STATEMENT OF FACTS

The only recently discovered fact is recent deposition testimony by Adams that clarifies and confirms that most and in some years almost all of his income is from companies controlled by EC and MC. *See* Ex. 1 to Declaration of Akke Levin ("Levin Decl.")(Adams October 17, 2017 Dep. Tr. at 554:18–562:8).

III. ARGUMENT

The Supplement asserts that "recent clarification to Nevada law makes clear that suggestions of a purported lack of independence cannot rebut [the] statutory presumption..." Supplement at 11:9–13. Insofar as this argument is based upon a recent amendment, it misapprehends that amendment and is unavailing. Insofar as it is based on mischaracterization of the evidence Plaintiff has proffered, it is mistaken and unavailing.

A. The Recent Statutory Modifications do not Change the Analysis or Outcome Here

As demonstrated in Plaintiff's opposition to the renewed motion directed at the expert testimony of Chief Justice Myron Steele ("Renewed Steele MIL"), defendants' characterization of a recent amendment to NRS 78.138 is inaccurate and their reliance on it unavailing. Plaintiff respectfully incorporates that opposition herein. Briefly, as explained in Plaintiff's opposition to the Renewed Steele MIL, those amendments do not change the analysis or the result here. Contrary to what the Supplement argues regarding subsection 4 of S.B. 203, that subsection merely provides that directors of a Nevada corporation are not liable for breach of fiduciary duty for failing to abide by foreign laws, judicial decisions or practices. That of course says nothing about whether a Nevada Court, in determining whether

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a director of a Nevada corporation breached his or her fiduciary duties under Nevada law, may look to Delaware statutes and/or judicial decisions to assist in interpreting a Nevada statute if doing so would not entail supplanting or modifying the law of Nevada. Finally, insofar as subsection 4 of S.B. 203 amends NRS 78.148 (7) to include language that a director of a Nevada corporation cannot be liable to the corporation for money damages "unless...[t]he trier of fact determines that the presumption established by subsection 3 has been rebutted[,]" this provision merely clarifies the pre-existing evidentiary burden, which is that the plaintiff bears the initial burden of rebutting the statutory presumption. The Motion admits as much, stating that the business judgment rule presumptions apply "*if* the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interest of the company." Motion at 3:25–4:2 (citing *Wynn Resorts*) (emphasis supplied).

B. The Supplement Misapprehends the Law and Ignores the Evidence

The Supplement in addressing the question of director independence cites to comments the Court made at the October 27, 2016 summary judgment hearing, which the Supplement characterizes as requiring "Plaintiff [to] provide additional information so that each director could be evaluated on an ' action-by-action basis.'" Supplement at 7:25–27. What the Court actually said was 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 maybe facts that overlap between different actions that apply to others, I can't evaluate it in a vacuum." Ex. A to Declaration of Noah Helpern in support of Defendants' Supplemental Motions for Summary Judgment, (October 7, 2016 Hearing Tr. at 84:21-85:1). Plaintiff understood those

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comments to reflect that the Court agreed with Plaintiff that independence does not exist outside of a factual context, and that it needed to be assessed not only generally but also with respect to specific transactions and/or actions, if any, that Plaintiff contended in and of themselves gave rise to or constituted breaches of fiduciary duty. Plaintiff further understood the Court to direct counsel for Plaintiff to indicate which if any of the complained of actions or transactions were matters which Plaintiff contends in and of themselves, not just together with others, give rise to or constitute breaches of fiduciary duty. The answer to that question is that Plaintiff for the purposes of the pending motions is of the view following matters may be viewed as also independently entailing or constituting breaches of fiduciary duty:

- The threat by Adams, Kane and McEachern to terminate Plaintiff if he did not resolve trust disputes with his sisters on terms satisfactory to them (which included giving EC and MC control of RDI).
- Termination of Plaintiff by them when he failed to acquiesce (after choosing not to terminate him when they understood that he had acquiesced).
- Adams and Kane authorizing exercise of the 100,000 share option to protect EC and MC's control of RDI from a possible proxy contest by non-Cotter shareholders.
- MC, McEachern and Gould aborting the CEO search and selecting EC, who lacked the most critical qualifications sought in a CEO of RDI, to which the other director defendants agreed in order to accommodate EC and MC as controlling shareholders.
- Hiring MC as EVP RED NY, even though she had no prior experience for that position, which is of vital importance to the

Company and its prospects, and providing MC a pre-employment $200,000 bonus, to accommodate EC and MC as controlling shareholders.

- Responding to the Patton Vision offer(s) in a manner intended to satisfy the wishes and protect the interests of EC and MC controlling shareholders.

Because each of the foregoing matters other than the termination of Plaintiff is addressed in other briefs (three filed contemporaneously herewith), only the termination topic is addressed herein at any length. However, the legal notion of independence and disinterest and the lack of either and/or both is discussed herein, as is an overview of each of the director defendants.

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) (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.

A director is 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." *Cede & Co. v. Technicolor, Inc.*, 634 A.2d 345, 362 (Del. 1993) *modified in part on other grounds*, 636 A.2d 956 (Del. 1994) (emphasis supplied). "Directors must not only be independent, [they also] must act independently." *Telxon Corp. v. Meyerson*, 802 A.2d 257, 264 (Del. 2003). Independence is lacking in situations in

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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), the issue is whether the [corporate fiduciary]'s decision 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.*

"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.

The rule that a director must be independent *and* act independently means that, although independence is to be assessed with respect to particular challenged decisions that are claimed to have given rise to or constitute fiduciary breaches (*i.e.*, did the director act independently), independence must be assessed in view of all of the facts and circumstances that bear upon the director's independence (*i.e.*, is the director independent), including most fundamentally whether the director otherwise has acted or failed to act independently.

To illustrate the point, McEachern's independence in the context of his actions as a member of the CEO search committee to abort the search process and select EC to be CEO, like his reflexive rejection of the Offer, must be assessed in view of his prior conduct in the context of other matters of personal importance to EC and/or MC, including most notably McEachern's participation in the threat to terminate Plaintiff if he did not resolve trust disputes with his sisters on terms satisfactory to them (which

entailed giving them control of RDI) and his action to terminate Plaintiff when he did not do so.

Here, EC and MC are acknowledged by Defendants for the purpose of summary judgment motions to not be independent and/or disinterested generally.

Adams, Kane and McEachern's stunning misuse of their positions as directors to attempt to extort Plaintiff into resolving trust and estate disputes on terms dictated by EC and MC are squarely and unequivocally efforts to obtain personal benefits for EC and MC not shared with other RDI shareholders. More fundamentally, those efforts constitute compelling evidence not merely of divided loyalties on the part of each of Adams, Kane and McEachern, but rather of undivided loyalties, to EC and MC rather than the Company and all of its shareholders.

Also as to Adams, his own sworn testimony in his Los Angeles Superior Court divorce proceeding and in this case shows that he is financially dependent upon income he receives from companies that EC and MC control and therefore is personally interested in any and all matters of even potential personal interest to EC and/or MC, as his actions with respect to such matters (*e.g.*, as a Compensation Committee and Board member acting on employment and compensation of EC and MC) also evidence. Any question about his dependence on EC and MC (through companies they control, including RDI) for his income was put to rest by his recent deposition testimony which, among other things, confirmed the accuracy of the declarations he signed and filed in his divorce case. Ex. 1 to Levin Decl. (Adams October 17, 2017 Dep. Tr. at 554:18–562:8).

Kane's personal relationship with JJC, Sr., Kane's view that JJC, Sr. intended MC control the Voting Trust and his actions to make that happen, his actions to provide EC and MC with lucrative senior executive

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jobs at RDI for which each was and is demonstrably unqualified and his reflexive rejection of the Offer(s), among other things, demonstrate his lack of independence, both generally from and with respect to EC and MC, and with respect to each of these particular matters.

As discussed in the contemporaneously filed supplemental opposition to the so-called summary judgment motion directed at the CEO search, defendants Gould and McEachern were the ostensibly independent directors on the CEO search committee, but did not act as such. Instead, they allowed MC to participate and, together with her, undermined and actually aborted the CEO search process.

For Gould, that was chronologically in the middle of a series of actions and intentional failures to act in the face of a known duty, all of which were to accommodate EC and MC as controlling shareholders. Those acts and omissions include the following:

- When Plaintiff raised the issue of Adams' lack of independence due to his financial dependence on EC and MC, Gould chose to let Adams get away with refusing to address the issue, and failed to take any action to fulfill his fiduciary obligations and learn the (publicly available) facts. As a result, Adams cast the deciding vote to terminate Mr. Cotter as President and CEO. When Gould learned those facts during this litigation, he took the position that Adams was conflicted at least with respect to matters regarding the compensation of members of the Cotter family. Ex. 2 to Levin Decl. (William Gould 6/8/16 Dep. Tr. at 39:2–25).
- Gould told EC that the position she had caused the Company to take and publicly disclose in a SEC filing and press release, namely, that Mr. Cotter was required to resign as a director upon the termination of his executive employment agreement, was

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erroneous. When EC ignored him and proceeded to pursue that position (failing to correct the erroneous public disclosure and causing the Company to commence an arbitration against Mr. Cotter), Gould was required to take the issue to the highest decision-maker at the Company, the Board. Again, Gould chose not to act.

- Gould approved the repopulation of the executive committee knowing full well that it would be used as a means to limit the participation of Plaintiff and Storey as directors. In fact, his testimony was that he chose not to be on it because he knew it would take too much time. Ex. 2 (Gould Dep. Tr. at 25:3–23).
- When faced with the offer(s) by Patton Vision and others to acquire all of the outstanding stock of the Company, Gould redirected the conversation from matters bearing upon the best interests of the Company and all of its shareholders to the intentions and wishes of EC and MC as controlling shareholders. When EC and MC indicated they would not support pursuing the offer, Gould and the other directors promptly acquiesced to their wishes as controlling shareholders and determined not to proceed.

As to each of Codding and Wrotniak, they do not constitute a majority of directors or committee members voting with respect to a single matter, which means that their independence and/or disinterest is of little or no import. Even if they did, questions about their independence and/or disinterest exist, at a minimum. Codding and Wroniak, both of whom have personal relationships with a Codding family member and neither of whom have any background in RDI's businesses or public company boards, had been on the RDI board a mere two months when, without having participated in the CEO search, they were asked to make EC the new CEO.

Without so much as going behind the presentation made at the board meeting, they dutifully did so. As to Codding, that may have been because her view was that a Cotter as a controlling shareholder should be the CEO of the company. *See* October 13, 2016 Declaration of James J. Cotter, Jr., Ex. 7 to Plaintiff's Supplemental Opposition to MSJ Nos. 2 and 3 (filed concurrently), ¶ 24. Likewise, both Codding and Wrotniak promptly and dutifully acquiesced to the wishes of EC and MC as controlling shareholders in voting to take no action in response to the Patton Vision offer(s).

As the foregoing illustrates, particularly when viewed in context, at a minimum disputed issues of fact exist regarding the independence and disinterestedness of most if not all of the director defendants, both generally and with respect to particular complained of conduct, including the threat of termination, termination, the aborted CEO search that resulted in EC being made CEO notwithstanding the fact that she lacked the qualifications and experience that were the *sine qua non* for the position, the hiring of MC for a critical, highly paid senior executive position for which she had no prior experience and the payment to her of a stunning $200,000 pre-employment signing bonus so she would take the very job for which she had been angling for a year and a half.

As if from a movie, all of these acts and omissions that can be summarized as entrenchment and self-dealing must be viewed in the context of the reflexive decision of all Board members to summarily reject even independently analyzing what should be done in response to the Offers, because they immediately asked what the controlling shareholders wanted to do and promptly did that, which of course was to tell the Offerors that the Company was not for sale and would not be for sale.

As if from a movie sequel, they doubled down on that conduct by taking defensive measures to make the acquisition of control of the

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Company more expensive (by providing in effect that Company monies would be paid to EC and MC upon a change of control).

As the foregoing demonstrates, the record is rich with evidence that each of the individual director defendants lacked independence and/or disinterestedness generally and with respect to particular complained of acts and omissions with respect to matters of personal interest to EC and MC. This evidence serves to rebut the presumptions of the business judgment rule and shift the burden to the individual director defendants to prove the entire fairness of their challenged conduct and the results.

"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).

Under the entire fairness test, "[d]irector defendants therefore are required to establish to the *court's* satisfaction that the transaction was the product of both fair dealing and fair price." *Cinerama, Inc.* v. *Technicolor*, 663 A.2d 1156, 1163 (Del. 1995) (quoting *Cede & Co. v. Technicolor*, 634 A.2d 345, 361 (Del. 1993)). Thus, a test of entire fairness is a two-part inquiry into the fair-dealing, meaning the process leading to the challenged action and, separately, the end result. *In re Tele-Commc'ns Inc. Shareholders Litig.*, 2005 Del. Ch. LEXIS 206, at *235, 2005 WL 3642727, at *9 (Del. Ch. Sept. 29, 2005). Under the entire fairness standard, the challenged action itself must be objectively fair, independent of the beliefs of the director defendants. *Geoff v. II Cindus, Inc.*, 902 A.2d 1130, 1145 (Del. Ch. 2006) *subsequent proceedings*,

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2006 (Del. Ch. LEXIS 161, 2000 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").

IV. CONCLUSION

For the foregoing reasons, among others, Plaintiff respectfully submits that MSJ Nos. 1 and 2 and Gould's motion for summary judgment each should be denied, and that Plaintiff's motion for summary should be granted.

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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that I am an employee of MORRIS LAW GROUP and that on the date below, I cause the following document(s) to be served via the Court's Odyssey E-Filing System: **SUPPLEMENTAL OPPOSITION TO MOTION FOR SUMMARY JUDGMENT NOS. 1 AND 2 AND GOULD MOTION FOR SUMMARY JUDGMENT** to be served on all interested parties, as registered with the Court's E-Filing and E-Service System. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 1st day of December, 2017.

By: /s/ PATRICIA FERRUGIA

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Attorneys for Plaintiff
James J. Cotter, Jr.

DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., derivatively on behalf of Reading International, Inc., Plaintiff, v. MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, Defendants. And READING INTERNATIONAL, INC., a Nevada corporation, Nominal Defendant.	) Case No. A-15-719860-B) Dept. No. XI)) Coordinated with:)) Case No. P-14-0824-42-E) Dept. No. XI)) Jointly Administered)) **DECLARATION OF AKKE LEVIN IN SUPPORT OF SUPPLEMENTAL OPPOSITION TO MOTIONS FOR SUMMARY JUDGMENT NOS. 1 AND 2 AND GOULD SUMMARY JUDGMENT MOTION**

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Case Number: A-15-719860-B

I, Akke Levin, state and declare as follows:

1. I am an attorney with Morris Law Group, counsel for Plaintiff James J. Cotter, Jr. I make this declaration based upon personal knowledge, except where stated upon information and belief, and as to that information, I believe it to be true. If called upon to testify as the contents of this declaration, I am legally competent to testify to its contents in a court of law.

2. Attached hereto as Exhibit 1 is a true and correct copy of excerpts from Vol. III of the deposition of Guy Adams, taken on October 17, 2017.

3. Attached hereto as Exhibit 2 is a true and correct copy of excerpts from the deposition of William Gould, taken on June 8, 2016.

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

Executed this 1st day of December, 2017.

/s/ AKKE LEVIN
Akke Levin

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Exhibit 1

UNITED STATES DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES 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 1-100, inclusive, Defendants.	No. A-15-719860-B
AND RELATED CROSS-ACTIONS.	

VOLUME III

VIDEOTAPED DEPOSITION OF GUY ADAMS

Los Angeles, California

Tuesday, October 17, 2017

Exhibit 503	Document Bates stamped 8413 to 8418	568
Exhibit 504	Document Bates stamped GA00008410	580
Exhibit 505	Document Bates numbered RD I0054650 through 57	584
Exhibit 506	JCOTTER018289 to 18291	624

INSTRUCTION NOT TO ANSWER

Page	Line
594	3

LOS ANGELES, CALIFORNIA;
TUESDAY, OCTOBER 17, 2017; 2:57 p.m.

THE VIDEO OPERATOR: We are on the record. The time is 2:57 p.m. The date is October 17th, 2017. This is the beginning of Media Number 1 in the deposition of Guy Adams, Volume III, taken by the plaintiff in the matter of Cotter versus Carter, et al. The case number is A-15-719860-B.

This deposition is being held at 1901 Avenue of the Stars, Century City, California. The court reporter is Sherry Case. I am Brian Murphy, the videographer, an employee of Litigation Services located at 3770 Howard Hughes Parkway, Las Vegas, Nevada.

This deposition is being videotaped at all times unless specified to go off the video record.

Would all present identify themselves, beginning with the witness.

THE WITNESS: Guy Adams.

MR. TAYBACK: Christopher Tayback on behalf of the witness and certain individual director defendants.

MS. BANNETT: Shoshana Bannett on behalf of Defendant William Gould.

MR. FERRARIO: Mark Ferrario on behalf of Reading.

MR. COTTER: Jim Cotter, plaintiff.

MR. KRUM: Mark Krum for plaintiff.

THE VIDEO OPERATOR: And would the court reporter please swear in the witness.

THE REPORTER: Please raise your right hand.

You do solemnly swear that the testimony you are about to give in the cause now pending to be the truth, the whole truth, and nothing but the truth?

THE WITNESS: I do.

GUY ADAMS,

having been first duly re-sworn by the certified shorthand reporter, was examined and testified further as follows:

CONTINUED EXAMINATION

BY MR. KRUM:

Q Good afternoon, Mr. Adams.

A Good afternoon, Counselor.

Q Are you well today such that you can give your best testimony?

A Yes, sir.

Q Okay. Good.

As a preparatory remark, I want to assure you that I've worked diligently since we last met so as to ensure that I cover what I need to cover and don't waste your time or my time covering matters I do not need to cover or going over matters again.

However, there are a few items where I'm going to have follow-on or clean up questions that may require me to ask a preparatory foundational question so you know to what I'm referring, and that may ask you to repeat an answer you've given before.

But except for that, Mr. Adams, I assure you I'm going to try to do what I need to do without asking repeat questions.

And Mr. Tayback has politely encouraged me to be efficient, and he knows that I can be and will be.

So with that, I'm going to show you what previously was marked as Exhibit 53.

(Exhibit 53 was previously marked for identification by the court reporter and is attached hereto.)

BY MR. KRUM:

Q And I have only a couple questions about it, Mr. Adams. You've authenticated it in a prior session

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of your deposition; but, nonetheless, take such time as you need to review it and let me know when you've reviewed it to your satisfaction.

A I remember the document.

Q This is a document that was filed on your behalf in your Los Angeles Superior Court divorce proceeding, correct?

A Yes.

Q And at the time it was filed, was the information set out in the document, including the exhibits thereto, true and correct, to the best of your knowledge?

A To the best --

MR. TAYBACK: Objection. Asked and answered. Best evidence.

You can answer.

THE WITNESS: To the best of my knowledge.

BY MR. KRUM:

Q And I direct your attention in particular, Mr. Adams, to your declaration that is the last three pages of Exhibit 53.

A I just turned to it.

Q Okay. If you'd like to review it, please be my guest. My question is: The information set out there, was it, at the time you signed it, true and

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correct, to the best of your knowledge?

MR. TAYBACK: Objection. Asked and answered.

You can answer again.

THE WITNESS: To the best of my knowledge.

BY MR. KRUM:

Q And as you sit here today, Mr. Adams, at any time subsequent to the filing of Exhibit 53 on or about October 9, 2013, have you ever come to possess any information that leads you to believe that any of the information in Exhibit 53, including in particular your declaration, was inaccurate?

A No.

Q Okay. So even though there were a couple questions that were repeated, that was pretty quick, right?

Mr. Adams, I hand you Exhibit 54. This is another document you authenticated in your prior session of your deposition.

(Exhibit 54 was previously marked for identification by the court reporter and is attached hereto.)

BY MR. KRUM:

Q Let me know when you've reviewed it to your satisfaction.

A Yes, I remember this document.

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Q Exhibit 54 is another document filed on your behalf in your Los Angeles Superior Court divorce case, right?

A Yes.

Q And the first five pages following the face page are a declaration that bears your signature.

Was the information set out in the declaration, as well as the attachments to it -- meaning the balance of Exhibit 54 -- true and correct, to the best of your knowledge, at the time you signed the declaration and the document was filed in March of 2014?

MR. TAYBACK: Objection. Asked and answered.

You can answer again.

THE WITNESS: To the best of my knowledge.

BY MR. KRUM:

Q Okay. And as you sit here today, have you learned anything that leads you to believe now, with the benefit of hindsight, that any information set out in Exhibit 54 was not accurate?

A Not to my knowledge.

Q We covered some detail about your income and expenses in 2014 and 2015 in the prior sessions, including, by way of example, your receipt of proceeds from the sale of the Santa Barbara condominium. I

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don't want to go over all that again. I don't want to ask you to repeat what you've already testified about the receipt of proceeds from the Santa Barbara condominium. But what I do want to do is ask you a few questions to, in effect, finish that line of examination.

So with that by way of context, what was your gross income in 2014, excluding any non-recurring items, such as receipt of proceeds from the sale of the Santa Barbara condominium?

MR. TAYBACK: Objection. Asked and answered.

You can answer.

THE WITNESS: In 2014 -- off the top of my head, I don't have that number.

BY MR. KRUM:

Q Can you give me an approximation?

MR. TAYBACK: Same objection. Asked and answered.

You can answer again.

THE WITNESS: 2014, I believe in my previous testimony I've given a breakdown. When it was fresh on my mind, I gave a breakdown what my earnings were in 2014.

BY MR. KRUM:

Q In 2014 you received $52,000 pursuant to

an agreement previously entered into with Jim Cotter, Sr., right?

A Yes.

Q And approximately what percentage of your gross income in 2014, excluding any non-recurring items, was that $52,000?

MR. TAYBACK: Objection. Asked and answered. You can answer as best you recall.

THE WITNESS: I think in 2014 my income from the 52,000 represented a large portion, if not the majority, of my income.

BY MR. KRUM:

Q Directing your attention to 2015, I'm going to ask the same question.

In 2015 -- same questions.

In 2015 you received $52,000 pursuant to an agreement you previously entered into with Jim Cotter, Sr., correct?

A Correct.

MR. TAYBACK: Just to make it clear, are you excluding the condominium from these questions or are you including it?

MR. KRUM: I will exclude it. The next question --

MR. TAYBACK: Okay. Because you made it a

preface previously but --

MR. KRUM: It is excluded from all such questions, yeah. And, by the way, so is any other one-off non-recurring income.

MR. TAYBACK: Okay.

MR. KRUM: And if that results in any confusion, please clarify.

BY MR. KRUM:

Q So here's the next question: In 2015, Mr. Adams, excluding any non-recurring income, such as receipt of sale proceeds from the Santa Barbara condo, approximately what percentage of your income was the $52,000?

A I'm not clear on all the dates, but I'd say maybe less than half.

Q And what income -- what other income and sources of income did you have in 2015?

A Yes. Again, I thought I made this clear in my previous depositions -- and the dates aren't exactly clear in my mind, but I sold some Reading stock options, and I don't remember the amounts.

Q Right.

A But I think it was an amount greater than the 52,000. So when I think of those two numbers together, it would have been -- the 52 would have been

less than half.

Q Okay. Thank you.

In 2015 -- excuse me.

In 2016 you received $52,000 pursuant to the agreement you previously into entered with Jim Cotter, Sr., right?

A Yes.

Q In 2016, what percent of your income, excluding non-recurring income, did that $52,000 comprise?

MR. TAYBACK: Objection. Asked and answered. You can answer.

THE WITNESS: Again, my recollection is that would be about less than half.

BY MR. KRUM:

Q And same question: What were your other sources of income in 2016?

A Board fees for Reading, and my recollection, again, is there was some stock grants given to me that year.

Q Reading stock grants?

A Reading stock grants.

Q Anything else?

A In 2016?

Q Right.

A I -- none that I can remember.

Q Okay. We're now in October of 2017.

Have you received the pro rata portion through October of 2017 of the $52,000 this year?

A Yes, sir.

Q And what in 2017 had been your other sources of income?

A The Reading board fees and the commensurate stock grant that went with it.

Q So the last time we met and didn't proceed is a date I cannot recall, but for your point of reference, Mr. Adams, the last session of your deposition was April 28th -- no, April 29, 2016.

A Okay.

MR. TAYBACK: Correct.

BY MR. KRUM:

Q Have you received any other monies -- strike that.

Have you received any monies since April 29, 2016, the last session of your deposition, from any of the real estate deals you identified in your prior testimony? And the names, if I have them correct, are Shadow View, Sorrento, Panorama Holdings, and Leander Holdings?

A No.

Q Since the last session of your deposition in

Exhibit 2

DISTRICT COURT

CLARK COUNTY, NEVADA

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

VIDEOTAPED DEPOSITION OF WILLIAM GOULD

TAKEN ON JUNE 8, 2016

VOLUME 1

JOB NUMBER 315485

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

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Q. But -- and I think we'll avoid it.

MR. SWANIS: That's fairly consistent with what I was trying to say, as well, but also to the extent that there was any advice provided not only to yourself but other members of the board or that are a part of the company.

THE WITNESS: Okay.

MR. SWANIS: Thanks.

THE WITNESS: Well, the process worked in this way. Korn Ferry had an interview with each of us that was very lengthy -- I'd say my interview was an hour and a half -- talking about what I thought was important in a C.E.O.

So I'm really going to speak for what they did with me.

And then what happened is based upon these interviews with the members of the committee, Korn Ferry presented a list of things that -- qualities and characteristics that they felt that the committee as a whole was looking for.

What we would do -- what I did was I would then mark up their -- what they sent me. And I think Craig Tompkins then coordinated the comments of all the people and helped and put it into one statement -- helped Korn Ferry put it into one

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statement.

BY MR. KRUM:

Q. So the comments you made, Mr. Gould, were those provided -- well, strike that.

So the first thing that -- that you and, to your knowledge, the other three members of the committee did is that you sat for an interview with Korn Ferry; is that right?

A. No. They were individual -- they were individual interviews. They were -- they were telephonic.

Q. Okay.

A. Excuse me. And --

Q. Do you know or were you told that each of Margaret Cotter, Ellen Cotter and Doug McEachern had telephonic interviews with Korn Ferry?

A. I was told that.

Q. Did Craig Tompkins have a telephonic interview with Korn Ferry?

A. I don't know.

Q. And directing your attention, Mr. Gould, to your testimony regarding having received a list from Korn Ferry that I believe you testified you marked up, did you actually interlineate a document from Korn Ferry?

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A. I don't recall. I can't recall exactly how that process actually worked.

Q. Did you provide feedback or comments with respect to the initial Korn Ferry list?

A. Yes, I did.

Q. And how did you do that?

A. I believe it was by telephone call with the Korn Ferry representative that was handling our matter.

Q. Okay. And I've skipped over a few things.

First of all, in your telephonic interview that you estimated lasted an hour and a half, who participated other than you?

A. It was myself and two representatives of Korn Ferry.

Q. Who were they?

A. I can't recall their names right now.

Q. Was Mr. Mayes one of them?

A. Yes, he was.

Q. Did you understand him to be the senior person of the two?

A. Yes.

Q. Do you have any understanding whether Mr. Mayes participated in interviews of the other

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three members of the C.E.O. search committee?

A. No.

Q. Okay. So let me backfill a little bit.

So the first step in the C.E.O. search process was formation of the committee; is that right?

A. Yes.

Q. And how did that come to pass?

A. Early on when -- there were two committees that were being formed. One committee was a committee -- was an executive committee, one committee was a search committee.

This happened, oh, I would say, in June of 2015, around that time, June or July.

Ellen asked me if I would like to be a member of the executive committee.

And I said "No, I don't have time for it." I knew that would be an extensive job. But I did tell her at that time that I would be willing to serve on the search committee.

So, when the board approved it, she basically included my name as one of the four persons who would be on that committee.

Q. Did Ellen select the four members of the committee?

that okay?
A. Yes.
Q. And by the five, I mean the directors prior to the addition of Ms. Codding and Mr. Wrotniak.
A. Uh-huh.
Q. Okay?
A. Yes.
Q. And what statements do you recall Mr. Adams making in support of terminating Jim Cotter, Jr., as president and C.E.O. of RDI?
A. I don't recall the exact statements themselves, but the essence of the statements was that the company was not functioning properly under Mr. Cotter and that a change had to be made right away.
Q. Directing your attention, Mr. Gould, back to the C.E.O. search process and to your testimony regarding providing comments about a list that Korn Ferry had provided following initial interviews of the four members of the search committee, do you recall that testimony?
A. Yes.
Q. Describe the list, if you would, please. What was the nature of that document?

A. The document set forth a profile of the ideal candidate and the characteristics that the board should be looking for as they interviewed candidates for the position and included such things as public company experience, experience in real estate, developing projects, maybe raising capital, things of that nature that these people had some experience in.
Q. Was there more than one version of this list of characteristics?
A. There was an earlier draft, and I think it was then superseded, my recollection, with comments -- as a result of the comments that each of the people made.
But I'm not certain of that, but that's my belief as I -- my memory serves me.
Q. And your recollection is that you made comments on the initial draft?
A. I made comments either by telephone or -- or writing on the initial draft, yes.
Q. To whom did you communicate those comments?
A. My recollection is I communicated them to the Korn Ferry representative.
Q. Is that Mr. Mayes?

A. Yes.
Q. You testified earlier something to the effect that Mr. Tompkins had collected some information or comments from board members.
Do you recall the testimony --
A. Yes, I do.
Q. -- to that effect?
A. I do.
Q. What exactly was -- did you provide him and did you understand him to do in that respect?
A. Well, he mentioned to me that one of the things that I had not focused on as much as I should have -- and he's right -- was the fact that this is a -- basically a motion picture exhibitor company, as well as a real estate company. We know both entertainment and that.
And in my earlier comments I focused most -- mostly on the real estate aspect of it. And I agreed with him.
Q. How did he know what your earlier comments had been?
A. I'm not sure.
Q. Were the earlier comments communicated orally or in writing?
A. Again I'm not sure which way they were

communicated, but I -- my recollection is that he probably saw the first draft compiled by Korn Ferry.
Q. And your earlier comments had focused on real estate development; is that correct?
A. Yes. I had been focusing almost -- because at that point in time it was very important in my mind the real estate development, and I was making sure that whoever became a C.E.O. would have some good familiarity with that aspect of the business.
Q. At the time was there anybody employed as an executive at RDI who had, to your knowledge, experience with real estate development?
MR. SWANIS: Objection. Form, foundation.
MR. HELPERN: Join.
THE WITNESS: The person primarily handling real estate development at that time was Margaret Cotter.
BY MR. KRUM:
Q. What real estate development experience, if any, did she have?
MR. SWANIS: Objection, form.
MR. HELPERN: Vague.
MR. SWANIS: Join.

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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

And

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant

.

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

Coordinated with:
Case No. P-14-0824-42-E
Dept. No. XI

Jointly Administered

PLAINTIFF JAMES COTTER, JR.'S SUPPLEMENTAL OPPOSITION TO SO-CALLED SUMMARY JUDGMENT MOTION NOS. 2 AND 3 AND GOULD SUMMARY JUDGMENT MOTION

I. INTRODUCTION

As the Court knows, plaintiff James J. Cotter Jr. ("Plaintiff" or "Mr. Cotter") has made claims for (i) breach of the duty of care, (ii) breach of the duty of loyalty, (iii) breach of the duty of candor and (iv) aiding and abetting fiduciary breaches in his pending Second Amended Complaint (the "SAC").[1]

Acts and omissions on the part of the individual director defendants that give rise to the foregoing claims include the following:

- The threat by Adams, Kane and McEachern to terminate Plaintiff if he did not resolve trust disputes with his sisters on terms satisfactory to them (which included giving EC and MC control of RDI) (which also is asserted to independently give rise to or constitute breaches of fiduciary duties)
- Termination of Plaintiff by them when he failed to acquiesce (after choosing not to terminate him when they understood that he had acquiesced) (which also is asserted to independently give rise to or constitute breaches of fiduciary duties)
- Adams and Kane authorizing exercise of the 100,000 share option to protect EC and MC's control of RDI from a possible proxy contest by non-Cotter shareholders (which also is asserted to independently give rise to or constitute breaches of fiduciary duties)
- McEachern, Adams and Kane forcing director Tim Storey to "retire" to accommodate EC and MC as controlling shareholders
- Adding Codding and Wrotniak, neither of whom has any relevant experience and both of whom are close family friends, to the RDI Board of directors (the "Board), to accommodate EC and MC as controlling shareholders
- MC, McEachern and Gould aborting the CEO search and selecting EC, who lacked the most critical qualifications sought in a CEO of RDI, to which the other director defendants readily agreed in order to accommodate EC and MC as controlling shareholders (which also is asserted to independently give rise to or constitute breaches of fiduciary duties)

[1]Plaintiff concurrently is submitting four supplemental oppositions, one with respect to each of so-called Summary Judgment Motion Nos. 1, 3 5 and 6. Because each addresses issues relating to Summary Judgment motion No. 2 and to Gould's separate summary judgment motion, each also is submitted as a supplemental brief with respect to those motions, as well.

- Hiring MC as EVP RED NY, even though she had no prior experience for such a position, which is of vital importance to the Company and its prospects, to accommodate EC and MC as controlling shareholders (which also is asserted to independently give rise to or constitute breaches of fiduciary duties)
- Responding to the Patton Vision offer(s) in a manner intended to satisfy the wishes and protect the interests of EC and MC controlling shareholders (which also is asserted to independently give rise to or constitute breaches of fiduciary duties)

As the Court understands, all of the foregoing acts and omissions must be considered in determining whether any particular complained of act or omission, or some combination of some or all them, entails or constitutes one or more breaches of fiduciary duties. Thus, and contrary to the manner in which Defendants have attempted to artificially frame the issues for the purposes of their so-called summary judgment motions, none of the individual sets of acts or omissions (which themselves are mischaracterized in the "Supplement To Motions For Partial Summary Judgment Nos. 1, 2, 3, 5 and 6" (the "Supplement")) are properly viewed in the evidentiary vacuum Defendants assume. That said, for the reasons demonstrated previously and in this and Plaintiff's other supplemental Oppositions to the so-called summary judgment motions, which in reality are premature briefing regarding special interrogatories to the jury, Plaintiff has raised disputed material facts which, at a minimum, require denial of the pending motions, including with respect to the response of the director defendants to the Patton Vision offer(s), which is the focus of this brief.

II. PROCEDURAL HISTORY AND STATEMENT OF FACTS

A. What the Individual Director Defendants Did and Failed to Do in Response to the Offer

1. The May 31, 2016 Offer

On or about May 31, 2016, Patton Vision and certain other companies (the "Offerors") made a written offer to purchase all of the outstanding stock of RDI at a price of $17 per share, subject to due diligence (the "Offer"). (Ex. 3, Email from Paul Heth to Ellen Cotter dated May 31,

2016 with letter dated May 31, 2016 attached). The Offer represented a 33% premium over the price at which RDI (class A) stock was trading at that time. (Id.)

2. The June 2, 2016 Board Meeting

At a previously scheduled Board meeting on June 2, 2016, the RDI Board briefly addressed the Offer, concluding as follows:

- RDI management should "prepare background information" to enable Board members to determine "whether it would be in the best interests of the Company and its stockholders to continue with its current business plan as an independent company or to consider a process that could include negotiations regarding the [Offer]."
- "It would not be cost effective at this point in time for the Company to … retain[] outside financial advisors…"'
- "**Inquiry should be made of the controlling stockholders as to their view of the [Offer]: would they support the pursuit of the [Offer] at the current time"**
- Ellen Cotter should respond to the May 29 letter, acknowledging receipt and advising that the Board will address it later in June.

(See Ex. 4, (June 2, 2016 RDI Board minutes) at p.4.) (Emphasis supplied.)

What the minutes of the June 2, 2016 board meeting makes clear is that, at the very outset, the non-Cotter directors (and Gould in particular) wanted to know whether Ellen and Margaret Cotter as controlling shareholders " would... support the pursuit of the [Offer]." D. (*Id.*)

3. The Time Between the June 2 and June 23 Board Meetings

After the June 2, 2016 board meeting and prior to June 23, 2016 board meeting, Mr. Cotter requested that management provide RDI directors with any business plan in advance of the June 23 meeting. (Ex. 5, Email from James Cotter to Ellen Cotter dated June 7, 2017.) He received no response that email.

Prior to the June 23 board meeting, the only communications with the Offerors was the May 29 letter and an abbreviated telephone call received without knowing the purpose of it. (Ex. 3, p. 1.)

After the June 2 Board meeting and prior to the June 23 Board meeting, RDI management at the direction of EC provided no materials whatsoever to Board members to review in anticipation of discussing the Offer on June 23. (See Ex. 6 (Minutes of the Meeting of the Board of Directors of Reading International, Inc. June 23, 2016)). Between June 2 and June 23, no Board member did anything to inform themselves about the Offer, the Offerors or the Company. For that reason, the Individual Director Defendants cite to no evidence in their Motion that they did anything to inform themselves in connection with the Offer prior to the next Board meeting. That is because they did nothing. Nothing.

4. The June 23, 2017 Board Meeting

The RDI Board convened a telephonic board meeting on June 23, 2016, at which time the Offer was discussed. (See Ex. 6.) No materials were distributed to individual RDI board members prior to and in connection with the June 23 board meeting. (*Id.* at page 2.) The meeting was telephonic, not in person, and lasted less than an hour and a half. (*Id.* at pp. 1 and 14.)

Mr. Cotter stated that Board members should have been provided written materials in advance of the Board meeting and that no decision should be made in the absence of a business plan approved by the Board. (*Id.* at p. 2.) Ellen Cotter responded that the Board had been provided (not approved) a preliminary business plan in February 2016. (*Id.)* [1] In fact, at February 2016 Board meeting, Ellen Cotter had shown a PowerPoint presentation, but not provided it to the Board beforehand or even at that February 2016 Board meeting. (See section II.A.5 below.) The Minutes of the February 18, 2016 meeting state that Ellen Cotter called the PowerPoint presentation a "work in progress…intended to provide the Board with an overview[,]" and "she further advised the Board that no action on the part of the Board was being requested by Management [because] the [Powerpoint] [p]resentation was totally informational…" (Ex. __, Minutes of the Board of Directors of Reading International Inc. February 18, 2016.)

At the June 23 board meeting, Ellen Cotter framed the question or decision before the Board as whether:

- "to commence a process to further evaluate [the Offer]; or

- "determine to continue to pursue our current strategy as an independent company, which in the opinion of Management, over the long term, be in the best interest of the company and its stockholders."

(See Ex. 6 at pp. 3-4.)

Although the management presentation made and led by Ellen Cotter at the June 23 Board meeting acknowledged that RDI class A stock closed at $12.14 per share the day prior, as compared to the Offer price of $17 per share (which was subject to revision based on due diligence, including upward), she concluded that $17 per share was woefully inadequate. The explanation for that conclusion was that the management team led by Ellen Cotter had valued the cash flow of RDI's cinema businesses at a multiple of 7 to 10 times the cash flow, resulting in a value in the range of [redacted] added to that amount to the Company's real estate holdings at their collective appraised value of approximately [redacted] (Ex. 6, pages 6-11) and subtracted what she described as the Company's outstanding debt of [redacted] creating a supposed total "asset value" in the range of [redacted]

As to the real estate assets, Ellen Cotter's presentation provided no indication as to which if any of those properties were properties they thought could be sold or developed and sold over any particular period of time. (*Id.*) Instead, the management team at Ellen Cotter's direction merely used appraised values, some of which admittedly were dated, and implied that all of the properties were then salable at the appraised values, in order to reach the so-called "asset value" of the real estate owned by the Company. (*Id.)*

Ellen Cotter during her oral presentation also acknowledged that the Company then had approximately [redacted] in debt. (*Id* at page 11.) [redacted] (See Ex. 4 (Minutes of the Meeting of the Board of Directors of Reading International Inc. June 2, 2016) at p.8.)

Ellen Cotter concluded that the Offer placed a value of less than $400 million on the Company and "is woefully inadequate" based on the presentation described above. (*Id.* at page 11.)

The June 23 Board meeting minutes reflect that no individual director defendant observed that management's analysis and conclusion was largely if not entirely based upon the appraised value of real estate holdings. (*Id.*) Likewise, none observed that, if the Company's then outstanding debt [redacted] were subtracted from the value of the cinema operations using the lowest multiple management suggested, that would give RDI a value of only [redacted], plus the actual value of its real estate assets. As to the range of multiples used, McEachern testified that it should start with 6, not 7, which would produce a value of the Company's cinema business of [redacted]. (McEachern Dep. Tr. at 552:2 – 19.) Thus, merely valuing the real estate assets at 50% of the value ascribed to them by management would result in the offer reflecting full value of the Company. (*Id.* at pages 6-11.) [redacted]

After Ellen Cotter's presentation, attorney Craig Tompkins explained "the corporate structure of the Company and the practical implications of that structure on a sale of the Company or its assets." (*Id.* at pages 3 and 11.) In other words, he explained that no change of control could occur, and as a practical matter the Board could not agree to pursue the Offer or any offer, without the agreement of Ellen and Margaret Cotter, because Ellen and Margaret Cotter controlled a majority of the voting stock of the Company.

Next, one or more individual director defendants asked questions. According to the June 23 board minute meetings:

> **"Several directors asked Ellen Cotter, Margaret Cotter and James J. Cotter Jr. as to their views on the [Offer] from their point of view as stockholders, [Ellen and Margaret Cotter as] co-executors of the Cotter Estate and [all three] as trustees of the Cotter Trust, as applicable."**

(*Id.* at page 11.) (Emphasis supplied.)

According to the minutes of the June 23 board meeting, the director defendants discussed the Company's (supposed) business plan, the "potentially adverse impact [of pursuit of a change of control transaction] on [unidentified] executive morale," "the nonbinding and contingent nature of the [Offer]," "[t]he woefully inadequate price specified in the [Offer]" and:

> **"[t]he opposition of certain controlling stockholders [,Ellen Cotter and Margaret Cotter,] to a change of control transaction at this time…"**

(*Id*. at p.12.) (Emphasis supplied.)

After the foregoing discussion, the Board resolved as follows:

> " … The Board of Directors believes, based on management's presentation, its own familiarity with the Company, its assets, operations and opportunities… that the interests of the Company and its stockholders would be best served by the continued independence of the Company,
>
> "… The Board of Directors believes that the value proposed for the Company in the [Offer] was woefully inadequate,
>
> **"… The Board of Directors does not believe that a change of control transaction would be supported by the Company's controlling stockholder,** and
>
> "… Based on all of the above, the Board of Directors strongly believes that transaction described in the [Offer] is not in the best interest of the Company or its stockholders[.]"

(*Id*. at p. 11.) (Emphasis supplied.)

Notwithstanding the foregoing, what exactly the individual director defendants decided on June 23, 2016 is less than perfectly clear to them. Director defendant Judy Codding testified that the Board had determined that the Company would not be sold. (See Ex. 1 (March 1, 2017 deposition transcript of Judy Codding) at 178:8 – 179:1.) Director defendant McEachern apparently concluded only that no further action would be taken because the price mentioned in the offer was inadequate. In particular, he testified that [redacted] (See Ex. 2, McEachern 4/19/17 Dep. Tr. at 558:12-17.)

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At no point during a June 23, 2016 board meeting did any individual director ask that Ellen and Margaret Cotter (or that all of the Cotters) be excused so that the non-Cotter directors could have discussions outside of the presence of the controlling shareholders. (*Id*.) There was no discussion of, much less the creation of, a special committee of the board of directors comprised of non-Cotter directors to ensure that the interests of minority or non-controlling shareholders were protected. *Id*. (That stands in contrast to the creation of a (supposed) special committee in 2017, of which no Cotter family member is a member, to (supposedly) assess whether and how the Company should respond to the appointment by the court in the California Trust Action of a trustee *ad litem* to handle the possible sale of the controlling block of RDI Class B voting stock held and to be held by the Trust.) (*See* Form 10-Q August 9, 2017[2])

None of the individual director defendants sought the advice of independent counsel to understand, much less fulfill, their fiduciary duties in response to the Offer. (See Ex. 1 (McEachern 4/19/17 Dep. Tr. at 512:1 – 7 and 514:18 – 515:4.)) Instead, they relied solely on Craig Tompkins (who then was special counsel to Ellen Cotter as CEO) and outside counsel previously retained by Company management, meaning Ellen Cotter.

No individual director defendant interviewed or consulted with, much less employed, any outside financial advisor, whether investment banker, real estate professional or other such person, to assess the value (whether as an operating company, collection of assets or otherwise) of RDI and/or the ability and/or willingness of the Offerors to pay more than $17 per share.

None of the individual director defendants took any action to perform or have performed any investigation, analysis or diligence, to learn about the Offerors, including their intentions for the Company, their willingness and/or ability to pay more than $17 a share, or anything else at all. None of the individual director defendants even suggested having communications with the Offerors or having any such investigation, analysis or diligence performed.

What the minutes from the June 23, 2016 board meeting make clear is that:

[2] Available at https://www.sec.gov/Archives/edgar/data/716634/000071663417000025/rdi-20170630x10q htm

- the non-Cotter directors were told by Ellen Cotter's special counsel that the "corporate structure" of the Company, meaning the fact that Ellen and Margaret Cotter were controlling shareholders, meant that as a practical matter no sale of the Company could occur without their approval,

- The individual director defendants then asked Ellen and Margaret Cotter their views of the Offer from their perspective as controlling shareholders,

- Ellen and Margaret Cotter provided a response, which the minutes describe as "the opposition of certain controlling shareholders to a change of control transaction at this time."

- The individual director the cited their understanding "that a change of control transaction would not be supported by the Company's controlling stockholder" as a basis for determining not to pursue the Offer or undertake any discussions whatsoever with the Offerors.

5. The Imaginary "Business Plan"

As for the (supposed) business plan referenced in the minutes of the June 23, 2016 board meeting, that was merely a PowerPoint presentation that had been shown to the director defendants, but not provided to them in hard copy, at a February 2016 board meeting. (Ex. __, Minutes of the Meeting of the Board of Directors of Reading International Inc. February 18, 2016.) At that time, Ellen Cotter had described it as a work in progress. (*Id.*) Director McEachern acknowledged in deposition that the PowerPoint referenced by Ellen Cotter (including two subsequent visions of it) was, at the time of the June 23, 2016 board meeting, still a "work in process." (See Ex. 2, McEachern 4/19/17 Dep. Tr. at 526:10 – 24.) Nor had that PowerPoint presentation been approved by the RDI board of directors, as anything, much less a business plan for the future of the Company. (Ex. 2, McEachern Dep. Tr. 529:3-13.)

RDI's lack of a Board approved long-term business plan is a material fact in this case. RDI had no such plan when the "Board of Directors determined that [RDI] stockholders would be better served by pursuing [RDI's] [imaginary] independent, stand-alone strategic business plan." (Quoting RDI's July 18, 2016 Press release (Ex. 11 to Plaintiff's initial opposition to MSJ No. 3.) (See also Ex. 6 (June 23, 2016 Board minutes) at pp. 13-14.) In fact, RDI at the time had has no short term business plan either. (See Ex. 7, JJC October 13, 2016 Dec. at ¶ 40-41.) That is why the June 23rd minutes never reference a particular "independent, stand-alone strategic business

plan." (Ex. 6.)

RDI previously admitted that there was no "written business plan." *See* RDI's Opposition to Plaintiff's Motion to Permit Certain Discovery Concerning the Recent Offer, p. 4. Instead, RDI admits that its **"'**business plan' is merely an assertion that RDI intends to continue with its ongoing strategy of operations…". *Id*. RDI also admitted that no such plan existed by asserting that "all documents and communications relating to RDI's operations" comprise its business plan. *Id*. at pp.4-5. In other words, no actual business plan existed.

Any doubt about whether there actually was a business plan was put to rest when the Company filed a Form 8-K and issued a press release in *March 2017* announcing that the Board had then (for the first time) approved a (three-year) business strategy (not plan). (Ex. 10, Form 8-K dated March 2, 2017.) (The 8-K is not an amended 9-K, which means that the matter it reports is a new development, not an update of a prior disclosure about the same matter.)[3]

6. Fall 2016 Affirmation of the Offer and the Response

In the Fall of 2016, the Offerors reiterated their interest in acquiring all the outstanding stock of RDI. By letter dated October 31, 2016, the Offerors again reiterated their interest in acquiring all the outstanding stock of RDI and indicated that Texas Pacific Group, or "TPG," had joined the Offerors. (Ex. 8, Letter from Paul Heth to Ellen Cotter dated October 31, 2016.) By memorandum dated November 4, 2016, Ellen Cotter transmitted the October 31 letter and other documents to Board members in anticipation of a Board meeting previously scheduled for the following Monday, November 7th, 2016. (Ex. 9, Memorandum from Ellen Cotter to Board of Directors dated November 4, 2016 ("Nov. 4, 2016 Memo")). In that memo, Ellen Cotter stated [redacted] (Ex. 9, Nov. 4, 2016 Memo) As McEachern

[3]Not coincidentally, that is when the Board also rejected an increased December 2016 offer of $18.50 from the Offerors, which then had added Texas Pacific Group, commonly referenced as TPG and publicly known to manage billions of dollars of assets, to the group of Offerors. (Ex. 10, Form 8-K dated March 2, 2017)

acknowledged in his deposition, TPG manages billions of dollars of assets, meaning that it alone has the ability to fund an acquisition of RDI. (Ex. 2, McEachern 4/19/17 Dep. Tr. 502:14-17.) The RDI Board at the November 4, 2016 meeting reiterated the conclusion(s) reached at the June 23, 2016 meeting. (Ex. 11, Letter from Ellen Cotter to Paul Heth dated November 10, 2016.)

7. The December 2016 Increased Offer and the March 2017 Rejection

By letter dated December 19, 2016, the Offerors communicated to RDI directors that they had increased the price per share offered from $17 to $18.50. (Ex. 12, Letter from Ellen Cotter to Board of Directors dated December 19, 2016 with enclosure)

The RDI Board did not consider the increased December 2016 offer until March 2017. At an RDI board meeting on March 2, 2017, the Board affirmed the decision that it had made in June 2016. (Form 8-K dated March 2, 2017.) At the same board meeting on March 2, 2017, the Board approved for the first time a (supposed) (three year) "business strategy" for RDI. (Id.) Coincidentally or not, that "strategy" was prepared over several months preceding management (Ellen Cotter) presenting it to the RDI Board. (Ex. 1, Codding Dep. Tr. 161:2-13.)

8. The Separate 2017 Offer for the Trust Controlling Block of Stock

Separately, in late January 2017, the Offerors offered to purchase the controlling block of class B voting stock held and to be held by the Trust (approximately 70% of the outstanding Class B voting stock). (*See* Ex. 13, Ex Parte Petition of Co-Trustee James J. Cotter Jr. for Appointment of Trustee Ad Litem ("Petition for Trustee Ad Litem"), p. 6-7). In February 2017, Mr. Cotter filed a petition in the California Trust Action to have a trustee *ad litem* appointed to replace Ellen and Margaret Cotter as trustees to evaluate and respond to that offer and to any other offers to purchase the class B voting stock held and to be held by the Trust, based on conflicts of interest Ellen and Margaret Cotter faced as trustees (with their personal interests of continuing their positions as highly compensated RDI executives). (*See* Ex. 13, Petition for Trustee Ad Litem).

Notwithstanding the fact that RDI is not a party to the California Trust Action, RDI filed voluminous papers arguing that a sale of the controlling block of RDI stock would not be in the

best interests of the Company or its shareholders. (See Ex. 15, pleading filed by Greenberg Traurig.) Of course, RDI counsel by definition is directed by Company management, of which Ellen Cotter is the senior executive, such that she caused RDI to take the side of Ellen and Margaret Cotter in the California Trust Action. Tellingly, certain RDI directors defendants, including McEachern, Kane and Gould, provided declarations in support of the RDI briefs (thereby evidencing their personal interests in having Margaret and Ellen Cotter retain control of RDI). On or about August 29, 2017, the court of the California Trust Action issued a tentative Statement of Decision which, among other things, granted the motion for the appointment of a trustee *ad litem* based on the conflicts Ellen and Margaret Cotter faced as trustees in responding to an offer to purchase the controlling block of stock which, if sold, would put their lucrative executive positions at RDI in jeopardy. (Ex. 14, Tentative Statement of Decision dated August 29, 2017.) That Statement of Decision has not been finalized.

9. The Individual Director Defendants Act to Make Acquisition of Control of RDI by Anyone Other than Margaret and Ellen Cotter More Expensive and Less Likely and to Enrich Ellen and Margaret Cotter at the Expense of RDI

Faced with the prospect that a trustee *ad litem* could sell the controlling block of RDI class B voting stock and that Ellen and Margaret could lose control, the RDI board acted pre-emptively and aggressively to make an acquisition of control of RDI more expensive and less likely, and simultaneously to advance the personal and financial interests of Ellen and Margaret Cotter at the expense of RDI. They also acted to further their own financial interests

To those ends, the RDI Board, first through the compensation and audit committee (comprised of Kane, Codding and McEachern) and then rubber-stamped by the full board (other than Mr. Cotter), (i) made changes to certain restricted stock grants and options to Ellen and Margaret Cotter so that they would vest immediately upon a change of control of the Company, unless Ellen and Margaret Cotter are part of the group purchasing the class B voting stock the trustee *ad litem* may recommend be sold and (ii) made changes so that Ellen Cotter's restricted stock units vest immediately if she is terminated within 2 years following a change of control of the company. These changes would result in the Company occurring substantial additional

expense if any person or entity other than Ellen and Margaret Cotter purchased the controlling block of RDI Class B voting stock presently held by the Trust. These steps obviously and necessarily would have the effect of making acquisition of that stock and control of RDI more expensive, and simply would transfer RDI monies to Ellen and Margaret Cotter if they lose control of the Company. (*See* Form 10-Q dated August 9, 2017.)

The compensation committee and board also approved removing restrictive legends from stock held by the other director defendants, which obviously is intended to facilitate them selling RDI stock to further their personal financial interests. (Id.)

Last but not least, the Board compensation and stock-option committee recommended an increase in Ellen Cotter's base salary that would increase her compensation from approximately $1.1 million in 2016 to almost three times that amount, approximately $3.2 million, on a going-forward basis. (*See* Form 10-Q dated August 9, 2017.) That follows an increase in Ellen Cotter's compensation from approximately $410,000 in 2014 to approximately $678,000 in 2015. (Ex. 16 , Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 October 13, 2017.)

III. ARGUMENT

A. The Recent Statutory Modifications do not Change the Analysis or Outcome Here

As demonstrated in Plaintiff's opposition to the renewed motion directed at the expert testimony of Chief Justice Myron Steele, defendants' characterization of a recent amendment to NRS 78.138 is inaccurate and their reliance on it unavailing. Plaintiff respectfully incorporates that opposition herein. Briefly, as explained in Plaintiff's opposition to the renewed renewed motion in limine to exclude expert testimony of Chief Justice Myron Steele, those amendments do not change the analysis or the result here. Contrary to what the Supplement argues regarding subsection 4 of S.B. 203, that subsection merely provides that directors of a Nevada corporation are not liable for breach of fiduciary duty for failing to abide by foreign laws, judicial decisions or practices. That of course says nothing about whether a Nevada Court in determining whether a

director of a Nevada corporation breached his or her fiduciary duties under Nevada law may look to Delaware statutes and/or judicial decisions to assist in interpreting a Nevada statute. Obviously, that would not entail supplanting or modifying the law of Nevada. Finally, insofar as subsection 4 of S.B. 203 amends NRS 78.148 (7) to include language that a director of a Nevada corporation cannot be liable to the corporation for money damages "unless...[t]he trier of fact determines that the presumption established by subsection 3 has been rebutted[,]" this provision merely clarifies the pre-existing evidentiary burden, which is that the plaintiff bears the initial burden of rebutting the statutory presumption. The Motion admits as much, stating that the business judgment rule presumptions apply "*if* the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interest of the company." (Motion at 3:25-4:2, citing *Wynn Resorts*.) (Emphasis supplied.)

Likewise. the discussion in the Supplement of the portions of the amendment concerning change of control issues (Supplement at 5:10-6:15) is a classic exercise in question begging. They simply invoke the business judgment rule and ignore the facts of this case, which raise the questions of why the director defendants acted as they did, which of course must be viewed in the context of their historical conduct, which evidences a recurring practice of acting as they understand the controlling shareholder(s) desire, in derogation of their fiduciary duties to the Company and its other shareholders. As the facts of this case make clear, including those described herein, the non-Cotter director defendants, led by defendant Gould, appear to have based their decision on how to respond to the Patton Vision Offer(s) based upon their understanding of the wishes of the controlling shareholder(s). In other words, instead of independently taking actions to ascertain what was in the best interests of the corporation and its shareholders, they intentionally did not do so and instead acted to accommodate the wishes of the controlling shareholder(s). Such conduct constitutes intentional misconduct, as described below, and rebuts the presumptions of the business judgment rule. At a minimum, the finder of fact should resolve such disputed issues of material fact.

Finally, the case(s) cited for the proposition that there are no damages a matter of law from the actions and inactions of the individual director defendants in response to the Offer are

inapposite and do not support the proposition for which they are proffered. In *Cooke v. Oolie*, No. CIV. A. 11134, 2000 WL 710199 (Del. Ch. May 24, 2000), the complained of conduct of two directors, who had made an offer to acquire the company, did not prevent an acquisition on superior terms because the offer was non-binding and subject to conditions. So the case stands for more or less the opposite proposition than the one for which it is cited.

B. The Supplemental Motion Misapprehends or Mischaracterizes the Issues Arising From the Actions and Inaction of the Director Defendants in Response to the Offers

The Supplement filed by the Interested Director Defendants does little but cite to the amended Nevada statute and beg the straw man question they pose. They cite to the amended Nevada statute for the proposition that, in responding to a potential change of control, a board of directors may determine whether it is in the best interests of the corporation by considering "any relevant facts, circumstances, contingencies or constituencies pursuant to subsection for of NRS 78.138." (Notably, they do not contend that this means that a board of may accommodate or protect the interests of the constituency of the controlling shareholders without breaching their fiduciary responsibilities to the company and all shareholders.) They then posit that "the Board indisputably considered relevant facts and circumstances relating to the Company's long-term or short-term interests, including the possibility that these interests may be best served by the continued independence of the corporation..." (Supplement at 6:1-4.) In support of that everything and nothing conclusion, they proffer two sentences that reference the approximate one hour and 25 minute telephonic board meeting of June 23, 2016 and the oral presentation by management, which the Supplement describes as "an overview of the Company's cinema and real estate assets." (Id. at 6:4-9.) Then, to beg the straw man question they pose, which is whether the Board made an informed business judgment, they conclude that "the Board properly informed itself with information available to the Company, as well as with the directors' own knowledge of RDI" and finish by asserting that "Plaintiff asks this Court to second-guess the Board's decision" and substitute its judgment for that of the director defendants. (*Id.* at 6:9-15.)

This is nothing more than obfuscation and dissembling. Plaintiff does not ask the Court to

make a substantive assessment of the "merits" of a business judgment of the RDI Board, much less substitute the Court's judgment for that of the Board. Instead, Plaintiff contends that the director defendants breached their duty of loyalty, as evidenced by actions they took and actions they did not take in response to the Offer. For example, why at the outset of the June 2, 2017 meeting did director Gould make it a point to have the controlling shareholders tell the Board whether they would support taking any action in support of the Offer? What does that have to do with the best interests of the Company and its minority shareholders, to whom the director defendants owe fiduciary obligations? Why the so-called management (EC) presentation at the June 23, 2017 telephonic Board meeting was preceded by informing the directors that, as a "practical matter," the approval of the controlling shareholders was necessary to effectuate any change of control, raises only rhetorical questions. As demonstrated above, Defendants' own June 23 meeting minutes unequivocally evidence that consideration of how the controlling shareholders intended to respond to the Offer was recited repeatedly as a "relevant fact[] [or] circumstance[]" by all Board members in determining how to respond. Of course, were the non-Cotter directors acting to protect the interests of the Company and the other shareholders, that is exactly the sort of consideration that should have been tabled, not afforded significant if not decisive weight.

As the foregoing suggests, what Plaintiff contends is that the evidence raises a triable question of fact, at a minimum, about whether the director defendants acted with a purpose other than that of advancing the interests of the Company and Company shareholders other than EC and MC, which is what happened if they even considered, much less acquiesced to or accommodated, the wishes of the controlling shareholders. Moreover, if, as the evidence suggests, they acquiesced to or accommodated the wishes of the controlling shareholders, by doing so they engaged in intentional misconduct, which would rebut the business judgment rule presumptions and shift the burden to the individual director defendants to prove the entire fairness of their actions.

"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.*

Plaintiff also contends is that the evidence raises a triable question of fact about whether the director defendants, by what they did not do, intentionally or purposefully failed to act in the face of a known duty to act, thereby demonstrating a conscious disregard for their fiduciary duties. The Supplement does not address this issue. On the contrary, it implies the incredible, namely, that the Board took such actions as were appropriate to determine that the interests of the Company and its shareholders were best served by not even engaging with the Offerors. The Board meeting lasted less than an hour and a half. It was telephonic. It was not preceded by the dissemination of any materials to the Board whatsoever. The Company at the time had no business plan, much less a Board-approved plan that set out specific goals, the means by which they would be achieved and the timetable for doing so.

So what did the individual director defendants do? Did they ask management to produce a business plan that would provide some indication of whether, how and when the critical "asset value" of the real property owned by the Company would, could or might be actualized? Did they ask management to provide them written materials that they could review and consider before making a decision? Did they ask EC and MC to allow them to confer separately? Did they seek advice from independent financial advisors, whether investment bankers, real property experts and/or others? Did they even talk about doing that? Did they seek advice from independent legal counsel, rather than EC's personal counsel, Craig Tompkins, and corporate counsel hired by management (EC)? Did they even talk about that? Did they take any steps whatsoever to assess the Offer and/or the Offerors, including the possibility that the amount offered might be increased dramatically? Did they even talk about that? The answers to each of the foregoing questions, and every other question of that type, is a resounding "no, they did not."

What did the individual director defendants do? They quickly ascertained all they needed to know, which was the wishes of the controlling shareholders, to which they readily deferred, consistent with their unvaried historical practice. In doing so, they engaged in intentional

misconduct, which rebuts the presumptions of the business judgment rule.

Additionally, as Plaintiff has demonstrated previously, the acts and omissions of the individual director defendants with respect to the Offer must be viewed and can only be understood in light of their conduct dating back to the seizure of control of RDI. *See, e.g., In re Ebix, Inc. Stockholder Litig.*, 2016 Del. Ch. LEXIS 5 at *66-67 n.137**,** 2016 WL 208402 (Del. Ch. 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 Del. Ch. LEXIS 144 at *29-30, 2002 WL 31888343 (Del. Ch. Dec. 18, 2002) (concluding that allegations that individually would be insufficient to show a lack of disinterestedness or independence were, taken together, sufficient to do so).

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. 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]." When viewed in that larger context, there can be no doubt that there are disputed questions of material fact about whether the directors engaged in intentional misconduct, which would rebut the business judgment rule presumptions and shift the burden to the individual director defendants to prove the entire fairness of their actions.

IV. CONCLUSION

For all of the foregoing reasons, among others, Plaintiff respectfully submits that MSJ Nos. 2 and 3 and Gould's motion for summary judgment should be denied.

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CERITIFICATE OF SERVICE

I hereby certify that on this 1st day of December, 2017, I caused a true and correct copy of the foregoing **Plaintiff James Cotter, Jr.'s Supplemental Opposition To So-Called Summary Judgment Motion Nos. 2 and 3 And Gould Summary Judgment Motion** 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.

DATED this 1st day of December, 2017

/s/ Akke Levin
Akke Levin

RDI-A08876-8897
Filed Under Seal

IN THE SUPREME COURT OF THE STATE OF NEVADA

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

Appellant,

v.

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

Respondents

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

VOLUME VI

APPELLANT READING INTERNATIONAL, INC.'S APPENDIX VOLUME VI of VIII FOR CASE 77733 (PAGES RDI-A08593 to RDI-A9528)

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VOL.	PAGES	DATE	DOCUMENT	FILED UNDER SEAL
I	RDI-A00001-32	6/12/2015	Complaint (Business Court)	
I	RDI-A00033-64	8/3/2015	Plaintiff's Motion to Expedite Discovery and Set a Hearing on Motion for Preliminary Injunction on Order Shortening Time	
I	RDI-A00065-68	8/20/2015	Order Granting Plaintiffs-In-Intervention Motion to Intervene	
I	RDI-A00069-86	8/28/2015	Verified Shareholder Derivative Complaint	
I	RDI-A00087-136	10/22/2015	Plaintiff James J. Cotter, Jr.'s First Amended Verified Complaint	
I	RDI-A00137-153	10/23/2015	Stipulated Confidentiality and Protective Order	
I	RDI-A00154-182	11/6/2015	Transcript of Proceedings: Mandatory Rule 16 Conference and Hearing on Motions October 29, 2015	
I	RDI-A00183-204	3/14/2016	Cotter Defendants answer to JJC First Amended Complaint	
I	RDI-A00205-226	3/29/2016	Reading International, Inc.'s Answer to James Cotter, Jr.'s First Amended Complaint	
I	RDI-A00227-250	4/5/2016	Judy Codding and Michael Wrotniak's Answer to First Amended Complaint	
I	RDI-A00251-278	6/3/2016	Transcript of Hearing on May 26, 2016 re T2's Motion for Preliminary Injunction	
I	RDI-A00279-371	7/12/2016	Joint Motion for Preliminary Approval of Settlement, Notice to Stockholders and Scheduling of Settlement Hearing on Order Shortening Time	
I	RDI-A00372-401	8/3/2016	Transcript of Proceedings: Hearing on July 28, 2016 re Motion for Preliminary Approval of Settlement and Plaintiff's Motion to Compel (filed 8/3/2016)	
I	RDI-A00402-405	8/4/2016	Order Granting Preliminary Approval of Derivative Claim Settlement	
I	RDI-A00406-436	8/8/2016	James J. Cotter, Jr.'s Motion to Vacate and Reset Pending Dates and to Reopen Discovery on Order Shortening Time	
I	RDI-A00437-450	8/17/2016	Transcript of Proceedings: Hearing on Plaintiff's Motion to Vacate Pending Dates/Reopen Discovery August 12, 2016	
I	RDI-A00451-473	8/24/2016	James J. Cotter, Jr.'s Motion to Permit Certain Discovery Concerning the Recent "Offer" on Order Shortening Time	
I	RDI-A00474-477	8/29/2016	Declaration of Whitney Tilson	
I	RDI-A00478-481	8/29/2016	Declaration of Jon Glaser	
I	RDI-A00482-538	9/2/2016	Second Amended Complaint	
I & II	RDI-A00539-1211	9/23/2016	Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims	
II	RDI-A01212-2024	9/23/2016	Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims (Non- Public)	Filed Under Seal
II	RDI-A02025-2297	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: The Issue of Director Independence	
II	RDI-A02298-2707	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: The Issue of Director Independence (Non-Public)	Filed Under Seal
II	RDI-A02708-2801	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer	

II	RDI-A02802-3039	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer (Non-Public)	Filed Under Seal
II	RDI-A03040-3070	9/23/2016	Declaration of Ellen Cotter in Support of the Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer	
II	RDI-A3071-3134	9/23/2016	Declaration of Ellen Cotter in Support of the Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer (Non-Public)	Filed Under Seal
II	RDI-A03135-3240	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 4) on Plaintiff's Claims Related to the Executive Committee	
II	RDI-A03241-3351	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 4) on Plaintiff's Claims Related to the Executive Committee (Non-Public)	Filed Under Seal
II	RDI-A03352-3522	9/23/2016	Individual Defendants Motion For Partial Summary Judgment (No. 5) On Plaintiffs Claims Related To The Appointment Of Ellen Cotter As CEO	
II	RDI-A03523-3785	9/23/2016	Individual Defendants Motion For Partial Summary Judgment (No. 5) On Plaintiffs Claims Related To The Appointment Of Ellen Cotter As CEO (Non-Public)	Filed Under Seal
II	RDI-A03786-4261	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 6) Re Plaintiff's Claims Related to the Estate's Option Exercise. the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams	
II	RDI-A04262-4792	9/23/2016	Individual Defendants' Motion for Partial Summary Judgment (No. 6) Re Plaintiff's Claims Related to the Estate's Option Exercise. the Appointment of Margaret Cotter, the Compensation Packages of Ellen Cotter and Margaret Cotter, and the Additional Compensation to Margaret Cotter and Guy Adams (Non-Public)	Filed Under Seal
II & III	RDI-A04793-5617	9/23/2016	Defendant William Gould's Motion for Summary Judgment	
III	RDI-A05618-5978	9/23/2016	Plaintiff James Cotter, Jr.'s Motion for Partial Summary Judgment	
IV	RDI-A05979-6036	9/27/2016	Sealed Exhibits 15, 17, 18, 21, 22, 23, 24, 25, 26, 29, 30 to Plaintiff James Cotter, Jr.'s Motion for Partial Summary Judgment	Filed Under Seal
IV	RDI-A06037-6047	10/3/2016	Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 1 Re Plaintiff's Termination and Reinstatement Claims	
IV	RDI-A06048-6069	10/3/2016	Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 2 on the Issue of Director Independence	
IV	RDI-A06070-6076	10/3/2016	Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Partial Summary Judgment No. 3 Re the Purported Unsolicited Offer	
IV	RDI-A06077-6129	10/3/2016	Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 4 Re Plaintiff's Claims Related to The Executive Committee	
IV	RDI-A06130-6135	10/3/2016	Reading International, Inc.'s Joinder to the Individual Defendants' Motion for Summary Judgment No. 5 Re Plaintiff's Claims Related to the Appointment of Ellen Cotter as CEO	

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

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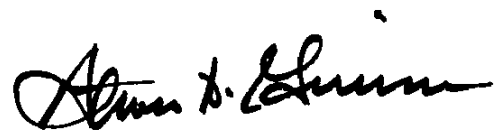

CLERK OF THE COURT

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DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

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

STATUS CHECK RE RESETTING OF TRIAL DATE

THURSDAY, DECEMBER 1, 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. MARSHALL M. SEARCY, ESQ. MARK E. FERRARIO, ESQ. EKWAN RHOW, ESQ.

LAS VEGAS, NEVADA, THURSDAY, DECEMBER 1, 2016, 12:59 P.M.

(Court was called to order)

THE COURT: So I'm going to just say something in Cotter, and Mr. Ferrario's either going to nod or not.

Mr. Ferrario, I read both of the status reports. It appears there is no way you would be ready for trial anytime soon.

MR. FERRARIO: (No audible response)

(Pause in the proceedings)

THE COURT: Is everyone here on Cotter yet?

MR. KRUM: We're here, Your Honor.

THE COURT: Great. Mr. Krum, while we were waiting for you --

MR. KRUM: And Mr. Rhow.

THE COURT: While we were waiting for you I asked Mr. Ferrario while he was sitting in the back row to confirm by nodding that based upon the status reports that I received you guys will not be ready for trial anytime soon, and he did the nod, which is why I went to talk to the Performance Steel people, who were the ones who just left, about their trial setting, because you were ahead of them on trial, trying to make trials work.

MR. KRUM: Understood. Thank you, Your Honor.

THE COURT: I read the status reports that you both submitted. It sounds like discovery is going at a

painstakingly slow pace.

MR. KRUM: Can I speak to that, Your Honor?

THE COURT: Yeah, if you want. I'm not going to assess blame or anything. All I'm trying to do today is schedule. I'm not doing who's blamed, who's fault it is. I'm only where are we.

MR. KRUM: Well, that's some of my best material, Your Honor. Here's where we are. We have a day and a half of expert depositions to finish. The day is scheduled for next week, the half day remains to be scheduled. And that is actually no small accomplishment given the difficulties we had with everyone's schedules, starting with the experts, each of whom is a busy person. That is pretty much the good news, Your Honor.

I'm going to talk about the two categories of documents -- well, there are three, actually --

THE COURT: I'm not talking about the new ones. I'm talking about any of those issues you raised in your status reports which have not been the subject of a motion. I have signed an order which I believe correctly reflects the issues related to what I call the advice of counsel issue, and that's been, I hope, delivered back to you guys. I signed that order the other day.

MR. KRUM: I've not seen it, Your Honor.

THE COURT: I signed it while I was in this

evidentiary hearing, so I don't know which day it was, because I've been in court all the time. But I signed it.

MR. KRUM: Very well. We'll receive --

THE COURT: But I don't want to talk about the issues about the document productions. All I want to know is when are you going to be done.

MR. KRUM: The answer is we'll be done when those are done and we can complete the depositions. I don't mean to be nonresponsive, but --

THE COURT: Well, Mr. Krum, the fact is I've disagreed with you on what your interpretation is of what I ordered on the advice of counsel issue.

MR. KRUM: Well, that's not the end of the document issues, Your Honor. And we'll deal with that when we see the order.

THE COURT: If you've got a new document production that you have issues with, that needs to be the subject of a motion, not raised in the status report.

MR. KRUM: Okay. We'll raise it in the motion.

THE COURT: Yeah.

MR. KRUM: We've discussed it with you previously.

THE COURT: I know.

MR. KRUM: Mr. Ferrario and I previously discussed it. It has to do with the offer documents. And we'll file the motion.

THE COURT: Thank you.

MR. KRUM: In that case, Your Honor, once we have those issues resolved we can schedule these depositions, all of which will be in Los Angeles, I think.

THE COURT: Well, my guess is you're not going to be ready for trial till the summer based on that.

MR. KRUM: I don't think that's correct, Your Honor. Well, I want to remind the Court that, notwithstanding the difficulties we've had, there are stretches where we've accomplished quite a bit. Sometimes there are stretches where we have not. So, for example, I spent something like five straight weeks or eight straight weeks or six out of eight or something like that principally in Southern California, but also in New York, deposing witnesses that the defendants produced. That was in May and June, I think, when we were rushing for a July date. And you heard the schedule that we all executed on the East Coast a month or so ago to knock out four expert depositions.

The other issue -- the other fact of the matter is, Your Honor, these are all people who are in the control of counsel for defendants. Several of them, four of them, actually, Your Honor, and you know the list perhaps as well as I do, are retired. McEachern's retired, Kane is retired, Adams is retired.

THE COURT: Mr. Krum, the discussion you and I are

RDI-A08598

currently having is not a productive discussion.

MR. KRUM: Very well.

THE COURT: When are you going to file your motion related to the documents?

MR. KRUM: I will get that filed next week, Your Honor.

THE COURT: Okay. So, Mr. Ferrario, are you going to object to me hearing that on an OST given the Christmas holiday?

MR. FERRARIO: Your Honor, I would not.

THE COURT: Okay.

MR. FERRARIO: If I'm here -- if we're here.

THE COURT: Well, that's what I'm trying to make sure. Because if I get it and I set it on a week or two's notice because I want to get this issue resolved, I don't want to make sure because of the holidays that I'm adversely impacting you guys.

MR. KRUM: Your Honor, my suggestion is we speak and try to work out a date.

MR. FERRARIO: That's fine. I'll do that.

THE COURT: Do you want the motion to reconsider the settlement on the chambers calendar, or on for oral argument? You've already opposed it. You've already filed your opposition.

MR. FERRARIO: We did. It's really his motion.

MR. KRUM: We'll file a -- yeah, we'll file a reply on Monday. I'd like to have it on oral argument. If you do not want to hear from me, then I don't intend to insist on it.

THE COURT: I'm happy to hear from you about it. I mean, I'm not happy here on the status report about issues that are not related to my very limited purpose I was here for today.

That was scheduled for December 9th. Do you want me to schedule it on the 13th or 15th?

MR. KRUM: Let me think, Your Honor.

MR. FERRARIO: Give me one second here.

MR. KRUM: The 9th is --

THE COURT: The 9th is a Friday. I'm not going to hear it on that day.

MR. KRUM: Could you hear it on the 8th?

THE COURT: Yes.

MR. FERRARIO: Your Honor, if you can go at 8:30 that day right out of the chute I can do. I have --

THE COURT: That is all I do is 8:30.

MR. FERRARIO: No, I know.

THE COURT: I mean, I can do 8:00 o'clock, if you want, but --

MR. FERRARIO: Can you do 8:00?

MR. KRUM: Yeah.

MR. FERRARIO: 8:00 would be great. I just have one

thing I appeared on.

THE COURT: Mr. Krum, can you make an 8:00 o'clock?

MR. KRUM: I can, yes.

THE COURT: The 8th at 8:00 o'clock.

THE CLERK: [Inaudible].

THE COURT: The motion that's on December 9th on the chambers calendar we're advancing to the 8th at 8:00 a.m.

Okay. So after we resolve that motion maybe I'll have some feeling on where your motions are on the compelling additional documents. Then we're going to be able to discuss some of the scheduling issues that I need you to clarify for me about how we're going to get this case finished. Because I need the supplemental briefing, and that's going to be critical to where we're going next. And that's why I've got a number of different pieces that we've got to put in place before I can talk about when we schedule.

MR. KRUM: Understood.

MR. FERRARIO: Your Honor, just to fully advise the Court, because I know you're concerned about scheduling, the parties have been contemplating what we're going to do in light of your order on reconsideration of the motion regarding the attorney-client privilege issue. In candor to the Court, we were contemplating taking a writ. I have not seen the order, so if that occurs, you will know certainly by the 8th for sure if we're going to do that, and that may impact

scheduling. But we need to see the contents of the order.

THE COURT: I will have Dan talk to Jonathan. Jonathan's currently down watching two of the chief judges sign my calendars so he has an idea what those are when we change over. So Dan is playing law clerk, and he will ask Jonathan to follow up on it. Because I signed it whatever one of the days --

MR. FERRARIO: All right. Thank you, Your Honor.

MR. KRUM: Thank you.

THE COURT: All right. Goodbye.

THE PROCEEDINGS CONCLUDED AT 9:12 A.M.

* * * * *

RDI-A08602

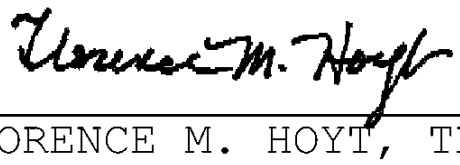
CERTIFICATION

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

AFFIRMATION

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

FLORENCE HOYT
Las Vegas, Nevada 89146



FLORENCE M. HOYT, TRANSCRIBER

12/6/16

DATE

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Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

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. No. XI **Coordinated with:** Case No. P 14-082942-E Dept. XI Case No. A-16-735305-B Dept. XI
In the Matter of the Estate of JAMES J. COTTER, Deceased.	**READING INTERNATIONAL, INC.'S ANSWER TO PLAINTIFF'S SECOND AMENDED COMPLAINT**
JAMES J. COTTER, JR., Plaintiff, v. READING INTERNATIONAL, INC., a Nevada corporation; DOES 1-100, and ROE ENTITIES, 1-100, inclusive, Defendants.	

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NOMINAL DEFENDANT'S ANSWER TO PLAINTIFF'S SECOND AMENDED COMPLAINT

Nominal Defendant Reading International, Inc. ("Nominal Defendant" or "RDI") hereby sets forth the following Answer to the Second Amended Verified Complaint, filed by Plaintiff on September 2, 2016 ("Complaint"). Any allegation, averment, contention or statement in the Complaint not specifically and unequivocally admitted is denied. Nominal Defendant responds to each of the paragraphs of the Complaint as follows:

RESPONSE TO "NATURE OF THE CASE"

1. RDI denies the allegations of paragraph 1 of the Complaint.

2. RDI denies the allegations of paragraph 2 of the Complaint.

3. RDI denies the allegations of paragraph 3 of the Complaint.

4. RDI denies the allegations of paragraph 4 of the Complaint

5. RDI denies the allegations of paragraph 5 of the Complaint.

6. RDI denies the allegations of paragraph 6 of the Complaint.

7. RDI denies the allegations of paragraph 7 of the Complaint.

8. RDI denies the allegations of paragraph 8 of the Complaint.

9. RDI denies the allegations of paragraph 9 of the Complaint.

10. RDI admits that Ellen Cotter and Margaret Cotter acting in their capacity as the Co-Executors of the Estate of James J. Cotter, Sr. ("Estate") exercised on behalf of the Estate an option to acquire 100,000 shares of RDI Class B Voting Stock. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant, defers to the answers filed on behalf of the individual defendants. RDI denies the allegations in paragraph 10 in all other respect.

11. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant, defers to the answers filed on behalf of the individual defendants. RDI denies the allegations in paragraph 11 in all other respect.

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12. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant, defers to the answers filed on behalf of the individual defendants. RDI denies the allegations in paragraph 12 in all other respect.

13. RDI denies the allegations of paragraph 13 of the Complaint.

14. RDI admits Ellen Cotter was appointed CEO following the termination of James Cotter, Jr. as President and CEO, that RDI retained Korn Ferry to conduct a search for a permanent CEO and that Ellen Cotter was approved by RDI's board to be the company's permanent CEO. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant, defers to the answers filed on behalf of the individual defendants. RDI denies the allegations in paragraph 14 in all other respect.

15. RDI admits Margaret Cotter was appointed as an executive Vice President of RDI and has responsibilities for real estate development in New York. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant, defers to the answers filed on behalf of the individual defendants. RDI denies the allegations in paragraph 15 in all other respect.

16. RDI admits it received an unsolicited expression of interest from a third party. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant, defers to the answers filed on behalf of the individual defendants. RDI denies the allegations in paragraph 16 in all other respect.

17. RDI admits that, at all times relevant hereto, James Cotter, Jr. was and is a stockholder of RDI. RDI admits that James Cotter, Jr. has been a director of RDI. RDI admits that James Cotter, Jr. was appointed Vice Chairman of RDI's Board of Directors, then later President of RDI. RDI admits that James Cotter, Jr. was appointed CEO by RDI's Board of Directors after James Cotter, Sr. resigned from that position. RDI admits that James Cotter, Jr. is the son of the late James Cotter, Sr. and the brother of Ellen Cotter and Margaret Cotter. RDI admits that there is a dispute regarding stock held by the James J. Cotter Living Trust, dated

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August 1, 2006. RDI denies the allegations of paragraph 17 of the Complaint in all other respects.

18. RDI admits that Margaret Cotter is a director of RDI. RDI admits that Margaret Cotter is the owner and President of OBI, LLC, a company that, until recently, provided theater management services to live theaters indirectly owned by RDI through Liberty Theatres, LLC, of which Margaret Cotter is President. RDI admits that Margaret Cotter has been and is involved in development of real estate in New York owned directly or indirectly by RDI. RDI denies the allegations of paragraph 18 of the Complaint in all other respects.

19. RDI admits that Ellen Cotter is and at all times relevant hereto was a director of RDI and now serves as the CEO of RDI. RDI denies the allegations of paragraph 19 of the Complaint in all other respects.

20. RDI admits that Edward Kane is an outside director of RDI. RDI admits that Edward Kane has been a director of RDI since approximately October 15, 2009. RDI admits that Edward Kane was a friend of James Cotter, Sr.. RDI denies the allegations of paragraph 20 of the Complaint in all other respects.

21. RDI admits that Guy Adams is an outside director of RDI. RDI denies the allegations of paragraph 21 of the Complaint in all other respects.

22. RDI admits that Douglas McEachern is an outside director of RDI. RDI denies the allegations of paragraph 22 of the Complaint in all other respects.

23. RDI admits that William Gould is an outside director of RDI. RDI denies the allegations of paragraph 23 of the Complaint in all other respects.

24. RDI admits that Judy Codding is an outside director of RDI. RDI denies the allegations of paragraph 24 of the Complaint in all other respects.

25. RDI admits that Michael Wrotniak is an outside director of RDI. RDI denies the allegations of paragraph 25 of the Complaint in all other respects.

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26. RDI admits it is a Nevada corporation. Defendants admit that RDI has two classes of stock—Class A stock and Class B stock. The other allegations of paragraph 25 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 26 of the Complaint.

27. RDI denies the allegations of paragraph 27 of the Complaint.

RESPONSE TO "ALLEGATIONS COMMON TO ALL CLAIMS"

28. RDI admits that, since approximately 2000 and until he resigned as Chairman and CEO of RDI, James J. Cotter, Sr. was the CEO and Chairman of the Board of Directors of RDI. RDI denies the allegations of paragraph 28 of the Complaint in all other respects.

29. RDI denies the allegations of paragraph 29 of the Complaint,

30. RDI denies the allegations of paragraph 30 of the Complaint.

31. RDI admits that James J. Cotter, Jr., attended management meetings in 2005, was appointed as Vice Chair of RDI's board in 2007 and appointed as President of RDI in June 2013. RDI denies the allegations in paragraph 31 of the Complaint in all other respects.

32. RDI admits James J. Cotter Sr. passed on September 13, 2014. The allegations in the trust and estate litigation speak for themselves. RDI denies the allegations in paragraph 32 of the Complaint in all other respects.

33. RDI admits that, as President and CEO of RDI, James Cotter, Jr. had disagreements with his sisters regarding RDI. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 33 of the Complaint in all other respects.

34. RDI denies the allegation of paragraph 34 of the Complaint.

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35. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 35 of the Complaint in all other respects.

36. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 36 of the Complaint in all other respects.

37. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 37 of the Complaint in all other respects.

38. To the extent that the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. To the extent the allegations of paragraph 38 of the Complaint are purportedly based on written documents, the documents speak for themselves. RDI denies the remaining allegations of paragraph 38 of the Complaint.

39. RDI admits that, in October 2014, it reimbursed Ellen Cotter $50,000 for income taxes she incurred as a result of her exercise of stock options as further detailed in RDI's public filings RDI denies the allegations of paragraph 39 of the Complaint in all other respects.

40. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 40 of the Complaint in all other respects.

41. RDI denies the allegations of paragraph 41 of the Complaint.

42. RDI admits that, on or about January 15, 2015, RDI's Board of Directors approved purchase of directors and officers insurance policy. RDI denies the allegations of paragraph 42 of the Complaint in all other respects.

43. RDI admits that the quoted resolutions were approved. RDI denies the allegations of paragraph 43 of the Complaint in all other respects.

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44. RDI admits the price of RDI stock has varied over time. RDI denies the allegations in paragraph 44 in all other respects.

45. The allegations of paragraph 45 of the Complaint are purportedly based on written documents which speak for themselves. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 45 of the Complaint, and therefore denies them.

46. RDI admits the price of RDI stock has varied over time. RDI is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 46 of the Complaint, and therefore denies them.

47. RDI admits the price of RDI stock has varied over time. RDI is without knowledge or information sufficient to form a belief as to the truth of the remaining allegations of paragraph 47 of the Complaint, and therefore denies them.

48. RDI denies the allegations of paragraph 48 of the Complaint.

49. RDI denies the allegations of paragraph 49 of the Complaint.

50. RDI admits Tim Storey worked as an ombudsman with James Cotter Jr., RDI denies the allegations of paragraph 50 of the Complaint in all other respects.

51. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 51 of the Complaint in all other respects.

52. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 52 of the Complaint, in all other respects.

53. RDI admits that discussions took place between Margaret Cotter and RDI regarding her retention as a full time employee of RDI. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to

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the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 53 of the Complaint, in all other respects.

54. RDI admits that the non-Cotter directors sought additional compensation for time expended on RDI matters. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 54 of the Complaint, in all other respects.

55. RDI admits that former director Storey resides in New Zealand and that Storey traveled between New Zealand and Los Angeles on RDI business. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 55 of the Complaint, in all other respects.

56. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 56 of the Complaint, and therefore denies them.

57. The allegations of paragraph 57 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 57 of the Complaint.

58. RDI admits that the Stomp Producers gave a purported notice of termination of Stomp's lease at the Orpheum Theatre on or about April 23, 2015. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 58 of the Complaint in all other respects.

59. The allegations of paragraph 59 of the Complaint are purportedly based on written documents which speak for themselves. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed

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on behalf of the individual defendants. RDI denies the allegations of paragraph 59 of the Complaint, in all other respects.

60. RDI denies the allegations of paragraph 60 of the Complaint.

61. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 61 of the Complaint, in all other respects.

62. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 62 of the Complaint, in all other respects.

63. RDI denies the allegations of paragraph 63 of the Complaint.

64. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 64 of the Complaint, in all other respects.

65. RDI denies the allegations of paragraph 65 of the Complaint, and therefore denies them.

66. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 66 of the Complaint, and therefore denies them.

67. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 67 of the Complaint, in all other respects.

68. RDI denies the allegations of paragraph 68 of the Complaint.

69. RDI denies the allegations of paragraph 69 of the Complaint.

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70. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 70 of the Complaint, in all other respects.

71. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 71 of the Complaint, in all other respects.

72. RDI admits that Ellen Cotter distributed an agenda for the May 21, 2015 RDI board meeting on or about May 19, 2015, and that the first action item on the agenda was entitled "Status of President and CEO." RDI denies the remaining allegations of paragraph 72 of the Complaint.

73. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 73 of the Complaint, in all other respects.

74. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 74 of the Complaint, in all other respects.

75. RDI denies the allegations of paragraph 75 of the Complaint.

76. RDI denies the allegations of paragraph 76 of the Complaint.

77. RDI admits that James Cotter, Jr. was not terminated at the May 21, 2015 board meeting. RDI denies the allegations of paragraph 77 of the Complaint, in all other respects.

78. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 78 of the Complaint, and therefore denies them.

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79. RDI admits EC sent an email to RDI Directors on May 27, 2015. The email is a document of independent significance and speaks for itself.

80. RDI denies the allegations of paragraph 80 of the Complaint.

81. The allegations of paragraph 81 of the Complaint are purportedly based on written documents, which speak for themselves. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the remaining allegations of paragraph 81 of the Complaint, in all other respects.

82. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 82 of the Complaint in all other respects.

83. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 83 of the Complaint in all other respects.

84. To the extent the allegations in this paragraph relate to action taken in board meetings, the minutes of the meetings are the best evidence of the same. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 84 of the Complaint in all other respects.

85. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 85 of the Complaint in all other respects.

86. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 86 of the Complaint in all other respects.

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87. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 87 of the Complaint in all other respects.

88. RDI admits that the RDI Board meeting reconvened. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 88 of the Complaint, in all other respects.

89. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 89 of the Complaint, and therefore denies the same.

90. RDI is without knowledge or information sufficient to form a belief as to the truth of the allegations of paragraph 90 of the Complaint, and therefore denies the same.

91. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 91 of the Complaint in all other respects.

92. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 92 of the Complaint in all other respects.

93. The allegations of paragraph 93 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 93 of the Complaint.

94. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 94 of the Complaint, in all other respects.

95. RDI denies the allegations of paragraph 95 of the Complaint.

96. RDI denies the allegations of paragraph 96 of the Complaint.

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97. RDI denies the allegations of paragraph 97 of the Complaint.

98. RDI denies the allegations of paragraph 98 of the Complaint.

99. RDI denies the allegations of paragraph 99 of the Complaint.

100. RDI denies the allegations of paragraph 100 of the Complaint, and therefore deny them.

101. Documents filed with the SEC are of independent significance and speak for themselves. RDI denies the remaining allegations of paragraph 101 of the Complaint and its subparts.

102. RDI admits Class B Voting Stock is held in the name of James J. Cotter Living Trust and that litigation is pending. RDI denies the allegations of paragraph 102 of the Complaint in all other aspects.

103. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 103 of the Complaint in all other respects.

104. RDI denies the allegations of paragraph 104 of the Complaint.

105. RDI denies the allegations of paragraph 105 of the Complaint.

106. RDI denies the allegations of paragraph 106 of the Complaint.

107. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 107 of the Complaint in all other respects.

108. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 108 of the Complaint in all other respects.

109. The allegations of paragraph 109 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 109 of the Complaint.

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110. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 110 of the Complaint, in all other respects.

111. The allegations of paragraph 111 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 111.

112. RDI denies the allegations of paragraph 112 of the Complaint.

113. RDI denies the allegations of paragraph 113 of the Complaint.

114. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 114 of the Complaint, in all other respects.

115. The allegations of paragraph 115 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 115 of the Complaint.

116. The allegations of paragraph 116 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 116 of the Complaint.

117. The allegations of paragraph 117 of the Complaint are purportedly based on written documents, which speak for themselves. RDI denies the remaining allegations of paragraph 117 of the Complaint.

118. RDI denies the allegations of paragraph 118 of the Complaint.

119. RDI denies the allegations of paragraph 119 of the Complaint.

120. RDI denies the allegations of paragraph 120 of the Complaint.

121. RDI denies the allegations of paragraph 121 of the Complaint.

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122. RDI denies the allegations of paragraph 122 of the Complaint.

123. RDI denies the allegations of paragraph 123 of the Complaint.

124. RDI admits that Mary Cotter knows Judy Codding. RDI denies the allegations of paragraph 124 of the Complaint in all other respects.

125. RDI admits that, on October 5, 2015, Judy Codding was made a director of RDI. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 125 of the Complaint in all other respects.

126. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 126 of the Complaint in all other respects.

127. RDI denies the allegations of paragraph 127 of the Complaint.

128. RDI denies the allegations of paragraph 128 of the Complaint.

129. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 129 of the Complaint in all other respects.

130. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 130 of the Complaint in all other respects.

131. RDI admits Michael Wrotniak was nominated as a director of RDI. RDI denies the allegations of paragraph 131 of the Complaint in all other respects.

132. RDI denies the allegations of paragraph 132 of the Complaint.

133. RDI admits Michael Wrotniak was nominated as a director of RDI. RDI denies the allegations of paragraph 133 of the Complaint in all other respects.

134. RDI denies the allegations of paragraph 134 of the Complaint.

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135. RDI admits is issued a Proxy Statement which is a written document, which speaks for itself. RDI denies the remaining allegations of paragraph 135 of the Complaint.

136. RDI admits is issued a Proxy Statement which is a written document, which speaks for itself. RDI denies the remaining allegations of paragraph 136 of the Complaint.

137. RDI admits a Board meeting was held on June 30, 2015 and that a CEO Search Committee was formed. RDI denies the allegations of paragraph 137 of the Complaint in all other respects.

138. RDI admits that Korn Ferry was selected as an outside search firm. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 138 of the Complaint in all other respects.

139. RDI admits Korn Ferry interviewed candidates for the position of CEO. Defendants deny the allegations of paragraph 139 of the Complaint. To the extent the allegations of paragraph 139 of the Complaint are purportedly are based on written documents, such documents speak for themselves. RDI denies the remaining allegations in paragraph 139.

140. RDI admits Ellen Cotter resigned from the CEO Search Committee and decided to be a candidate for the positions of President and CEO of RDI. RDI denies the allegations in paragraph 140 of the complaint in all other respects.

141. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 141 of the Complaint in all other respects.

142. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 142 of the Complaint in all other respects.

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143. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 143 of the Complaint in all other respects.

144. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 144 of the Complaint in all other respects.

145. RDI admits the allegations of paragraph 145 of the Complaint.

146. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 146 of the Complaint in all other respects.

147. The allegations of paragraph 147 of the Complaint are purportedly based on written documents which speak for themselves. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 147 of the Complaint, in all other respects.

148. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 148 of the Complaint in all other respects.

149. RDI admits Margaret Cotter was appointed as an Executive Vice President of RDI and has real estate responsibilities in New York. RDI denies the allegations in paragraph 149 of the Complaint in all other respects.

150. RDI admits the allegations of paragraph 150 of the Complaint.

151. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 151 of the Complaint in all other respects.

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152. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 152 of the Complaint in all other respects.

153. To the extent the allegations in this paragraph relate to the actions of individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 153 of the Complaint in all other respects.

154. RDI admits it received an unsolicited expression of interest from a third party. RDI denies the allegations of paragraph 154 of the Complaint in all other respects.

155. The allegations of paragraph 155 of the Complaint are purportedly based on written documents which speak for themselves. To the extent the allegations in this paragraph relate to the actions of the individual defendants, RDI as a nominal defendant defers to the answers filed on behalf of the individual defendants. RDI denies the allegations of paragraph 155 of the Complaint, in all other respects.

156. RDI admits the unsolicited expression of interest of was distributed to RDI Board Members and a meeting was held on June 2, 2016. RDI denies the allegations of paragraph 156 of the Complaint in all other respects.

157. RDI admits its Board of Directors reconvened on June 23, 2016 and that the majority of its Board agreed the price offered was not adequate. RDI denies the allegations of paragraph 157 of the Complaint in all other respects.

158. RDI denies the allegations of paragraph 158 of the Complaint.

159. RDI denies the allegations of paragraph 159 of the Complaint.

160. RDI denies the allegations of paragraph 160 of the Complaint.

161. RDI denies the allegations of paragraph 161 of the Complaint.

162. RDI denies the allegations of paragraph 162 of the Complaint.

163. RDI denies the allegations of paragraph 163 of the Complaint.

164. RDI denies the allegations of paragraph 164 of the Complaint.

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165. RDI denies the allegations of paragraph 165 of the Complaint.

166. RDI denies the allegations of paragraph 166 of the Complaint.

167. RDI denies the allegations of paragraph 167 of the Complaint.

168. RDI denies the allegations of paragraph 168 of the Complaint.

169. RDI denies the allegations of paragraph 169 of the Complaint.

170. RDI denies the allegations of paragraph 170 of the Complaint.

171. RDI denies the allegations of paragraph 171 of the Complaint.

172. RDI denies the allegations of paragraph 172 of the Complaint.

RESPONSE TO "FIRST CAUSE OF ACTION

(For Breach of Fiduciary Duty – Against All Defendants)"

173. RDI reasserts and incorporates its responses to paragraphs 1 through 173 of the Complaint.

174. The allegations of paragraph 174 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 174 of the Complaint are denied.

175. The allegations of paragraph 175 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 175 of the Complaint are denied.

176. RDI denies the allegations of paragraph 176 of the Complaint.

177. RDI denies the allegations of paragraph 177 of the Complaint.

178. RDI denies the allegations of paragraph 178 of the Complaint.

179. RDI denies the allegations of paragraph 179 of the Complaint.

RESPONSE TO "SECOND CAUSE OF ACTION

(Breach of Fiduciary Duty – Against All Defendants)"

180. RDI reasserts and incorporates its responses to paragraphs 1 through 180 of the Complaint.

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181. The allegations of paragraph 181 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 181 of the Complaint are denied.

182. The allegations of paragraph 182 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 182 of the Complaint are denied.

183. RDI denies the allegations of paragraph 183 of the Complaint.

184. RDI denies the allegations of paragraph 184 of the Complaint.

185. RDI denies the allegations of paragraph 185 of the Complaint.

186. RDI denies the allegations of paragraph 186 of the Complaint.

RESPONSE TO "SECOND CAUSE OF ACTION

(Breach of Fiduciary Duty – Against All Defendants)"

187. RDI reasserts and incorporates its responses to paragraphs 1 through 187 of the Complaint.

188. The allegations of paragraph 188 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 188 of the Complaint are denied.

189. The allegations of paragraph 189 of the Complaint constitute conclusions of law to which no responsive pleading is required. To the extent a response is deemed required, the allegations of paragraph 189 of the Complaint are denied.

190. RDI denies the allegations of paragraph 190 of the Complaint.

191. RDI denies the allegations of paragraph 191 of the Complaint.

192. RDI denies the allegations of paragraph 192 of the Complaint.

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RESPONSE TO "THIRD CAUSE OF ACTION

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

193. RDI reasserts and incorporates its responses to paragraphs 1 through 193 of the Complaint.

194. Nominal Defendant RDI is not a party to this cause of action and as such, no response is required. To the extent the Court deems a response necessary, RDI denies the allegations of paragraph 194 of the Complaint.

195. Nominal Defendant RDI is not a party to this cause of action and as such, no response is required. To the extent the Court deems a response necessary, RDI denies the allegations of paragraph 195 of the Complaint.

196. Nominal Defendant RDI is not a party to this cause of action and as such, no response is required. To the extent the Court deems a response necessary, RDI denies the allegations of paragraph 196 of the Complaint.

197. Nominal Defendant RDI is not a party to this cause of action and as such, no response is required. To the extent the Court deems a response necessary, RDI denies the allegations of paragraph 197 of the Complaint.

198. Nominal Defendant RDI is not a party to this cause of action and as such, no response is required. To the extent the Court deems a response necessary, RDI denies the allegations of paragraph 198 of the Complaint.

199. RDI denies the allegations of paragraph 199 of the Complaint.

200. RDI denies the allegations of paragraph 200 of the Complaint.

Irreparable Harm

201. RDI denies the allegations of paragraph 201 of the Complaint.

202. RDI denies the allegations of paragraph 202 of the Complaint.

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RESPONSE TO "PRAYER FOR RELIEF"

203. Responding to the unnumbered WHEREFORE paragraph following paragraph 203 of the Complaint, RDI admit that Plaintiff demands and prays for judgment as set forth therein, but denies that it caused or contributed to Plaintiff's or RDI's alleged injuries and further denies that Defendants are liable for damages or any other relief sought in the Complaint.

AFFIRMATIVE DEFENSES

Subject to the responses above, RDI alleges and assert the following defenses in response to the allegations, undertaking the burden of proof only as to those defenses deemed affirmative defenses by law, regardless of how such defenses are denominated herein. In addition to the affirmative defenses described below, subject to their responses above, RDI specifically reserves all rights to allege additional affirmative defenses that become known through the course of discovery.

1. FAILURE TO STATE A CLAIM

The Complaint, and each purported cause of action therein, is barred, in whole or in part, for failure to state a claim.

2. FAILURE TO MAKE DEMAND

Plaintiff has failed to make a demand prior to filing the purported derivative suit.

3. CORPORATE GOVERANCE

Plaintiff's claims are barred because RDI has at all times acted, through its Board of Directors, in good faith consistent with corporate governance standards.

4. IRREPAIRABLE HARM TO COMPANY

Plaintiff's claims are barred because RDI would be irreparably harmed by the relief Plaintiff seeks.

5. STATUTES OF LIMITATIONS AND REPOSE

The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the applicable statutes of limitations and/or statutes of repose.

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6. UNCLEAN HANDS

The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrine of unclean hands.

7. SPOLIATION

The Complaint, and each purported cause of action therein, is barred, in whole or in part, by Plaintiff's spoliation of evidence and obstruction of justice.

8. WAIVER, ESTOPPEL, AND ACQUIESCENCE

The Complaint, and each purported cause of action therein, is barred, in whole or in part, by the doctrines of waiver, estoppel, and acquiescence because Plaintiff's acts, conduct, and/or omissions are inconsistent with his requests for relief.

9. RATIFICATION AND CONSENT

The Complaint, and each purported cause of action therein, is barred, in whole or in part, because any purportedly improper acts by RDI, if any, were ratified by Plaintiff and his agents, and/or because Plaintiff consented to the same.

10. NO UNLAWFUL ACTIVITY

The Complaint, and each purported cause of action therein, is barred, in whole or in part, because to the extent any of the activities alleged in the Complaint actually occurred, those activities were not unlawful.

11. PRIVILEGE AND JUSTIFICATION

The Complaint, and each purported cause of action therein, is barred, in whole or in part, because the actions complained of, if taken, were at all times reasonable, privileged, and justified.

12. GOOD FAITH AND LACK OF FAULT

The Complaint, and each purported cause of action therein, is barred, in whole or in part, because, at all times material to the Complaint, RDI acted in good faith and with innocent intent.

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13. NO ENTITLEMENT TO INJUNCTIVE RELIEF

Plaintiff is not entitled to injunctive relief because, among other things, he has not suffered irreparable harm, he has an adequate remedy at law, and injunctive relief is not supported by any purported cause of action alleged in the Complaint and is not warranted by the balance of the hardships and/or any other equitable factors.

14. DAMAGES TOO SPECULATIVE

Plaintiff is not entitled to damages of any kind or in any sum or amount whatsoever as a result of RDI's acts or omissions alleged in the Complaint because any damages sought are speculative, uncertain and not recoverable.

15. MITIGATION OF DAMAGES

Plaintiff has failed to properly mitigate the damages, if any, he has sustained, and by virtue thereof, Plaintiff is barred, in whole or in part, from maintaining the causes of action asserted in the Complaint against RDI.

16. COMPARATIVE FAULT

Plaintiff's recovery is barred, in whole or in part, based on principles of comparative fault, including Plaintiff's own comparative fault.

17. EQUITABLE ESTOPPEL

The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, by the doctrine of equitable estoppel.

18. NEVADA REVISED STATUTE 78.138

The Complaint, and each purported cause of action alleged therein, is barred, in whole or part, by Nevada Revised Statute 78.138, which provides that a director or officer is not individually liable to the corporation or its stockholders or creditors for any damages as a result of any act or failure to act in his or her capacity as a director or officer unless it is proven that: (a) the director's or officer's act or failure to act constituted a breach of his or her fiduciary

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duties as a director or officer; and (b) the breach of those duties involved intentional misconduct, fraud or a knowing violation of law.

19. CONFLICT OF INTERST AND UNSUITABLITY TO SERVE AS REPRESENTATIVE

The Complaint, and each purported cause of action alleged therein is barred, in whole or Part because Plaintiff has a conflict of interest and is unsuitable to serve as a derivative representative.

WHEREFORE, RDI requests that Plaintiff's Second Amended Complaint be dismissed in its entirety with prejudice, that judgment be entered in favor of RDI, that RDI be awarded costs and, to the extent provided by law, attorney's fees, and any such other relief as the Court may deem proper.

DATED this 20th day of December, 2016.

GREENBERG TRAURIG, LLP

/s/ Kara B. Hendricks
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CERTIFICATE OF SERVICE

Pursuant to Nev. R. Civ. P. 5(b)(2)(D) and E.D.C.R. 8.05, I certify that on this day, I caused a true and correct copy of the forgoing ***Reading International, Inc.'s Answer to Second Amended Complaint*** to be filed and served via the Court's Wiznet E-Filing system. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED this 20th day of December, 2016.

/s/ Andrea Lee Rosehill

AN EMPLOYEE OF GREENBERG TRAURIG, LLP

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CLERK OF THE COURT

ORDR
Mark G. Krum (SBN 10913)
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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,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Plaintiffs,

vs.

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

Defendants.

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

Coordinated with:

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

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

Jointly Administered

Business Court

[PROPOSED] ORDER REGARDING DEFENDANTS' MOTIONS FOR PARTIAL SUMMARY JUDGMENT NOS. 1–6 AND MOTION *IN LIMINE* TO EXCLUDE EXPERT TESTIMONY

Date of Hearing: October 27, 2016
Time of Hearing: 8:30 a.m.

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

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

THESE MATTERS HAVING COME BEFORE the Court on October 27, 2016, Mark G. Krum appearing for plaintiff James J. Cotter, Jr. ("Plaintiff"); H. Stanley Johnson, Christopher Tayback, and Marshall M. Searcy appearing for defendants Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, Edward Kane, Judy Codding and Michael Wrotniak; Mark E. Ferrario and Kara Hendricks appearing for Reading International, Inc.; and Ekwan Rhow, Shoshana E. Bannett appearing for William Gould, on the following motions:

- Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims;
- Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: The Issue of Director Independence;
- Individual Defendants' Motion for Partial Summary Judgment (No. 3) On Plaintiff's Claims Related to the Purported Unsolicited Offer;
- Individual Defendants' Motion for Partial Summary Judgment (No. 4) On Plaintiff's Claims Related to the Executive Committee;
- Individual Defendants' Motion for Partial Summary Judgment (No. 5) On Plaintiff's Claims Related to the Appointment of Ellen Cotter as CEO;
- 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; and
- Defendants' Motion *In Limine* to Exclude Expert Testimony of Myron Steele, Tiago Duarte-Silva, Richard Spitz, Albert Nagy, and John Finnerty;

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

IT IS HEREBY ORDERED THAT the Motion for Partial Summary Judgment No. 1 is DENIED. There are genuine issues of material fact as to the issues related to interested directors participating in the process.

IT IS FURTHER ORDERED THAT Rule 56(f) relief is GRANTED with respect to Motion for Partial Summary Judgment No. 2, and supplemental briefing will be discussed once the relevant discovery is complete. The independence issue needs to be evaluated on a transaction or action-by-action basis, because the independence related to each needs to be separately evaluated; even though facts overlap, the Court cannot evaluate this in a vacuum. Motion for Partial Summary Judgment No. 2 is CONTINUED pending Plaintiff's submission of a supplemental opposition.

IT IS FURTHER ORDERED THAT Rule 56(f) relief is GRANTED with respect to Motion for Partial Summary Judgment No. 3, because depositions have not been completed and the relevant documents have not been produced. Motion for Partial Summary Judgment No. 3 is CONTINUED pending Plaintiff's submission of a supplemental opposition.

IT IS FURTHER ORDERED THAT Motion for Partial Summary Judgment No. 4 is GRANTED IN PART. As to the formation and revitalization (activation) of the Executive Committee, the motion is GRANTED; as to utilization of the committee, the motion is DENIED. Formation and revitalization includes a decision by the company to make use of their previously dormant Executive Committee and put people on that Executive Committee.

IT IS FURTHER ORDERED THAT Rule 56(f) relief is granted with respect to Motion for Partial Summary Judgment No. 5. Motion for Partial Summary Judgment No. 5 is CONTINUED pending Plaintiff's submission of a supplemental opposition.

IT IS FURTHER ORDERED THAT Rule 56(f) relief is granted with respect to Motion for Partial Summary Judgment No. 6. Motion for Partial Summary Judgment No. 6 is CONTINUED pending Plaintiff's submission of a supplemental opposition.

IT IS FURTHER ORDERED THAT the Motion *in Limine* to Exclude Expert Testimony of Myron Steele, Tiago Duarte-Silva, Richard Spitz, Albert Nagy, and John Finnerty is GRANTED IN PART. With respect to Chief Justice Steele, he may testify only for the limited purpose of

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Las Vegas, NV 89169-5996

identifying what appropriate corporate governance activities would have been, including activities where directors are interested, including how to evaluate if directors are interested. As to Dr. Finnerty, the Motion *In Limine* was WITHDRAWN. As to the other experts, the motion is DENIED.

DATED this 20 day of December, 2016.

DISTRICT COURT JUDGE

Submitted by:

LEWIS ROCA ROTHGERBER CHRISTIE LLP

By: */s/ Mark G. Krum*
MARK G. KRUM (SBN 10913)
3993 Howard Hughes Pkwy., Ste. 600
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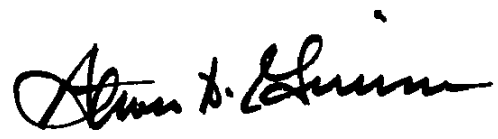


CLERK OF THE COURT

TRAN

DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

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

STATUS CHECK

THURSDAY, DECEMBER 22, 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. ERICK FOLEY, ESQ.
FOR THE DEFENDANTS:	BLAIR PARKER, ESQ. MARSHALL M. SEARCY, ESQ. MARK E. FERRARIO, ESQ.

LAS VEGAS, NEVADA, THURSDAY, DECEMBER 22, 2016, 9:12 A.M.

(Court was called to order)

THE COURT: I'm going to Cotter, unless there's someone here on something else. Anyone on anything else?

(Off-record colloquy)

MR. KRUM: Good morning, Your Honor. Thank you. Mark Krum and Erick Foley for plaintiff James J. Cotter, Jr. I assume you were able to read our reply materials that arrived yesterday afternoon.

THE COURT: Yes. I'd hoped to see them by noon, but we told you you could have till 3:00.

MR. KRUM: I apologize. We had hoped to have them out and to you by noon.

Very well. So, as happens from time to time as I sit and don't always listen to the prior matters, I make more notes, and so my presentation gets longer. But I will bear in mind that you've read briefing about these issues for three motions now, much of which I suspect misses the point perspective, but let me see if I can get to that.

Contextually, as Your Honor knows, on August 30 you granted our motion to compel on the so-called advice of counsel motion. You prepared your own order after receiving competing orders from counsel, and that was entered on October 3. That list -- there's a prefatory introduction, and then there are six numbered paragraphs that follow. For example,

paragraph 1 says, "Any and all documents or communications to or from Tompkins concerning the 100,000 share option and EC and MC's rider ability as executors of the estate to exercise the option."

Paragraph 2 is the same, except for it replaces Tompkins with Ellis. Paragraph 3 replaces Tompkins with Greenberg Traurig, and the same sort of thing happens in the other three paragraphs.

And the point of that is that the order identified communications with three sets of lawyers as communications which were to be produced insofar as they concern the subject matter referenced in the order, which, of course, is the 100,000 share option.

THE COURT: No. What it related to, and you will recall this, is communications that occurred related to the 100,000 share option.

MR. KRUM: I beg your pardon?

THE COURT: So it wasn't just the documents related to that option, it was the communications that were obtained by the gentleman who testified in his deposition, I can't remember if it was Mr. Adams or Mr. Kane, that he asked for advice from an attorney. And I was unclear during that motion practice who that attorney was and how broad that went.

MR. KRUM: Right. I understand. I agree with what you said, and I understand. And it appeared to me as I worked

through this on the reply that the point on which I need to focus or the point from which you would like to hear from us is what you just said, which is which attorney or attorneys. And, of course, as you know, the order entered following the motion to reconsider eliminates the attorneys and refers to a single Greenberg Traurig memorandum.

So let me speak to that question, Your Honor, who were the lawyers. And we quoted this a few times, but it's -- to answer that question I'm going to quote it again. Mr. Adams testified as follows. Question, "Did you ask Ellen Cotter -- what did you do to ascertain that the 100,000 share option was her asset?" "I informed myself through counsel," is the answer. Then Mr. Tayback, Mr. Searcy's partner, interposes an objection, and the witness clarifies his answer. "I conferred with legal counsel." And then Mr. Krum asked a brilliant question, I'm being self deprecating, "Who?" And the answer is, "Craig Tompkins, Greenberg Traurig, and Bill Ellis."

Later I asked Mr. Adams, "But you relied on this particular Greenberg Traurig memo in connection with making the decision to vote as a member of the compensation committee to allow Ellen and Margaret Cotter as executors to exercise the supposed option to acquire 100,000 shares of Class B voting stock; is that right?" Answer, "Yes, in addition to Craig Tompkins and Bill Ellis."

So I submit, Your Honor, that the testimony by Mr. Adams is perfectly clear. He made sure that he identified those three sets of lawyers, Tompkins, a lawyer; Ellis, a lawyer; and the Greenberg Traurig law firm. And so, of course, Your Honor, the privilege logs of Adams and Kane, by our count between 200 and 300 entries that refer to exercise of stock option and communications between Tompkins on the one hand and Kane and Adams on the other and Ellis on the one hand and Kane and Adams on the other, and I think Greenberg Traurig, as well. And so, Your Honor, we understood the October order to include those communications. But we don't know what they are, and there's no way to know what they are, because I couldn't sit there and ask them to identify it, because they wouldn't know. I could say, here, look through dozens of privilege log entries.

And so the question is how was that determination made. Who gets to make it? Who should make it? Your Honor, we submit that it must be made by the Court, not by counsel for the defendants. And that from our perspective is part of the problem with the December order, because it says, "To the extent that Messrs. Kane and Adams testified that they relied solely on the advice of counsel...." How is that going to be determined? I thought you determined that. I thought you made it perfectly clear that --

THE COURT: Mr. Krum, it's the same thing as I said

before. In the first order it says, "The motion is granted. The legal opinion referenced by Messrs. Kane and Adams in their deposition testimony as having relied upon it related to the 100,000 share option shall be produced by the defendants." And since I didn't know where that legal opinion was, I put six different categories where it included in. Because I didn't know where it was. And then you guys come back and I hear, no, it's a Greenberg Traurig memo. And it's like, okay, but then if there's anything else, you guys need to tell me. At this point I have not been told there is actually anything else for me to do an in-camera review on.

MR. KRUM: The answer, Your Honor, is you'll never know, because they're not going to say. They're not going to say, these 15 or these 150 were solely relied on by Kane and/or Adams. Why would they do that? That's giving it up. And that, Your Honor, is -- and, by the way, the other part of this at the end of the order says, "not provided to or relied on by Evans."

Here's my suggestion, Your Honor. If they received advice on the subject from the lawyers they identified as lawyers from whom they sought advice and on whose advice they relied, and that includes Tompkins and that includes Ellis, that is included in the list in your order.

THE COURT: It is.

MR. KRUM: But that's why I go back to how do we

determine that. And there's no way to determine that short of you actually looking at these documents, doing an in-camera review. And it'll be apparent, I submit, if the communication from Tompkins or the communication from Ellis concerns the issues with which you're fully familiar now after three rounds of briefing.

And I want to say one other thing on the subject of the issues, because we have a whole new set of briefing and argument here on this motion. For the first time the defendants argue, oh, no, no, the only issue as to which Kane and Adams sought advice was whether Class A stock could be used as a consideration to pay for the exercise. Well, that's -- the reason they didn't make that argument in the prior two rounds of briefing is it's utter fiction. And we addressed that in the reply, Your Honor. But the scope of the issues addressed by Kane and Adams, the legal issues, the issues as to which they sought advice from Tompkins and Ellis and GT include, for example -- I'm looking now, Your Honor, at Exhibit 16 -- whether there was any legal reason why Ellen Cotter as executor could not exercise the supposed 100,000 share option. And so you saw in the deposition testimony we quoted in our reply I asked Mr. Kane, any legal reason. And I didn't make up that phraseology to have the most expansive question I could ever think of. I used that phraseology because he used it in his email.

Now, by the way, it's an April email, and they argue that this is all September. I hope that you were able to see that it began in April, when Ellen Cotter requested to exercise the option, they reached no conclusion; and there was no reason for them to rush to do so, because the annual shareholders meeting did not get scheduled as it customarily is in May and June. And then what happened in September, they scheduled the annual shareholders meeting for November, they set the record date for October 6, and if Ellen Cotter and Margaret Cotter were going to as executors own these shares and get them on the books and records of the company and be able to vote them, they had to have the option to exercise authorized.

But, Your Honor, back to the scope -- and so that's why the issue came back at the end of August. And so Exhibit 18 shows you that it's the very same issue. That has an April email and a follow on April 16, then the next email in the chain is August 30.

Your Honor, but on the issue --

THE COURT: Your time's expired, Mr. Krum.

MR. KRUM: -- it's beyond what they argue. Thank you, Your Honor.

THE COURT: Thank you.

MR. FERRARIO: Your Honor, I really don't want to go back over everything. I just want to point out one thing.

And the Court will remember that when these cases started, the estate case which is in front of you and this case, which is now in front of you, back in the summer of 2015 there was a flurry of activity in both cases and hearings set and dismissing. At one point in the estate case, and I don't know if Mr. Krum remembers this or not, there was a petition filed dealing with who could manage the assets.

THE COURT: Absolutely.

MR. FERRARIO: You remember that.

THE COURT: I do. And I was going to set a hearing, and then you guys blew me off.

MR. FERRARIO: Somebody blew you off. I don't want to be in that category. But the bottom line was as you closed that down you made it very clear that the executors of the estate, okay, were in charge of the assets of the estate. And the -- and that's kind of what set this whole thing in motion. And there was no dispute that Margaret and Ellen are the executors of the estate, and I don't believe that Mr. Krum is contesting that the options were assets of the estate. And I think he even says on page 7 of his pleading -- and Mr. Searcy pointed this out to me and I read it, it stood out to me -- "Contrary to what defendants contend, plaintiff's complaint acknowledges that the option purportedly was held by the estate." If he wanted to challenge who owned the option or who controlled it, Mr. Cotter, Jr., he should have done that

in the estate proceeding. He didn't do that.

So once you get past that, and I think we've pled this, and I'm not -- I don't want anything to be -- anything I say to be deemed a waiver, okay, but, hypothetically speaking, if the board asked, hey, what's the status of the estate proceeding, and, hypothetically speaking, a lawyer said that he was in front of Judge Gonzalez and Judge Gonzalez said X, okay, and then they moved on to consider how would you exercise this option, then, that would get to what we contend was the payment issue, can you use non-voting shares to, you know, exercise -- or as consideration for these voting shares.

So, again, we don't think this is even a derivative claim. We think we've spent too much money on this issue, quite frankly. But the Court's ruling actually goes -- has more import in other areas, quite frankly, from our perspective. So I don't have anything else to say on that other than this whole thing gets started on this false premise that I think the undercurrent was they didn't get what you said in the estate proceeding. And now we've kind of just gone all over the place on an attorney-client issue. And I don't really know what he wants at this point, to be honest with you.

THE COURT: He wants you to give up so he can win.

MR. FERRARIO: Okay. Well. So with that, we've briefed the heck out of this, you know our position. I don't

think --

THE COURT: So can I ask you a couple questions.

MR. FERRARIO: Yes. Absolutely.

THE COURT: All right. So the discussions I've had in one of the days you weren't here have had to do with my focus on the information that was relied upon by the deponents that they sought legal advice upon to try and make a good decision on how they should weigh in on the 100,000 share option. That's what I've been trying to get to. Ms. Hendricks told me there was only one memo and it was the Greenberg Traurig memo, that there were no other memos.

MR. FERRARIO: That's the only one I'm aware of. I can tell you we were asked --

THE COURT: Are there other things that arguably could be like that that are on the privilege log, these emails that are heavily redacted that Mr. Krum keeps talking about that if I reviewed I might be able to say, yes, Mr. Krum, I've looked at them, no, they're not related to the issue I've allowed testimony.

MR. FERRARIO: Again, Mark, I don't think you're going to claim waiver. Let me -- I can add some gloss to this as long -- if you're not going to claim waiver and put this in perspective.

MR. KRUM: I think there's already been a waiver.

MR. FERRARIO: Where?

THE COURT: Okay. So he says he's not going to tell you --

MR. FERRARIO: Where was the waiver? Was it today?

MR. KRUM: That's what I thought we resolved on August 30.

MR. FERRARIO: No. I'm just going to try to put some context to this, as long as you're not going to contend it's a waiver. I think everybody understands. What I believe occurred -- and I don't think there is another memo. What I think is being referred to in these emails was requests to Tompkins and Ellis to get some clarity on certain issues, and one of the issues that they were seeking clarity on was the estate issue that I just hypothetically spoke to you about.

THE COURT: No. Where I was giving you guys a hard time because you wouldn't show up for a hearing that I'd set and reserved three days for and I was pretty irritated about.

MR. FERRARIO: Yeah. You were giving everybody a hard time.

THE COURT: Yeah.

MR. FERRARIO: So that was the issue -- that was one of the issues. And the other issue that's touched on is can you use non-voting shares as consideration for the voting shares. So those were the issues. The only memo that I'm aware of that was done was the Greenberg Traurig memo that's been discussed, and that was --

THE COURT: And I've made it clear that I did not intend in ruling that that memo had to be produced to require any of the supporting or work papers to be provided. However, my point has been throughout this that the communication that was made to provide legal advice so Mr. Adams and/or Mr. Kane, whichever one it was that asked, would have the answer to his question and be able to fulfill his duties as a board member in making that decision. That's what I've been trying to focus on. I'm told there's one memo.

Mr. Krum, if you really believe some of those other items on the privilege log fall within that limited category, which is what I've tried to say in five different ways now since our first time we had this discussion, I'll look at them in camera. But my focus has been that very limited request for additional information by the deponent to the attorney and the memo that was produced to them to rely upon.

MR. KRUM: Your Honor, I don't concur with the factual gloss, but yes is my answer to your question. What we'll do is we will go back through the list that we have in the motion, we will do our very best to eliminate anything, because apparently we had at least a couple, they had two examples of where the reference was not appropriate, we will send the revised list to them so that they can weigh in on it, and then after we're done we'll send you the list --

THE COURT: You're either going to reach an

agreement on the list or you're not.

MR. KRUM: Right.

THE COURT: And then after you either reach an agreement on the list or not, you're going to communicate to me, Judge, we would like you to review X list or Y list of these documents in camera. Does that sound like an okay resolution?

MR. KRUM: Perfect. Thank you, Your Honor.

THE COURT: All right. If you're going to dispute about the list, you can send the two proposed lists to me by email, and I'll have a conference call with you. And it may be that I review the shorter list and then make a decision to review the longer list if it turns out the shorter list to me looks like stuff to be produced. But if I review the shorter list and it doesn't look like I need to produce things, then I probably won't review the longer list.

MR. KRUM: Understood.

THE COURT: Anything else?

MR. KRUM: No, Your Honor.

THE COURT: Have a lovely holiday. Goodbye.

MR. KRUM: Likewise.

THE COURT: Mr. Parker, a pleasure to have you in the courtroom.

MR. PARKER: Good to be here, Your Honor.

THE COURT: Continue all their motions.

When are you guys going to be done with discovery? You know, I lose my courtroom after December 31st, right?

MR. KRUM: We discussed that, Your Honor.

MR. FERRARIO: It won't be before then.

MR. KRUM: It won't be before then. We have some of the depositions scheduled for January. Obviously some of the depositions await resolution of the issues we argued today, so we'll get on this as quickly as we can. And I suspect that by the end of January we'll be discussing about jointly requesting a status check.

THE COURT: So I'm going to set a status conference for you to address those issues -- how does February 6th work?

MR. SEARCY: That works, Your Honor.

MR. KRUM: I'm drawing a blank on that. I think that's a problem for me, Your Honor, but I can't say why.

THE COURT: I only have a courtroom on Mondays, and I have the courtroom from 8:00 a.m. to 10:15 a.m.

MR. KRUM: May we do this? May we confer and suggest dates to you?

THE COURT: I only have Mondays.

MR. KRUM: Would it be possible to do this by phone if it --

THE COURT: It would be possible to do it by phone. I have rigged the conference room with the JAVS system so I can do conference calls in there.

MR. KRUM: Oh, my. We'll jointly suggest a date, Your Honor.

THE COURT: Chief judges don't get courtrooms. I didn't --

MR. FERRARIO: So if we try a case now in front of the chief judge, is it that floating system that we had a while back where we kind of end up --

THE COURT: Remember courtroom sharing?

MR. FERRARIO: I do remember. It was horrible. That's what we're doing now?

THE COURT: I haven't said that's what we're doing yet. There may be other options for you that you haven't thought about.

MR. KRUM: One other thing. And I may be ahead of the curve here. I'm going to speak to counsel when we get out in the hallway. They've issued a subpoena to third parties for testimony and deposition -- testimony and documents in January, and we'll meet and confer about that. We may have motion practice between now and --

MR. FERRARIO: Are you talking about that one on the High Point?

MR. KRUM: Yes.

THE COURT: I've only got Mondays.

MR. KRUM: Understood, Your Honor.

THE COURT: That's the only hearing day I have where

you can come into a room and we can have this kind of interchange.

MR. FERRARIO: What room are we going into?

THE COURT: Judge Togliatti's courtroom, which is 10C.

MR. KRUM: Okay. Thank you.

THE COURT: But that's only on Monday mornings. I do have a conference room, but, frankly, the way your group ends up it's hard to have everything.

MR. FERRARIO: The conference room in the chief judge's office is what we've got?

THE COURT: There is a conference room. The chief judge doesn't get a courtroom, they get this really big conference room.

MR. FERRARIO: They get the palatial office suite.

THE COURT: With the same view I had when I was at Beckley Singleton.

Anything else?

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

MR. FERRARIO: Merry Christmas and happy holidays, everybody.

THE PROCEEDINGS CONCLUDED AT 9:34 A.M.

* * * * *

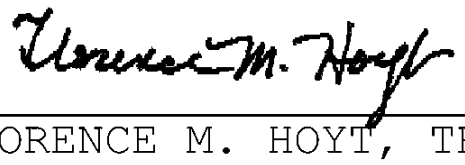
CERTIFICATION

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

AFFIRMATION

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

FLORENCE HOYT
Las Vegas, Nevada 89146



FLORENCE M. HOYT, TRANSCRIBER

12/27/16

DATE

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Steven D. Grierson
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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

STATUS CHECK

MONDAY, JUNE 5, 2017

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:	MARSHALL M. SEARCY, ESQ. MARK E. FERRARIO, ESQ. KARA B. HENDRICKS, ESQ.

LAS VEGAS, NEVADA, MONDAY, JUNE 5, 2017, 8:51 A.M.

(Court was called to order)

THE COURT: Can I do Cotter now where I make Mr. Ferrario change to being the opposite of what he was just saying.

MR. FERRARIO: Now, wait a minute.

THE COURT: Can someone call Mr. Krum. Do you have a phone to call Mr. Krum.

(Pause in the proceedings)

THE COURT: Mr. Krum, can you hear me?

MR. KRUM: Yes, I can, thank you, Your Honor.

THE COURT: Did you receive the status report that Mr. Ferrario -- no, Mr. Searcy submitted?

MR. KRUM: No.

THE COURT: Okay. Mr. Searcy, I'm going to have you come stand up next to your cell phone to say to Mr. Krum what's in your status report, since he didn't get it.

MR. SEARCY: All right. Mr. Krum, in our status report you'd see that there is a notification to the Court that we're completing the deposition of Jim Cotter, Jr., tomorrow, that we are intending to complete the deposition of Al Osborne on the 12th. We let the Court know that the Supreme Court still has the writ pending before it concerning the three orders issued by the Court relating to RDI's privilege issues. There's also a notification to the Court

about the writ that you filed concerning work product issues. I believe that that's the extent of what's in there. I'm not sure if there's anything else.

THE COURT: Then you asked me for a stay and to set dates on summary judgments.

MR. SEARCY: We did. We asked you to set -- thank you, Your Honor. We asked you to set -- to continue with the stay that's currently in place before the Court on those three orders that are the subject of the writ. And in light of the fact that we've completed discovery on Mr. McEachern and Ms. Cotter, asked that the Court set dates on the summary judgment motions.

THE COURT: Are you okay with that?

MR. KRUM: Okay. I've heard all that.

THE COURT: Mr. Krum, are you okay with that?

MR. KRUM: No. Shall I respond?

THE COURT: Yes, please.

MR. KRUM: Okay. First let me ask, Judge Gonzalez, did you receive the status report that we filed?

THE COURT: No, Mr. Krum, I did not.

MR. KRUM: Okay. Then I assume counsel did not, either.

MR. SEARCY: We've not received that, Your Honor.

THE COURT: They said no.

MR. KRUM: Okay. Well, apologize to everyone for

that. So let me try to summarize what we said in a few pages there.

We also pointed out the status of the writ filed by the company. I don't recall whether Mr. Searcy's clients joined in that. And I'm referring to the advice of counsel subject, the three orders as Mr. Searcy described them. We observed, as we have previously, that it is our position that what should happen is that now that the stay has expired, that is the stay, Judge Gonzalez, that you issued, has expired as of Sunday, I believe. Our position is that what should happen is that the defendants should be required to deliver to the Court the documents you've previously identified should be delivered and that the Court should conduct the in-camera review of those and issue such order as the Court obviously sees fit. Then what we will have, in our view, is a much better understanding for plaintiff and for the defendants as to what documents actually are at issue, which we presently do not have. And the point of that is that from our view once every party has that information they can make a more informed assessment of what they wish to do on a going forward basis. So, for example, if the ruling is X number of documents, the defendants can then look at those documents because, of course, they know the documents. And if the documents the Court has ordered to be turned over are not ones that trouble them, they may say, fine. If I agree to accept those

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documents and not pursue any more, then we will have resolved the issue. And, of course, the same analysis would apply to the flip side.

So to continue, we also described the discovery that's occurred. The deposition of Judy Codding was taken and completed, the deposition of Doug McEachern was resumed, the deposition of Ellen Cotter as the company's 30(b)(6) witness with respect to offer-related matters was resumed. What we pointed out in our status report that nobody's seen is that with respect to the Court's three orders -- I'm sorry, I'm confusing the issue. With respect to the Court's one order requiring the defendants and the nominal defendant to produce offer-related documents what has happened is that the individual defendants have produced no documents, but relied on the production of documents by the company. And the company's document production remains incomplete. And to be perfectly precise about why I describe it as incomplete, there's a disagreement between counsel for the company, Mr. Ferrario, and me as to when -- if there's a time cutoff, Your Honor, in terms of responsive offer documents. And the position I understand the company to have taken, and it's evidenced by their production of documents, is that they're not producing any offer-related documents that postdate November 2016.

Now, what you need to understand to understand why

RDI-A08658

that's an issue is that the offer was made three separate times, and what happened, I'm working from memory now, although I thought we had it in our report -- yes, okay. So what happened is that the offer was made on or about May 31st, 2016 --

THE COURT: Mr. Krum, I'm not arguing with you about any dates. I've got two things on my agenda for this morning, am I going to set a date for any supplemental briefing on the summary judgment motions given the current status of discovery, and am I going to grant a stay without the presence of a motion. Those are my two things on my agenda this morning. I didn't get your status report, so don't read it to me.

MR. KRUM: Yeah. Okay. Well, let me cut to the chase. I apologize. The bottom line, Your Honor, is that there was a renewed offer by the same people --

THE COURT: Mr. Krum, I'm not going to talk about substantive issues on your status report. This is a scheduling discussion. Do you --

MR. KRUM: Right. So the point, Your Honor, is that we have a disagreement about whether offer documents are complete.

THE COURT: No kidding. I knew that already. So the issue is --

MR. KRUM: So the answer is no, there's no point in

setting further briefing and summary judgment, because we have open discovery issues with respect to advice of counsel, offer, and there are three depositions that we haven't even commenced, one of which -- well, three depositions we haven't commenced -- no, I'm sorry. There are three depositions we haven't concluded. So the answer is no, we're not ready to be briefing summary judgment motions, and no for the reasons I've previously said, and I'm not going to repeat them, we don't think a continued stay is appropriate.

My suggestion, Your Honor, is we just set this out for another status check in approximately eight weeks.

THE COURT: So I show only two depositions that are pending, Mr. Cotter and Mr. Osborne. Is that accurate?

MR. KRUM: No. The depositions of Craig Tompkins and Guy Adams. For Tompkins it needs to be commenced and completed. For Adams it needs to be completed. And then there may well be further deposition testimony we're entitled to take from Ed Kane, depending upon the disposition of the advice of counsel issues.

THE COURT: Okay. So but right now there's only two, because you may not win on those advice of counsel issues. But if you do win on those advice of counsel issues, then there are some other depositions you want to take followup on after you get the documents?

MR. KRUM: Well, yes. Except that we still have the

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open issue I mentioned on the offer discovery.

THE COURT: All right. Okay. So I'm not going to set any dates on the dispositive motion briefing at this point. I am not going to grant a stay today. If you want me to grant a stay, you're going to have to file a written motion.

MR. FERRARIO: We'll file that today, Your Honor.

THE COURT: And then with respect to the future date I'm going to set a date in four weeks.

MR. FERRARIO: Yeah, I think that's good.

THE COURT: Because the Supreme Court -- the last time I didn't grant a stay and I made the parties in the Wynn case go ask the Supreme Court for a stay they set oral argument within four weeks. So sometimes that helps move things along. So I'll look for your motion to stay, and I'm going to continue this status check for four weeks.

MR. FERRARIO: Thank you, Your Honor.

THE COURT: July 3rd okay with you guys?

MR. KRUM: I'm sorry?

THE COURT: July 3rd.

MR. KRUM: Can we make it one week earlier or one week later?

THE COURT: Mr. Ferrario asked for July 10th instead.

MR. KRUM: That's great. That works. Thank you.

MR. FERRARIO: Thank you, Your Honor.

THE COURT: Sometimes you just don't --

MR. SEARCY: Mr. Krum, I'm going to move my phone away from the microphone now.

THE COURT: Goodbye, guys.

MR. KRUM: Thank you.

THE PROCEEDINGS CONCLUDED AT 9:03 A.M.

* * * * *

RDI-A08662

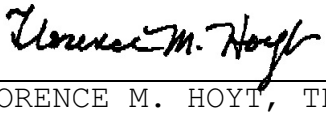
CERTIFICATION

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

AFFIRMATION

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

FLORENCE HOYT
Las Vegas, Nevada 89146



FLORENCE M. HOYT, TRANSCRIBER

6/8/17

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CLERK OF THE COURT

DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES COTTER, JR. ET AL,

Plaintiff(s),

vs

MARGARET COTTER, ET AL,

Defendant(s),

READING INTERNATIONAL, INC,

Nominal Defendant.

AND ALL COORDINATED MATTERS.

Case No. 15 A 719860
Coordinated With;
16-A-735305
14-P-082942
Dept. No. XI

Date of Hearing: 09/25/17
Time of Hearing: 8:30a.m.

1st AMENDED ORDER SETTING CIVIL JURY TRIAL, PRE-TRIAL CONFERENCE AND CALENDAR CALL

IT IS HEREBY ORDERED THAT:

A. The above entitled case is set to be tried to a Jury on a **Five week stack** to begin,

#35

January 2, 2018 at 1:30 p.m.

B. A calendar call will be held on **December 18, 2017 at 8:15 a.m.** Parties must bring to Calendar Call the following:

(1) Typed exhibit lists;
(2) List of depositions;
(3) List of equipment needed for trial, including audiovisual equipment;[1] and
(4) Courtesy copies of any legal briefs on trial issues.

The Final Pretrial Conference will be set at the time of the Calendar Call.

[1] If counsel anticipate the need for audio visual equipment during the trial, a request must be submitted to the District Courts AV department following the calendar call. You can reach the AV Dept at 671-3300 or via E-Mail at CourtHelpDesk@clarkcountycourts.us

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RDI-A08664

C. A Pre-Trial Conference with the designated attorney and/or parties in proper person will be held on **December 4, 2017 at 8:30 a.m.**

D. The Pre-Trial Memorandum must be filed no later than **December 3, 2017,** with a courtesy copy delivered to Department XI. All parties, (Attorneys and parties in proper person) **MUST** comply with **All REQUIREMENTS** of E.D.C.R. 2.67, 2.68 and 2.69. Counsel should include the Memorandum an identification of orders on all motions in limine or motions for partial summary judgment previously made, a summary of any anticipated legal issues remaining, a brief summary of the opinions to be offered by any witness to be called to offer opinion testimony as well as any objections to the opinion testimony.

E. All motions in limine, must be in writing and filed no later than **November 9, 2017.** ***Omnibus Motions in Limine are not allowed.*** **Orders shortening time will not be signed except in extreme emergencies**.

F. All original depositions anticipated to be used in any manner during the trial must be delivered to the clerk prior to the final Pre-Trial Conference. If deposition testimony is anticipated to be used in lieu of live testimony, a designation (by page/line citation) of the portions of the testimony to be offered must be filed and served by facsimile or hand, two (2) judicial days prior to the final Pre-Trial Conference. Any objections or counterdesignations (by page/line citation) of testimony must be filed and served by facsimile or hand, one (1) judicial day prior to the final Pre-Trial Conference commencement. Counsel shall advise the clerk prior to publication.

G. In accordance with EDCR 2.67, counsel shall meet, review, and discuss exhibits. All exhibits must comply with EDCR 2.27. Two (2) sets must be three hole punched placed in three ring binders along with the exhibit list. The sets must be delivered to the clerk prior to the final Pre-Trial Conference. Any demonstrative exhibits including exemplars anticipated to be used must be disclosed prior to the calendar call. Pursuant to EDCR 2.68, at the final Pre-Trial Conference, counsel shall be prepared to stipulate or make specific objections to individual

proposed exhibits. Unless otherwise agreed to by the parties, demonstrative exhibits are marked for identification but not admitted into evidence.

H. In accordance with EDCR 2.67, counsel shall meet, review, and discuss items to be included in the Jury Notebook. Pursuant to EDCR 2.68, at the final Pre-Trial Conference, counsel shall be prepared to stipulate or make specific objections to items to be included in the Jury Notebook.

I. In accordance with EDCR 2.67, counsel shall meet and discuss pre-instructions to the jury, jury instructions, special interrogatories, if requested, and verdict forms. Each side shall provide the Court, at the final Pre-Trial Conference, an agreed set of jury instructions and proposed form of verdict along with any additional proposed jury instructions with an electronic copy in Word format.

J. In accordance with EDCR 7.70, counsel shall file and serve by facsimile or hand, two (2) judicial days prior to the final Pre-Trial Conference voir dire proposed to be conducted pursuant to conducted pursuant to EDCR 2.68.

Failure of the designated trial attorney or any party appearing in proper person to appear for any court appearances or to comply with this Order shall result in any of the following: (1) dismissal of the action (2) default judgment; (3) monetary sanctions; (4) vacation of trial date; and/or any other appropriate remedy or sanction.

Counsel is required to advise the Court immediately when the case settles or is otherwise resolved prior to trial. A stipulation which terminates a case by dismissal shall also indicate whether a Scheduling Order has been filed and, if a trial date has been set, the date of that trial. A copy should be given to Chambers.

DATED this 29th day of September, 2017.

ELIZABETH GONZALEZ, DISTRICT JUDGE

Certificate of Service

I hereby certify that on or about the date filed, this document was Electronically Served to the Counsel on Record on the Clark County E-File Electronic Service List or mailed to the proper party as follows:

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DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

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

Defendants.

And

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant

.

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

Coordinated with:
Case No. P-14-0824-42-E
Dept. No. XI

Jointly Administered

OPPOSITION OF PLAINTIFF JAMES J. COTTER, JR. TO MOTION FOR EVIDENTIARY HEARING REGARDING JAMES COTTER, JR.'S ADEQUACY AS DERIVATIVE PLAINTIFF

Date: November 17, 2017

Place: In Chambers

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I. INTRODUCTION

By their "Motion for Evidentiary Hearing Regarding James J. Cotter, Jr.'s Adequacy as Derivative Plaintiff" (the "Motion"), defendants Ellen and Margaret Cotter, together with the other director defendants represented by the same counsel, ask the Court to schedule an eleventh-hour evidentiary hearing regarding the adequacy of James J. Cotter, Jr. ("Plaintiff" or "Mr. Cotter") as a derivative plaintiff based on two categories of arguments, the first of which the Motion claims is "recent" and the second of which is reargument of prior failed arguments. Neither category provides a basis for any relief, much less the relief sought by the Motion.

As to the first category of arguments, which are based on matters not raised previously, the stated basis for the Motion is that Plaintiff on or about February 8, 2017 filed a petition in the California Trust Action (defined below) seeking the appointment of a *trustee ad litem* to sell the controlling block of RDI stock and thereby "obtain a sale/control premium for his children in a transaction for which no stockholder unrelated to Plaintiff is likely to receive any benefit…" (Motion at 1:21-22.) This argument is predicated on two erroneous premises. First, and contrary to what the Motion suggests, Mr. Cotter has not sought relief in the California Trust Action that would require the sale of the controlling block of class B voting stock. Instead, because Ellen and Margaret Cotter as trustees of the trust that now (or soon will) hold(s) that stock are hopelessly conflicted, and because of the personal animus Ellen and Margaret Cotter have demonstrated toward Mr. Cotter and his children, who are three of five (grandchildren) beneficiaries of that trust, Mr. Cotter sought the appointment of independent *trustee ad litem* who is not conflicted to evaluate a possible sale in view of a pending offer. Second, and contrary to the Motion's unsubstantiated premise that no RDI shareholder other than beneficiaries of that trust could benefit from a sale of the controlling block of RDI stock held (and to be held) by that trust, significant RDI shareholders have filed sworn declarations in the California Trust Action stating their position that a sale of the controlling block of RDI stock *would benefit and be in the best interests of all RDI shareholders*. Thus, and independent of the telling eight month delay on the part of defendants in filing the Motion, the new matter on which it is based does not warrant any relief, much less the relief sought.

The balance of the Motion and the second category of arguments made in the Motion are the same arguments, based on the same evidence, that these defendants previously made in this case, unsuccessfully. In particular, the Motion contends that Plaintiff is not an adequate derivative plaintiff because, it says, other litigation is pending and allegations in his pending complaint supposedly show vindictiveness. These very arguments, based upon the same evidence, were made by these defendants previously, including in their Motion for Summary Judgment No. 1, which the Court denied. For the same reasons Plaintiff argued previously in response, these arguments are unavailing.

II. PROCEDURAL HISTORY AND STATEMENT OF FACTS

A. Defendants' Adequacy Arguments Previously Were Rejected by the Court

In their motion to dismiss the original complaint herein, filed on or about August 10, 2015**,** moving defendants argued that Plaintiff was not an adequate derivative plaintiff, making the same arguments, except insofar as the Motion is based on developments of the last eight months, discussed herein. The Court declined to dismiss this action on those grounds. These defendants made the same arguments, based on the same evidence, in their motion for summary judgment ("MSJ") No. 1, which was filed on or about September 23, 2016 and denied on or about October 28, 2016. Thus, except insofar as the Motion is based on the petition to appoint a *trustee ad litem* filed by Mr. Cotter on or about February 8, 2017 in the California Trust Action and on deposition testimony he provided in this action on July 11, 2017, the factual and legal bases upon which the Motion is based have been considered and rejected by the Court previously.

B. The California Trust Action

On or about February 5, 2015, Ellen and Margaret Cotter commenced Los Angeles Superior Court Case No. 159755 against Mr. Cotter (the "California Trust Action"). By the California Trust Action, Ellen and Margaret Cotter asked the Los Angeles Superior Court to find that a 2014 amendment to the trust documentation of James J. Cotter, Sr. was invalid, among other things. Invalidating the 2014 amendment would have the effect of changing the identity of

the trustee(s) of a voting trust that ultimately would hold approximately seventy per cent (70%) of the voting stock of RDI from Margaret Cotter and Mr. Cotter jointly to Margaret Cotter alone, thereby giving Margaret control of RDI.

After having their initial and subsequent revised, increased offer to purchase all of the outstanding stock of RDI summarily rebuffed by Ellen and Margaret Cotter and the other individual director defendants, Patton Vision and others (including TPG, which has tens of billions of dollars under management) in January 2017 made an offer to purchase all of the approximate seventy per cent (70%) RDI class B voting stock held by and, following transfer of some such stock from the estate of James J. Cotter, Sr., to be held by, the James J. Cotter, Sr. Living Trust (the "Trust"), meaning the approximate seventy per cent (70%) of RDI's voting stock that Ellen and Margaret Cotter by the California Trust Action sought to ultimately control.

Pursuant to the trust documentation of James J. Cotter, Sr., that stock is to be held in trust for the benefit of his grandchildren, three of five of whom are Mr. Cotter's children. (The other two are Margaret's.) Ellen and Margaret Cotter both are trustees of the Trust. In view of the animosity that Ellen and Margaret Cotter have demonstrated for Mr. Cotter and his family (including Ellen Cotter terminating the health care benefits provided to Mr. Cotter's family by RDI in an effort to pressure Mr. Cotter to resign from the RDI board of directors), as well as the irreconcilable conflict Ellen and Margaret Cotter face when asked to consider selling the controlling interest in RDI (and thereby placing their jobs at RDI in jeopardy), Mr. Cotter on February 8, 2017 -- over 8 months ago -- filed a petition in the California Trust Action for the appointment of a *trustee ad litem* to consider the offer from Patton Vision and others (and any other offers) to purchase the controlling block of RDI class B voting stock from the Trust. (Motion, Ex. A.)

Contrary to what the Motion implies, Mr. Cotter has not advocated for a sale of that stock in response to the outstanding offer from Patton Vision and others. Instead, he merely sought appointment of an independent *trustee ad litem* to engage in communications with the offerors (and any other offerors) and to evaluate any and all offers to determine whether selling that stock would be in the best interests of the beneficiaries. (*See* Motion, Ex. C at 8:5-8: "***It is important to***

remember that Jim Jr. has never demanded a sale of the RDI voting stock. He has asked for someone who is independent to evaluate the offer, negotiate with the offeror, or any other offeror, and not pre-judge how it turns out.") (Emphasis in original.)

The stated basis for Mr. Cotter's February 8, 2017 petition to appoint a *trustee ad litem* was that Ellen and Margaret Cotter as trustees faced an irreconcilable conflict between their own personal interests and the interests of the grandchildren beneficiaries:

> "Ellen and Margaret have an irreconcilable conflict, which by their actions in response to this and two prior offers by Patton Vision, Ellen and Margaret have shown themselves unwilling to resolve, as legally required of them, in favor of what is in the best interests of the grandchildren, and only the best interests of the grandchildren. Ellen and Margaret, as trustees, are required to act solely in furtherance of the grandchildren's welfare, even if it is not in their own pecuniary interest. Thus, even if Patton Vision could discontinue the employment services of Margaret and Ellen upon acquiring the RDI stock, Margaret and Ellen must support a sale to Patton Vision if it were in the ultimate best interests of the grandchildren."

(Motion Ex. A at 2:6-13.)

It apparently became evident during the trial of the California Trust Action that Ellen and Margaret Cotter were unable and/or unwilling to even consider not retaining control of and employment at RDI:

> "As counsel for Margaret and Ellen admitted in opening statements at trial of their contest of the 2014 Amendment, and which has become plain during those proceedings, the Cotter sisters will do everything in their power, including advocating for their own disinheritance, in order to control the Company that employs them [RDI]. As Mark Cuban, owner of approximately 12.37% of RDI's voting stock, recently complained (or warned) in a statement to the press, RDI's 'stock is far lower than it should be because it appears to be run like a family piggy bank.' What is even more troubling is that the trustees have a fiduciary duty to manage the Trust's RDI voting stock solely for the benefit of Jim Sr.'s grandchildren, not as their own personal piggy bank."

(Motion Ex. A at 1:7-22 and 2:1-2.)

Mr. Cotter's Second Supplement to his petition for appointment of a *trustee ad litem* (Motion, Ex. C) also points out that, in response to the Patton Vision offer to purchase the controlling block of RDI class B voting stock from the Trust, the director defendants herein acted to protect Ellen and Margaret Cotter and make it more expensive to acquire control of RDI.

Among other things, they approved changes to Ellen and Margaret Cotter's restricted stock grants and stock options to provide for automatic vesting upon a change of control of RDI, and have indicated an intention to almost triple Ellen Cotter's salary, from approximately $1.1 million (already up from $677,000) to approximately $3.2 million. (Motion, Ex. C at pages 2-4.)[1]

Counsel for nominal defendant RDI has appeared for nonparty RDI in the California Trust Action and contended that it is not in the best interests of RDI or its shareholders that the controlling block of class B voting stock be offered for sale or sold. GT did so as long ago as May 15, 2017. (*See* Ex. B hereto.)

However, and contrary to the unsubstantiated premise on which the Motion is based, RDI shareholders have filed pleadings in the California Trust Action stating that it is their position that a sale of the controlling block of RDI stock *would be in the best interests of all RDI shareholders*. For example, Andrew E. Shapiro, an institutional investment professional who directs companies that own over 5% of RDI class A nonvoting shares and 0.7% of the class B voting shares, respectively, filed a declaration in the California Trust Action on or about September 27, 2017 that stated, among other things, as follows:

> " 8. Based on my experience, I believe that an unfettered public auction of the Trust's shares to the highest bidder, regardless of whether that is a Cotter family member or not, is in the best interests of all of Reading's shareholders…"
>
> **********
>
> " 12. In my opinion, an independent Trustee empowered to take any and all actions to maximize the value of the Trust shares, without regard to whether there is any

[1] Counsel for Mr. Cotter in the California Trust Action apparently have learned, as Plaintiff's counsel in this action has experienced since the inception of this case, that Ellen and Margaret Cotter also will use the resources of RDI to further their own personal interests in litigation. To that end, with the approval and cooperation of the individual director defendants, Greenberg Traurig ("GT") has appeared (though not properly intervened or sought to intervene) in the California Trust Action and advocated positions on behalf of RDI in such a manner that the judge in the California Trust Action has characterized GT as effectively acting as additional counsel for Ellen and Margaret Cotter:

> And the other thing I want to make the point is that their interests, as far as I'm told, are identical with the interests of the two sisters who have been very well represented here the whole time . . . .

(*See* Ex. A hereto**,** the June 5, 2017 transcript (at 2:26-3:1) from the California Trust Case.)

> continuing Cotter family management or legacy board members in the employ of the Company, would most benefit of all Reading shareholders."

(*See* Ex. C hereto, Declaration of Andrew E. Shapiro filed in the California Trust Action on or about September 27, 2017.)

Likewise, Jonathan M. Glaser, the managing member of entities that were intervening plaintiffs in this action, on September 22, 2017 filed a declaration in the California Trust Action in which he indicated that he had owned RDI stock for over a decade and stated as follows:

> "5. Based on my 30 years of experience as a professional investor in the financial markets, it is my opinion [that] a public sale of the shares held by the Trust would increase the market value of the shares held by all [RDI] shareholders."

(*See* Ex. D hereto**,** Declaration of Jonathan M. Glaser, filed in the California Trust Action on or about September 22, 2017.)

With respect to the basis or bases for the petition to appoint a *trustee ad litem*, the Court in the California Trust Action made observations at a hearing concerning that petition indicating that Ellen and Margaret Cotter were not suitable to serve as trustees of the Trust of which Mr. Cotter's three children are beneficiaries:

> THE COURT; "But we have a second issue though, what do you do about the fact that your clients [Ellen and Margaret Cotter] testified to by their own admissions some shameful conduct?
>
> MR. SUSMAN; Yes.
>
> THE COURT: Possibly criminal; possibly not, forgery requires an intent to defraud and they claim it's Dad's intent. But, in any event, by their own words that they were embarrassed by it. And they -- I'm not going to mince words, hate their brother.
>
> So is it appropriate for them to be the trustees with power over his [Mr. Cotter's] children? That's another thing I'm struggling about. Can they really be objective? We see cases here all the time where, you know, the trustee clearly favors one side or the other, and in some pretty terrible ways.

(*See* Ex. E hereto, the February 23, 2017 hearing transcript (at 16:18-28) from the California Trust Action.)

On or about August 29, 2017, the Court in the California Trust Action issued a tentative order granting the petition to appoint a *trustee ad litem* to handle the possible sale of the controlling block of RDI class B voting stock. **(***See* Ex. F hereto, the August 29, 2017 Tentative Statement of Decision (at page 2) from the California Trust Action.) That order has not been finalized and is subject to change.

C. Plaintiff's July 11, 2017 Deposition

The fourth and final session of Plaintiff's deposition in this case occurred in Los Angeles on July 11, 2017. Counsel for Plaintiff was aware at that time that the parties in the California Trust Action were preparing supplemental briefing in advance of a hearing scheduled for on or about August 1, 2017 regarding the petition to appoint a *trustee ad litem* to explore the possible sale of the controlling stake of RDI class B voting stock, among other things. It therefore came as no surprise when counsel for Ellen and Margaret Cotter and other directors defendants in this action embarked upon a course of questioning the obvious purpose of which was to obtain testimony from Mr. Cotter for use in the California Trust Action. An example of such questioning is set out in the Motion, as follows:

> Q [by Mr. Searcy]: Would the -- would your children benefit as a result of the sale of the shares of the voting trust – the Jim Cotter, Sr., Living Trust that we talked about before?

(Motion at 7:3-6, quoting Motion Ex. A at 923:24 – 924:5.)

Notwithstanding the fact that counsel for Plaintiff herein instructed Plaintiff not to answer questions clearly seeking testimony for use in the California Trust Action rather than this action, counsel for Ellen and Margaret Cotter and other individual director defendants did not seek to meet and confer with counsel for Plaintiff or seek any relief from the Court with respect to the instructions not to answer. Even if counsel for Ellen and Margaret Cotter and other individual director defendants correctly anticipated that counsel for Plaintiff was prepared to file a motion for a protective order if necessary, the failure to pursue that matter is a tacit admission that the examination in fact was conducted for use in the California Trust Action.

Finally, the Motion hypothesizes that Plaintiff in the future "may be in conflict with the interests of stockholders generally" because "Plaintiff could… increase the premium that would go to his children through a potential sale of the Trust's stock by assuring a potential buyer that he would drop this derivative action if a sale were consummated…" (Motion at 11:14-19.) Beyond ignoring the fact that the Court must approve any settlement of a derivative action, this hypothesizing is contradicted by Plaintiff's answers to questions put to him at his July 11, 2017 deposition:

> Q [by Mr. Searcy]: If Patton Vision obtained control of Reading, would you continue to seek reinstatement and CEO?
>
> [Objection omitted.]
>
> The Witness: I mean, I -- I don't see the correlation. My [] case would continue, yes. I mean, I haven't given this a lot of thought.
>
> By Mr. Searcy:
>
> Q: So after -- and I understand that we're talking about a hypothetical situation, but if Patton Vision were to obtain control of Reading, it is your belief, at least as you sit here right now, that your derivative suit against Reading would continue, is that correct?
>
> [Objections omitted.}
>
> The Witness:
>
> A: Again, I haven't given this absolutely thought as far as my derivative claim nor have I spoken to my counsel relating to it.
>
> So at this point, I envision no change in the current course of action with respect to my derivative claim.

(*See* Ex. G hereto, the July 11, 2017 James J. Cotter, Jr. deposition transcript at 897:24 – 898:25.)

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III. ARGUMENT

The timing and circumstances of the Motion, and the substance of it, make clear that the Motion on its face provides no basis for any relief whatsoever, much less an evidentiary hearing as this case approaches trial.

A. The Motion Is an Untimely Litigation Stratagem

"Timing is everything." Here it is telling, and fatally so. The Motion states that it is based upon "[r]ecent events and testimony" which supposedly "have demonstrated that Plaintiff has disabling conflicts that, at the very least, merit an evidentiary hearing" regarding his adequacy as a derivative plaintiff. (Motion at 1:8-9.) The "recent event" was the filing by Mr. Cotter of a petition to appoint a *trustee ad litem* to consider the possible sale of the controlling stake of RDI class B voting stock -- which petition was filed 8 months ago -- on or about February 8, 2017. The "recent" testimony occurred at the fourth session of Mr. Cotter's deposition in this case -- which occurred 3 months ago -- on July 11, 2017.

The Motion offers no excuse or explanation for the delay of 8 months, or even 3 months, in bringing the Motion. (Nor does it explain why the Motion was served 2 business days before counsel for Plaintiff was scheduled to travel and traveled to and from Los Angeles for two days of deposition in this case, thereby losing four business days to respond to the Motion.) These facts constitute compelling circumstantial evidence that the Motion is a litigation stratagem designed to distract counsel for Plaintiff and/or the Court and/or delay this case further. Moreover, the failure to file the Motion months ago, when GT as counsel for the Company appeared and filed voluminous papers in the California Trust Action on or about May 15, 2017, shows that counsel for defendants in this action could and should have filed the Motion months ago, but chose not to do so because the Motion is entirely without merit and is brought solely as a litigation stratagem.

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B. The "New" Matter Upon Which the Motion Is Based Provides No Basis for Any Relief of Any Kind, Much Less the Relief Sought

The stated basis for the Motion is that Plaintiff on or about February 8, 2017 filed a petition in the California Trust Action seeking the appointment of a *trustee ad litem* to sell the controlling block of RDI stock and thereby "obtain a sale/control premium for his children in a transaction for which no stockholder unrelated to Plaintiff is likely to receive any benefit." (Motion at 1:21-22.) The Motion is predicated upon two demonstrably erroneous factual premises, and no evidentiary hearing is necessary to determine that.

First, and contrary to what the Motion suggests, Mr. Cotter has not sought relief that would require the sale of the controlling block of class B voting stock. As Mr. Cotter has made clear in the California Trust Action, because Ellen and Margaret Cotter as trustees are hopelessly conflicted, Mr. Cotter has sought the appointment of independent *trustee ad litem* who is not conflicted to evaluate a possible sale in view of the pending offer. (*See* Motion, Ex. C at 8:5-8: "***It is important to remember that Jim Jr. has never demanded a sale of the RDI voting stock. He has asked for someone who is independent evaluate the offer, negotiate with the offeror, or any other offeror, and not pre-judge how it turns out.***") (Emphasis in original.)

Second, the premise that no other RDI shareholders could benefit from the sale of that controlling block of stock, for which the Motion proffers no evidence, is nothing more than an unsubstantiated shibboleth invoked by Ellen and Margaret Cotter and their subservient directors (and by GT as counsel for the Company) in an effort to dissuade and distract both this Court and the Court in the California Trust Action. In fact, significant RDI shareholders, including Mark Cuban who is the largest holder of RDI class B voting stock other than the Cotter family, long-time RDI institutional investor Andrew Shapiro, and Jonathan M. Glaser, the managing member of certain of the former intervening plaintiffs in this case, all view the status quo as not maximizing shareholder value. Moreover, Messrs. Shapiro and Glaser filed sworn declarations in the California Trust Action, stating that a sale of the controlling block of RDI stock would benefit and be in the interests of all RDI shareholders.

Defendants do not contend that an evidentiary hearing prior to trial is required, but instead acknowledge that such a hearing is discretionary (because they raise an "issue of law the Court may address through an evidentiary hearing prior to trial"). (Motion at 9:21-22.) In view of the foregoing, defendants have failed to demonstrate that a discretionary evidentiary hearing is warranted, including because "the purpose of an evidentiary hearing is for the district court to see and hear from witnesses in order to gauge their respective credibility in order to resolve the truth of any facts on which the witnesses disagree. If nothing is in dispute…then no evidentiary hearing is necessary because there are no questions of credibility for the district court to sort out by watching the competing witnesses testify in person and be subjected to cross-examination on any possible inconsistencies." *Stinziano v. Walley*, 2017 Nev. App. Unpub. LEXIS 164 at *27-28 (Mar. 30, 2017); *see also San Antonio Fire & Police Pension Fund v. Bradbury*, 2010 Del. Ch. LEXIS 218 at *45 n. 97 (Del. Ch. Oct. 28, 2010) (court has discretion to deny an evidentiary hearing where such hearing would not be helpful to resolve disputed facts). As explained above, the principal premises on which the Motion is based is a mischaracterization of Mr. Cotter's petition to appoint a *trustee ad litem*, as to which there can be no genuine dispute.

Although the relief requested by the Motion, "an evidentiary hearing and briefing schedule to determine the impact of the actions being taken by Plaintiff in the California Trust Action on his standing to pursue the derivative claims in Nevada" (Motion at 2:10-13), also is based on the unsubstantiated premise that it cannot be in the best interests of RDI stockholders that a sale of the controlling block of RDI class B voting stock might or would occur, the Motion fails to explain how that premise or the issue it attempts to create warrants or even is relevant to an evidentiary hearing bearing upon Plaintiff's adequacy as a derivative plaintiff. Even if the premise or imaginary issue were relevant, which is not the case, the only evidence in the record shows that significant RDI shareholders believe that it will be in the best interests of all RDI shareholders if the controlling block of RDI class B voting stock is offered for sale and sold. Thus, what the Motion requests is that the Court conduct an evidentiary hearing not to assess the credibility of witnesses testifying about Plaintiff, but rather an evidentiary hearing in which the individual director defendants testify that it is not in the best interests of RDI stockholders that

the controlling block of RDI class B voting stock be offered for sale or sold, and in which RDI stockholders will testify that it *is* in the best interests of all RDI shareholders for that to happen. To explain the basis for and nature of the hearing sought by the Motion is to show that the Motion is an ill-taken exercise in misdirection.

The only other "new" matter (unsubstantiated premise) on which the Motion is based is the hypothesis that Plaintiff "can broker a sale of control of RDI using his power to either end or continue with [this] litigation." This premise, which actually is not new, also is mistaken. Were Plaintiff's presumed ability to take such action a basis for seeking relief, the individual director defendants, most of whom have filed declarations in support of Ellen and Margaret Cotter in the California Trust Action, could and should have raised the matter eight (8) months ago, when Mr. Cotter filed the mischaracterized petition in the California Trust Action. Nothing has changed since then. Independent of the foregoing, the premise is mistaken because, as Mr. Cotter's July 11, 2017 deposition testimony shows, he has identified no relationship between the possible sale of that stock and the pendency of this action. (Mr. Cotter also was asked at his July 11, 2017 deposition in this case if his counsel in this case had communicated with Patton Vision or its representatives. Rather than waive or fight over attorney-client communications, his counsel (Mr. Krum) stated that he had not done so.)

C. The Motion is Based on Straw Man Premises Which Are Misrepresentations of Proceedings in the California Trust Action

By the Motion, Defendants also ask this Court to schedule an evidentiary hearing based on other misrepresentations of what has transpired in the California Trust Action, including the following.

The Motion claims that "Plaintiff has failed to disclose in his pleadings or otherwise to this Court or RDI shareholders essential facts evidencing his conflicts of interest." (Motion at 2:3-4.) Although the Motion strategically omits to then identify those supposed "essential facts," the Motion in the immediately preceding text claims that "Plaintiff has a direct conflict of interest" because his children "are three of five beneficiaries of the Trust" that will hold the controlling block of RDI class B voting stock and, the Motion presumes, therefore will be the only RDI

stockholders to benefit in the event the controlling block of RDI stock is sold. (Motion at 1:19-24.) Setting aside for the moment the erroneous premise that no other RDI shareholders would benefit from such a development, which is debunked (above) by the sworn declarations filed by other RDI shareholders in the California Trust Action, the suggestion the Plaintiff has concealed the fact that his children are three of five beneficiaries of the trust is demonstrably false. First, there is no dispute that the other two beneficiaries are Margaret's children, and that Margaret and Ellen as trustees have known the identity of the beneficiaries since long before this action was commenced. Likewise, the identity of the beneficiaries is publicly available information, publicly disclosed in the California Trust Action, and indisputably known to RDI shareholders as a result. Simply put, no information has been concealed, and the suggestion that nonexistent concealed information warrants an evidentiary hearing is as disingenuous as it is erroneous.

The Motion next implies that Mr. Cotter in the California Trust Action used "his grievances regarding Ellen and Margaret Cotter's management of RDI [] to seek their removal as trustees." (Motion at 2:28-3:2.) In truth, as demonstrated above, the bases for Mr. Cotter's petition for appointment of a *trustee ad litem* were the disabling conflicts with which Ellen and Margaret Cotter as trustees were and are faced, as well as the unmitigated animus each of them hold for Mr. Cotter and his family.

Maintaining the same theme, the Motion also asserts that "Plaintiff's basis for his request [for the appointment of a *trustee ad litem*] was the same as his basis for the purported breach of fiduciary duty in [this] action relating to the [Patton Vision offer]." (Motion at 4:2-5.) That assertion also is incorrect. Again, as demonstrated above, it was the irreconcilable conflict of interest Ellen and Margaret Cotter as trustees face when asked to determine whether a sale of control of the Company was in the best interests of the beneficiaries, even though such a sale might result of the termination of their employment by the Company, as well as the personal animus each of them hold toward Mr. Cotter and his family, that were the bases for the petition he filed in the California Trust Action.

D. The Balance of the Motion Is based on Facts and Arguments the Court Previously Has Found Deficient

The balance of the Motion it is a word processed version of arguments the individual defendants have made in this case previously, including in their initial motion to dismiss and their MSJ No. 1, which proffered the same facts and legal arguments, all of which the Court has considered and rejected.

In particular, the Motion contends that Plaintiff is not an adequate derivative plaintiff because, it says, (i) he is pursuing interests in the California trust action that are personal or not shared with other RDI shareholders, (ii) other litigation is pending, (iii) allegations in his pending complaint show vindictiveness and (iv) there are questions as to the extent of shareholder support for the petition he filed in the California Trust Action. (Motion at pp. 12-15.)

The second and third of these arguments are the same arguments based upon the same "facts" (many of which are mischaracterizations of allegations of the pending complaint which, in some instances, simply quotes evidence such as the Ed Kane "Corleone" emails) these defendants argued in their initial motion to dismiss and their MSJ No. 1. Plaintiff respectfully incorporates herein his responses, including his August 27, 2015 opposition to these defendants' motion to dismiss and his October 13, 2016 opposition to their MSJ No. 1. For the reasons set forth therein, these arguments are unavailing, as this Court previously has determined.

The first and third of these arguments are predicated on two erroneous premises debunked above. The first is that Mr. Cotter's petition in the California Trust Action would require a sale of the controlling stake in RDI class B voting stock (rather than an independent *trustee ad litem* to evaluate a possible sale). The second premise concerns whether a sale of the controlling block of stock could be in the best interests of other RDI shareholders, as to which significant RDI shareholders have responded affirmatively. For such reasons, these arguments also do not support a request for, much less warrant, the evidentiary hearing sought by the Motion.

IV. CONCLUSION

For all of the foregoing reason, Plaintiff James J. Cotter, Jr. respectfully submits that the Motion should be denied.

YURKO SALVESEN & REMZ, P.C.

By: /s/ *Mark G. Krum*
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Boston, MA 02108

Erik J. Foley (BN 14195)
Lewis Roca Rothgerber Christie LLP
3993 Howard Hughes Pkwy, Suite 600
Las Vegas, NV 89169-05996

Attorneys for Plaintiff
James J. Cotter, Jr.

CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of October, 2017, I caused a true and correct copy of the foregoing **Opposition Of Plaintiff James J. Cotter, Jr. To Motion For Evidentiary Hearing Regarding James Cotter, Jr.'s Adequacy As Derivative Plaintiff** 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.

DATED this 27th day of October, 2017.

/s/ Dana K. Provost
An Employee of Lewis Roca Rothergerber Christie LLP

DECLARATION OF COUNSEL MARK G. KRUM

I, Mark G. Krum, state and declare as follows:

1. I am a member of the bar of the State of Nevada and an attorney with Yurko, Salvesen & Remz, P.C. I represent plaintiff James J. Cotter, Jr. ("Plaintiff") is this action. I submit this declaration in connection with Plaintiff's Opposition to the "Motion for Evidentiary Hearing Regarding [Plaintiff's] Adequacy as a Derivative Plaintiff." I make this declaration based on personal knowledge. If called to testify as to the contents of this Declaration, I am legally competent to testify to its contents in a court of law.

2. Attached hereto as **Exhibit A** is a true and accurate copy of excerpts from the transcript of the hearing on June 5, 2017 in Los Angeles Superior Court Case No. BP159755 entitled "In re James J. Cotter, Sr. Living Trust dated August 1, 2000" (the "California Trust Action").

3. Attached hereto as **Exhibit B** is a true and accurate copy of "Reading International Inc.'s Statement of Position on James J. Cotter Jr.'s Ex Parte Petition for the Appointment of a Trustee Ad Litem" filed in the California Trust Action on or about May 15, 2017.

4. Attached hereto as **Exhibit C** is a true and accurate copy of the "Declaration of Andrew E. Shapiro []" filed in the California Trust Action on or about September 27, 2017.

5. Attached hereto as **Exhibit D** is a true and accurate copy of the "Declaration of Jonathan M. Glaser []" filed in the California Trust Action or about September 22, 2017.

6. Attached hereto as **Exhibit E** is a true and accurate copy of excerpts from the transcript of the hearing on February 23, 2017 in the California Trust Action

7. Attached hereto as **Exhibit F** is a true and accurate copy of excerpts of the August 29, 2017 Tentative Statement of Decision from the California Trust Action.

8. Attached hereto as **Exhibit G** is a true and accurate copy of excerpts of the July 11, 2017 deposition transcript of James J. Cotter, Jr. taken in this action.

9. This declaration is made in good faith and not for the purpose of delay.

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

Executed on October 27, 2017, in Boston, Massachusetts.

/s/ Mark Krum
Mark Krum

Exhibit A

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT 9 HON. CLIFFORD L. KLINE, JUDGE

IN RE THE MATTER OF THE JAMES J. COTTER LIVING TRUST.	No. BP 159 755

REPORTER'S TRANSCRIPT OF PROCEEDINGS

MONDAY, JUNE 5, 2017

APPEARANCES:

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FOR RESPONDENTS:
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LOS ANGELES, CALIFORNIA 90067

(APPEARANCES CONTINUED ON FOLLOWING PAGE.)

ORIGINAL

ELSA BANDA LARA, CSR NO. 3226
OFFICIAL REPORTER

APPEARANCES RESUMED:

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FOR READING, INTERNATIONAL:
GREENBERG TRAURIG, LLP
BY: MARK FERRARIO
1840 CENTURY PARK EAST
SUITE 1900
LOS ANGELES, CALIFORNIA 90067

CASE NUMBER: BP 159 755
CASE NAME: JAMES J. COTTER, DECEASED
LOS ANGELES, CA MONDAY, JUNE 5, 2017
DEPARTMENT 9 HON. CLIFFORD L. KLINE, JUDGE
APPEARANCES: (AS NOTED ON TITLE PAGE.)
REPORTER: ELSA BANDA LARA, CSR NO. 3226
TIME: A.M. SESSION
---O---

THE COURT: Let's get to the Cotter matter.

Starting with you, Miss Lodise.

MS. LODISE: Margaret Lodise on behalf of Margaret and Ellen Cotter.

MR. SUSMAN: Harry Susman on behalf of Margaret and Ellen Cotter.

MR. STREISAND: Adam Streisand for James Cotter, Jr., Your Honor.

MR. VAN BRUNT: Nick Van Brunt also for James Cotter, Jr., Your Honor.

MR. CARICO: Christopher Carico, guardian ad litem, Your Honor.

MR. MILLER: Ron Miller expert witness.

MR. ANSEL: Dan Ansel expert witness.

MR. FERRARIO: Mark Ferrario.

THE COURT: Expert with the --

MR. STREISAND: Court appointed witness.

THE COURT: Well, I know I got a number of documents Thursday at 4:30 in the afternoon on Thursday.

When did the Greenberg lawyers think I would have time to thoroughly read all this?

I just thought I'd ask that question? This is ridiculous. I mean, you know I have a full calendar. Literally, I got this Thursday between 4:00 and 4:30.

All right, I have to vent a little.

MR. STREISAND: Well, I've got a solution.

THE COURT: I assume you've got the same problems.

MR. STREISAND: Well, I've got a solution and I'd renew my objection. They have no standing here whatsoever. The pleadings ought to be stricken. They should not be allowed to produce, there's no standing.

THE COURT: Well, I think that the -- well, let me just say I obviously didn't read every exhibit here. It's ridiculous considering I have other cases.

I think they have standing on the sealing because it could affect the price of the stock. So I think they have an interest in that.

As for everything else, one of the problems is they weren't here for the whole trial. And a lot of it, frankly, was cumulative. Not addressing a point, for example, a lot of it was explaining why the guardian ad litem or trustee ad litem shouldn't proceed with the sale, which isn't on the table right now. So I don't think I have to go there.

And the other thing I want to make the point is that their interests, as far as I'm told, are identical with the interests of the two sisters who have

been very well represented here the whole time. So there wasn't anything knew.

I didn't like to have to read five and a half pages -- excuse me, five and a half inches, I measured it -- to see that there wasn't, to me, much new, but I still felt that at least I had to read the moving papers to decide if there was anything that was relevant, but it's all covered.

All right. Let me get to the issues here, I did read and mark up the first issue, which is the sealing one. There was something I wasn't clear, Miss Lodise, you had suggested or recommended that two sections be sealed. They were fairly minimal. I want to make sure I understand that's what the sort of bottom-line request was.

And that, let me see, on the report of the guardian ad litem, I have marked here three places where you requested a redaction. Did I read this correctly? I mean, I know you want the whole thing sealed, but in terms of redaction, which I'm inclined to do.

MS. LODISE: And, Your Honor, are you talking about the initial report or the supplemental report, because we --

THE COURT: There's a lot to read here, somewhere I saw and I did read all your documents, that you wanted on page 3, five lines redacted. On page 4 you wanted six lines redacted. And on page 10 you wanted six lines redacted. And then in the other report there was one

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT 9 HON. CLIFFORD L. KLINE, JUDGE

IN RE THE MATTER OF THE JAMES J. COTTER LIVING TRUST.	NO. BP 159 755
RESPONDENT.	REPORTER's CERTIFICATE

I, ELSA BANDA LARA, Official Reporter of the Superior Court of the State of California, for the County of Los Angeles, do hereby certify that the foregoing Pages 1 through 83, inclusive, comprise a full, true, and correct transcript of the proceedings held in the matter of the above-entitled cause on MONDAY, JUNE 5, 2017.

Dated this 14TH day of JUNE, 2017.

ELSA BANDA LARA, CSR NO. 3226
OFFICIAL REPORTER

Exhibit B

Mark E. Ferrario(SBN 104062)
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Facsimile: (702) 792-9002

Attorneys for READING INTERNATIONAL, INC.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES

CENTRAL DISTRICT

In re the

JAMES J. COTTER LIVING TRUST dated August 1, 2000, as amended

CASE NO. BP159755

READING INTERNATIONAL, INC.'S STATEMENT OF POSITION ON JAMES J. COTTER, JR.'S *EX PARTE* PETITION FOR THE APPOINTMENT OF A TRUSTEE *AD LITEM*

DECLARATIONS OF WILLIAM GOULD, DOUGLAS McEACHERN, AND EDWARD KANE

Assigned for All Purposes to:
Hon. Clifford L. Klein

Date: May 15, 2017
Time: 8:30 a.m.
Dept.: 9

PROVISIONALLY FILED UNDER SEAL

PRELIMINARY STATEMENT

Reading International, Inc. ("RDI" or "the Company") makes this Statement of Position to protect the interests of its stockholders (including the James J. Cotter Living Trust (the "Trust") and the Estate of James J. Cotter (the "Estate") as major owners of RDI Common Stock), as this Court considers potentially fundamental changes to the control structure of RDI.[1]

There is no reason to rush into a decision based on the Ex Parte Petition for the Appointment of a Trustee Ad Litem filed by James Cotter, Jr. RDI asks that the Court fully consider the potential impact selling shares of Class B voting stock would have on the Company, its stockholders generally (including the Trust, both as a current holder and as a future holder of the shares held by the Estate), and on the implementation of the business plan originally developed by James J. Cotter, Sr., approved by the Board of Directors, and currently being pursued by RDI.

At a minimum, any such sale process should occur (if at all) only after this Court finally determines all issues in the present suit. To do anything else risks adversely impacting the Company's current business plan, disrupting its operations and affecting stockholder interests. Accordingly, RDI respectfully requests that the Court undertake further proceedings to consider the potential adverse impacts that could result from an interim decision to commence a process to sell voting stock, and whether such a course of action is truly in the best interests of the Trust. The Board of Directors, in the exercise of its fiduciary duties, believes that stockholder values will be maximized by the continued pursuit of its cinema/real estate business plan and not by a change of control at this time.

BACKGROUND INFORMATION

As this Court knows, RDI is a publicly-owned Nevada corporation, controlled by the family of the late James J. Cotter, Sr. In May 2016, September 2016, and again in December 2016, the Board of Directors of RDI received unsolicited and nonbinding indications of interest

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[1] While the Trust only owns approximately 41.4% of the voting power of RDI, some 28% of such voting power is in the hands of stockholders other than the Cotter Family. This includes two concentrations of stock ownership in the hands of Mark Cuban (12.4%) and Pico Holdings, Inc./Pico Deferred Holdings, LLC (7%).

III. CONCLUSION

This Court should reject James J. Cotter, Jr.'s *ex parte* petition for the appointment of a trustee *ad litem* to evaluate the Patton Vision's "offer" and take steps to act on the "offer" in the trustee's sole discretion. RDI is financially sound and there is no imminent danger that would justify the relief requested. Moreover, the Company understands that further proceedings remain herein and include anticipated findings regarding the status of the so called "Hospital Amendment" and Cotter, Sr.'s intent. As such, until such proceedings are complete, there is no basis for the relief requested.

Absent complete rejection of that petition, the Court should hold an evidentiary hearing where the Company can express its concerns regarding the proposed course of action and explain in greater detail to the Court the impact of such a decision and why the Company's Board believes that the pursuit of the Company's current business plan is in the best interests of all stockholders.

DATED: May 15, 2017

GREENBERG TRAURIG, LLP

By Mark E. Ferrario (MPG)
Mark E. Ferrario
Attorneys for Reading International, Inc.

RDI-A08699

Exhibit C

Electronically FILED by Superior Court of California, County of Los Angeles 9/27/2017 9:37 AM Sherri R. Carter, Executive Officer/Clerk, By A. Malfavon, Deputy Clerk

SHARTSIS FRIESE LLP
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Attorney for Interested Parties
Lawndale Capital Management, LLC, Diamond A Partners, L.P.,
and Diamond A Investors, L.P.

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES, CENTRAL DISTRICT

In re the JAMES J. COTTER LIVING TRUST dated August 1, 2000	Case No. BP159755 **DECLARATION OF ANDREW E. SHAPIRO IN SUPPORT OF STATEMENT OF POSITION BY INTERESTED PUBLIC SHAREHOLDER PARTIES** Department: 9 Action Filed: February 5, 2015 Trial Date: None

SHARTSIS FRIESE LLP
ONE MARITIME PLAZA
EIGHTEENTH FLOOR
SAN FRANCISCO, CA 94111-3598

I, Andrew E. Shapiro, declare as follows:

1. I am over the age of 18. I have personal knowledge of the matters set forth in this Declaration, and if sworn to testify, would and could competently testify thereto. I make this Declaration in response to Reading International, Inc.'s Statement Of Position In Response To Position Statements Submitted By Purported Interested Public Shareholder Parties, filed on August 30, 2017, and in support of the Statement of Position By Interested Public Shareholder Parties filed on August 17, 2017.

2. I am the Managing Member of Lawndale Capital Management LLC. Lawndale is an investment adviser and is the general partner of the investment funds Diamond A Partners, L.P. and Diamond A Investors, L.P. I have been an institutional investment professional, investing in the shares of public companies, for over 30 years.

RDI-A08701

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SAN FRANCISCO, CA 94111-3598

3. Lawndale is an institutional investor and, through the Diamond A funds, collectively currently owns over 1,140,000 Class A non-voting shares of Reading International, Inc. ("Reading" or "RDI") and over 12,000 Class B voting shares, comprising over 5% and 0.7% of each class, respectively. Based on the publicly available information, I believe that Lawndale is the largest non-Cotter family public shareholder and that Lawndale has been Reading's largest non-Cotter family public shareholder for many years.

4. Contrary to what Reading has represented to the Court, Lawndale is a long-term shareholder of Reading. As Reading and its management know full-well, Lawndale's investment in Reading goes back two decades to the 1990's, and well before any of the three Cotter children worked for Reading. In the 1990's Lawndale was a large and SEC-filing shareholder in Reading's three public predecessor companies, Craig Corp., Reading Entertainment, and Citadel Holdings. Reading International was not a company that Jim Cotter Sr. founded and built from scratch. Instead, in 2001, after Lawndale was already a shareholder of the three companies, Jim Cotter Sr., who was well-known at the time as a corporate raider, created the modern Reading International by forcibly merging the three companies and taking control of the resulting company through its entrenching dual voting class stock structure. With voting control over Reading International, Jim Cotter Sr. installed his board of rubber-stamping friends who time and again approved what I believe to be questionable compensation and other self-dealing transactions, and eventually gave all three of his children jobs of some sort paid for by the public company.

5. Lawndale thus has had a longer-term horizon on its investment in Reading than any of the Cotter children or current management. Lawndale's multi-decade perspective on Reading and knowledge of the company provide me with a firm basis to offer an opinion on the current situation, the market's reaction to ownership changes, and also align Lawndale's interests with all other public shareholders.

6. I and Lawndale have no economic or social relationship with Jim Cotter Jr. Despite what Reading represented to the Court, Reading is fully aware of these facts as they were the subject of pointless and costly discovery in the *Cotter v. Cotter* shareholder derivative

litigation filed in Nevada.

7. In my opinion, investor unease with respect to Reading is the result of the Cotter family and its Board's self-interested control and the ongoing inter-sibling fight for that control, not over the fact that Lawndale and others are highlighting that self-interest. The questionable increase in Board compensation that has accompanied the inter-family "transfer" in power, a prematurely terminated CEO search installing Ellen Cotter as CEO, and casting aside various bids for the company as "bottom feeders" without true engagement to extract maximum value, all raise new and increased public investor suspicions of the Cotter family's control. I note that, despite the fact that he oversaw and engineered the substantial growth of Reading's business, Jim Cotter Sr.'s death spurred a sharp increase in Reading's stock price because the market believed that it may have heralded the end of the family control of the company (demonstrating that the market discounts Reading's stock because of the family's control).

8. Based on my experience, I believe that an unfettered public auction of the Trust's shares to the highest bidder, regardless of whether that is a Cotter family member or not, is in the best interests of all of Reading's shareholders. Only an unfettered auction, one without any bidding advantage for Cotter family members, will result in the highest possible sale price for the shares. The higher the sale price, the greater the benefit to all public shareholders by more accurately establishing a fair market value for the company. Conversely, a sale at a depressed price harms all public shareholders by setting a lower value for the company.

9. Based on my experience, an auction with restrictions such as a "right of first refusal" for Cotter family members deters third party bidders from participating in the auction, or from spending the time and money to perform the detailed due diligence necessary to have the confidence to make the highest bid possible, because they know that Cotter family members can step in and win the auction by simply matching the highest bid. Cotter family members should be allowed to, and encouraged to, put their best bids forward for the shares. However, granting any of the Cotter family members any different or special rights in the auction process will result in the Cotter family members and third party bidders having no incentive to put their best bids forward - resulting in the realization of a lower price for the shares.

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RDI-A08703

10. Based on my experience, if a third party proves to be the highest bidder in a fair market sale of the Cotter Voting Trust's control block of Reading Class B shares, it would be logical and normal for it to install a much more independent and highly-qualified Board and management team that will maximize the value of Reading by pursuing the most advantageous business strategy - which may be the current Board's Three Year Business Strategy or perhaps an even better strategy.

11. If a Cotter family group (Margaret and Ellen Cotter or, alternatively, their brother Jim Cotter, Jr.) is the highest bidder in an unfettered auction, upon purchasing the shares for real present value (rather than inheriting the shares for nothing), public investors will have greater confidence in the expected returns from whatever that Cotter group views as the most advantageous business strategy - which may be the current Board's Three Year Business Strategy or perhaps an even better strategy.

12. In my opinion, an independent Trustee empowered to take any and all actions to maximize the value of the Trust shares, without regard to whether there is any continuing Cotter family management or legacy board members in the employ of the company, would most benefit all Reading shareholders.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct, and that this Declaration was executed this 27th day of September, 2017, at Mill Valley, California.

Andrew E. Shapiro

03693\018\8057459.v2

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RDI-A08704

PROOF OF SERVICE

I, Susan M. Brooks, declare:

I am a citizen of the United States and employed in the City and County of San Francisco, California by Shartsis Friese LLP at One Maritime Plaza, Eighteenth Floor, San Francisco, California 94111. I am over the age of eighteen years and am not a party to the within-entitled action.

On September 27, 2017 at Shartsis Friese LLP located at the above-referenced address, and, pursuant to California Rules of Court, Federal Rules of Civil Procedure, Civil Code of Procedure, and local rules, I served on the interested parties in said cause a copy of the within document(s):

DECLARATION OF ANDREW E. SHAPIRO IN SUPPORT OF STATEMENT OF POSITION FROM INTEREST PUBLIC SHAREHOLDER PARTIES

☑ by placing the document(s) listed above in a sealed envelope with postage thereon fully prepaid in accordance with the firm's practice, of which I am familiar, of collection and processing correspondence for mailing on the same day to the person(s) at the address(es) set forth below:

SEE ATTACHED SERVICE LIST

SHARTSIS FRIESE LLP
ONE MARITIME PLAZA
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RDI-A08705

SERVICE LIST

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Glenn Bridgman SUSMAN GODFREY LLP 1901 Avenue of the Stars Suite 950 Los Angeles, CA 90067-6029	*Attorneys for Petitions, Ann Margaret Cotter and Ellen Marie Cotter*
Harry P. Susman SUSMAN GODFREY LLP 1000 Louisiana, Suite 5100 Houston, TX 77022	*Attorneys for Petitions, Ann Margaret Cotter and Ellen Marie Cotter*
Christopher D. Carico CARICO JOHNSON TOOMEY, LLP 841 Apollo Street, Suite 45 El Segundo, CA 90245	*Court Appointed Guardian Ad Litem*
James J. Cotter, Jr. 311 Homewood Road Los Angeles, CA 90049	*Adult Son; Beneficiary; Successor Co-Trustee*
Ellen Marie Cotter 2818 Dumfries Road Los Angeles, CA 90064	*Adult Daughter; Beneficiary; Successor Co-Trustee*
Ann Margaret Cotter 120 Central Park South, Apt. 8A New York, NY 10019	*Adult Daughter; Beneficiary; Successor Co-Trustee*
Duffy James Drake 120 Central Park South, Apt. 8A New York, NY 10019	*Minor Grandson; Beneficiary*
Margot James Drake Cotter 120 Central Park South, Apt. 8A New York, NY 10019	*Minor Granddaughter; Beneficiary*

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RDI-A08706

Sophia I. Cotter 311 Homewood Road Los Angeles, CA 90049	*Minor Granddaughter; Beneficiary*
Brooke E. Cotter 311 Homewood Road Los Angeles, CA 90049	*Minor Granddaughter; Beneficiary*
James J. Cotter 311 Homewood Road Los Angeles, CA 90049	*Minor Grandson; Beneficiary*
Gerard Cotter 226 Pondfield Road Bronxville, NY 10708	*Beneficiary*
Victoria Heinrich 186 Cherrybrook Lane Irvine, CA 92613	*Beneficiary*
Susan Heierman 262 W. Pecan Place Tempe, AZ 85284	*Beneficiary*
Eva Barragon 13914 Don Julian La Puente, CA 91746	*Beneficiary*
Mary Cotter 2818 Dumfries Road Los Angeles, CA 90064	*Beneficiary*
James J. Cotter Foundation Reading International 6100 Centre Drive, Suite 900 Los Angeles, CA 90045	*Beneficiary*
Eric V. Rowen Greenberg Traurig LLP 1840 Century Park East, 19th Floor Los Angeles, CA 90067	
Alexander Robertson, IV ROBERTSON & ASSOCIATES, LLP 32121 Lindero Canyon Road, Suite 200 Westlake Village, CA 91361	

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SAN FRANCISCO, CA 94111-3598

RDI-A08707

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

Executed on September 27, 2017, at San Francisco, California.

Susan M. Brooks

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ONE MARITIME PLAZA
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SAN FRANCISCO, CA 94111-3598

RDI-A08708

Exhibit D

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

SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF LOS ANGELES, CENTRAL DISTRICT

In re: JAMES J. COTTER LIVING TRUST Dated August 1, 2000	Case No. BP 159755 **DECLARATION OF JON GLASER IN RESPONSE TO RDI'S STATEMENT OF POSITION IN RESPONSE TO POSITION STATEMENT SUBMITTED BY PURPORTED PUBLIC SHAREHOLDER PARTIES** Department: 9 Action Filed: February 5, 2015 Trial Date: None

I, Jon Glaser, being duly sworn, deposes and says:

1. I am the managing member of JMG Capital Management, LLC and Pacific Capital Management, LLC.

2. I make this declaration based upon my own personal knowledge and if called upon to testify as to the contents of this declaration, I could and would do so competently in a court of law.

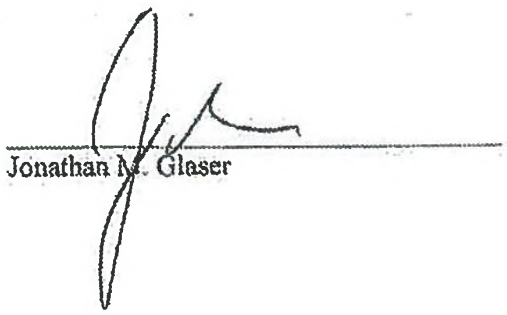
3. I have been an investor, either personally or through one of the funds I manage, in Reading International, Inc. ("RDI") for over ten (10) years. My funds are not "hedge funds" but are my personal investments only.

4. My last communication with James Cotter, Jr. was in May of 2016, and was not related to any matter having to do with this or any other Reading litigation. I have had no communications with him, or any of his representatives, since that time. The arguments made in RDI's Statement of Position In Response to Position Statements By Purported Public Shareholder Parties, filed August 30, 2017, incorrectly speculates that I have had communications with Mr. Cotter, Jr. and incorrectly states that the funds I manage are "hedge funds." All of my investments in RDI are either shares personally owned by me, or by my private funds. My funds do not manage money for anyone other than myself.

5. Based on my 30 years of experience as a professional investor in the financials markets, it is my opinion that a public sale of the shares held by the Trust would increase the market value of the shares held by all shareholders.

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

Executed this 22nd day of September, 2017 at Los Angeles, California.



Jonathan M. Glaser

PROOF OF SERVICE

STATE OF CALIFORNIA, COUNTY OF LOS ANGELES

At the time of service, I was over 18 years of age and **not a party to this action**. I am employed in the County of Los Angeles, State of California. My business address is 32121 Lindero Canyon Road, Suite 200, Westlake Village, CA 91361.

On September 22, 2017, I served true copies of the following document(s) described as **DECLARATION OF JON GLASER IN RESPONSE TO RDI'S STATEMENT OF POSITION IN RESPONSE TO POSITION STATEMENT SUBMITTED BY PURPORTED PUBLIC SHAREHOLDER PARTIES** on the interested parties in this action as follows:

SEE ATTACHED SERVICE LIST

BY MAIL: I enclosed the document(s) in a sealed envelope or package addressed to the persons at the addresses listed in the Service List and placed the envelope for collection and mailing, following our ordinary business practices. I am readily familiar with Robertson & Associates, LLP's practice for collecting and processing correspondence for mailing. On the same day that the correspondence is placed for collection and mailing, it is deposited in the ordinary course of business with the United States Postal Service, in a sealed envelope with postage fully prepaid.

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

Executed on September 22, 2017, at Westlake Village, California.

Ann Russo

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Mary Cotter
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Exhibit E

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

DEPARTMENT 9 HON. CLIFFORD L. KLEIN, JUDGE

IN RE THE MATTER OF JAMES J. COTTER, LIVING TRUST.	NO. BP 159 755

REPORTER'S TRANSCRIPT OF PROCEEDINGS

THURSDAY, FEBRUARY 23, 2017

APPEARANCES:

FOR PETITIONERS:
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SUSMAN GODFREY, LLP
BY: HARRY P. SUSMAN
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HOUSTON, TEXAS 77002

FOR RESPONDENTS:
SHEPPARD, MULLIN
RICHTER & HAMPTON, LLP
BY: ADAM STREISAND
GOLNAZ YAZDICHI
1901 AVENUE OF THE STARS
SUITE 1600
LOS ANGELES, CALIFORNIA 90067

COPY

ELSA BANDA LARA, CSR NO. 3226
OFFICIAL REPORTER

CASE NUMBER: BP 159 755
CASE NAME: THE JAMES J. COTTER LIVING TRUST
LOS ANGELES, CA THURSDAY, FEBRUARY 23 2017
DEPARTMENT 9 HON. CLIFFORD L. KLEIN, JUDGE
APPEARANCES: (AS NOTED ON TITLE PAGE.)
REPORTER: ELSA BANDA LARA, CSR NO. 3226
TIME: P.M. SESSION

---o---

THE COURT: READY TO GET STARTED? ARE WE WAITING FOR ANYONE?

MR. SUSMAN: WE ARE READY.

THE COURT: LET'S GET STARTED. HAVE A SEAT.

APPEARANCES, YOU HAVEN'T BEEN HERE ON THIS CASE YET.

MS. YAZDICHI: I HAVEN'T.

THE COURT: WELCOME.

MR. STREISAND: WE SHOULD START WITH HER.

MS. YAZDICHI: GOOD AFTERNOON, YOUR HONOR, GOLNAZ YAZDICHI, SHEPARD, MULLIN ON BEHALF OF JAMES J. COTTER, JR..

MR. STREISAND: ADAM STREISAND ALSO FOR JAMES J. COTTER, JR..

MR. SUSMAN: HARRY SUSMAN FOR ELLEN AND MARGARET COTTER.

MS. LODISE: MARGARET LODISE FOR MARGARET AND ELLEN COTTER.

THE COURT: LET ME START WITH SOME PRELIMINARY REMARKS. AND I'VE READ A PACKAGE THAT I'VE RECEIVED. AND I MUST CONFESS ON THE EX PARTE BASIS RATHER WHEN I SAT DOWN LAST NIGHT TO READ EVERYTHING IT SEEMED LIKE A RATHER SHORT TIME FOR ME TO DECIDE ABOUT SELLING THE COMPANY. BUT I'VE OBVIOUSLY HAD SOMETIME TO THINK ABOUT THE TESTIMONY.

AND I DON'T THINK I SHOULD BE BOUND -- I'M NOT SUGGESTING I'M LEGALLY BOUND, BUT BOUND BY MY PREVIOUS RULINGS ON THE GUARDIAN AD LITEM ISSUE, THAT WAS OBVIOUSLY BEFORE THE CASE STARTED.

AND THERE'S A LOT I'VE LEARNED ABOUT THE RELATIONSHIP AMONG THE SIBLINGS AND ABOUT THE COMPANY, IF I WERE TO FEEL BOUND BY THAT, THERE IS A REMOVAL PETITION ALSO FILED, RIGHT?

MR. STREISAND: YES.

THE COURT: IN ESSENCE THE ARGUMENT WAS I SHOULDN'T EVEN HEAR THE REMOVAL PETITION BECAUSE I'VE ALREADY DECIDED THAT THE TRUSTEE -- IS IT ELLEN OR MARGARET? WHO IS THE ONE THAT CONTROLS THE VOTING TRUST NOW? IT'S ELLEN, RIGHT? WHO IS THE --

MR. SUSMAN: NO, RIGHT NOW, AS YOU RECALL, YOUR HONOR, THE STATUS IS -- THERE IS NO VOTING TRUST THAT'S BEEN FUNDED. AND SO THE STATUS IS THAT --

THE COURT: BUT IT WOULD BE MARGARET UNDER THE 2013 TRUST?

MR. SUSMAN: EVENTUALLY, YES.

THE COURT: RIGHT. SO, ANYHOW AND MARGARET HAS

ONE CHILD.

MR. SUSMAN: MARGARET HAS TWO AND, JUNIOR HAS THREE.

THE COURT: JUNIOR HAS THREE. ALL RIGHT.

MR. SUSMAN: AND TO REMIND, YOUR HONOR, YOU KNOW, PART -- RIGHT NOW THE VOTING STOCK IS -- JUST AS YOU THINK PRACTICALLY ABOUT THIS TO REMIND YOU, A BIG CHUNK OF IT IS IN THE ESTATE.

THE COURT: IN NEVADA.

MR. SUSMAN: RIGHT, IN WHICH MARGARET AND ELLEN ARE THE EXECUTORS AND THEN THERE'S SOME THAT I GUESS IS CONTROLLED BY THE THREE TRUSTEES OF THE TRUST RIGHT NOW. THAT'S THE SORT OF STATUS.

MR. STREISAND: JUST AS A ONE REMINDER, TOO, IS WE'RE NOT ASKING FOR THE SALE OF THE COMPANY. WE'RE JUST ASKING FOR SOMEBODY WHO IS INDEPENDENT WHO CAN EVALUATE THE OFFER, NEGOTIATE WITH THE OFFEROR, NOT TO SELL THE COMPANY. AND WE DON'T WANT PRE-JUDGE HOW THAT TURNS OUT. I MEAN, THEY MAY PERSUADE --

THE COURT: RIGHT. FOR SOME REASON WHEN I READ IT YESTERDAY -- I'M GLAD YOU BROUGHT THAT UP BECAUSE I WASN'T CLEAR ABOUT THAT POINT. IT LOOKED TO ME FROM WHAT I READ THAT THEY CAN ACTUALLY NEGOTIATE THE SALE, IN ANY EVENT.

SO I -- ANYWAY, I JUST LEARNED A LOT MORE ABOUT THE SITUATION ON THE GUARDIAN AD LITEM ISSUE AND AS I HEARD COUNSEL ONCE AGAIN SAY, SAID THERE WASN'T ANY REASON FOR A REMOVAL HEARING IF I FELT THERE WEREN'T ANY

ISSUES ABOUT RELATIONSHIPS BETWEEN THE TRUSTEES AND THE GRANDCHILDREN.

IN ADDITION, SINCE THAT MOTION WAS HEARD, WE'VE HAD THE MARGARET AND ELLEN AND, ULTIMATELY ON THE 2013, MARGARET WOULD BE THE TRUSTEE, THAT'S THE WAY IT WOULD END UP, ADMITTING THAT SHE SIGNED DOCUMENTS, THAT WERE -- IT WAS WRONG CONDUCT, I THINK IS SHE SAID SHE WAS ASHAMED.

AND THAT REALLY RAISES SOME ISSUES ABOUT WHETHER SHE AND HER SISTER ARE APPROPRIATE TO BE TRUSTEES INVOLVING THE CHILDREN, CONSIDERING HER JUDGMENT ABOUT HER -- CONFESSION, I GUESS, ABOUT WHAT SHE DID.

THE OTHER ISSUE THAT I'VE BEEN FACING IS THERE'S BEEN A LOT OF TALK ABOUT WHAT WAS SENIOR -- I'LL USE THAT TERM -- SENIOR'S INTENTS. AND THAT SEEMS TO ME IS PRETTY OBVIOUS. IT WAS IMPOSSIBLE TO REALLY SATISFY HIS INTENT, WHICH WAS THAT THIS WOULD OPERATE AS A FAMILY BUSINESS WITH THE HIS THREE CHILDREN BECAUSE IN 2000- -- IS IT 2013, WHAT WAS IT MARGARET WAS SUPPOSED TO BE CHAIRMAN OF THE BOARD, AND SHE'S SUPPOSED TO BACK HER BROTHER AS PRESIDENT.

WELL, THAT'S NOT GOING TO HAPPEN, LET'S BE CANDID. IT IS JUST VERY CONTENTIOUS DIVIDED FAMILY.

SO I AM AT LOSS AS TO HOW I CAN POSSIBLY COME UP WITH A RULING THAT WOULD CARRY OUT SENIOR'S INTENT. I HAVEN'T HEARD, OF COURSE, THE ARGUMENTS, BUT I THINK YOU UNDERSTAND WHERE I'M COMING FROM. HE MAY

MIND SAYING, "WELL, SENIOR WANTED IT TO REMAIN A FAMILY BUSINESS, THAT'S WHAT IS GOING TO HAPPEN UNDER THE 2013 TRUST."

THE FACT THAT, JUNIOR IS OR ISN'T EMPLOYED OR IS INVOLVED OR NOT, YOU KNOW, THE DAD ON THAT WASN'T CRYSTAL -- AS CLEAR ABOUT THAT. AND IF HE HAD SEEN WHAT SUBSEQUENTLY CERTAINLY WOULDN'T GUARANTEE HIM A PERMANENT JOB, DIDN'T GIVE HIM A LONG-TERM CONTRACT, ALL RIGHT? FOR EMPLOYMENT, EVEN THOUGH HE ASKED FOR ONE. NOW REMEMBER THAT EVIDENCE ALL CAME IN. YOU COULD CONCLUDE, YOU KNOW, THE DAD PROBABLY WOULD HAVE AGREED HE SHOULD HAVE BEEN FIRED, IN ALL --

THE COURT: BUT WE HAVE A SECOND ISSUE THOUGH, WHAT DO YOU DO ABOUT THE FACT THAT YOUR CLIENTS TESTIFIED TO BY THEIR OWN ADMISSION SOME SHAMEFUL CONDUCT?

MR. SUSMAN: YES.

THE COURT: POSSIBLY CRIMINAL; POSSIBLY NOT, FORGERY REQUIRES AN INTENT TO DEFRAUD AND THEY CLAIM IT'S DAD'S INTENT. BUT, IN ANY EVENT, BY THEIR OWN WORDS THAT THEY WERE EMBARRASSED BY IT. AND THEY -- I'M NOT GOING TO MINCE WORDS, HATE THEIR BROTHER.

SO IS IT APPROPRIATE FOR THEM TO BE THE TRUSTEES WITH POWER OVER HIS CHILDREN? THAT'S ANOTHER THING I'M STRUGGLING ABOUT. CAN THEY REALLY BE OBJECTIVE? WE SEE CASES HERE ALL THE TIME WHERE, YOU KNOW, THE TRUSTEE CLEARLY FAVORS ONE SIDE OVER THE OTHER, AND IN SOME PRETTY TERRIBLE WAYS.

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE COUNTY OF LOS ANGELES

DEPARTMENT 9 HON. CLIFFORD L. KLEIN, JUDGE

IN RE THE MATTER OF JAMES J. COTTER, LIVING TRUST.	NO. BP 159 755 REPORTER'S CERTIFICATE

I, ELSA BANDA LARA, OFFICIAL REPORTER OF THE SUPERIOR COURT OF THE STATE OF CALIFORNIA, FOR THE COUNTY OF LOS ANGELES, DO HEREBY CERTIFY THAT THE FOREGOING PAGES, 1 THROUGH 58, INCLUSIVE, COMPRISE A FULL, TRUE, AND CORRECT TRANSCRIPT OF THE PROCEEDINGS HELD IN THE MATTER OF THE ABOVE-ENTITLED CAUSE ON THRUSDAY, FEBRUARY 23, 2017.

DATED THIS 13TH DAY OF MARCH, 2017.

ELSA BANDA LARA, CSR NO. 3226
OFFICIAL REPORTER

Exhibit F

FILED
Superior Court of California
County of Los Angeles

AUG 29 2017

Sherri R. Carter, Executive Officer/Clerk
By S. McKinney, Deputy
Sharon McKinney

SUPERIOR COURT OF THE STATE OF CALIFORNIA

FOR THE COUNTY OF LOS ANGELES

In Re: JAMES J. COTTER LIVING TRUST ELLEN MARIE COTTER MARGARET COTTER Petitioners, vs. JAMES J. COTTER Jr., Respondent.	Case No.: BP159755 TENTATIVE STATEMENT OF DECISION

The court makes the following findings in this case:

The "hospital amendment" is invalid due to the lack of capacity of James Cotter, Sr. and undue influence when he signed the hospital amendment. Although James Cotter, Sr. intended for the voting stock and other assets of his trust to remain with the family, there is no explicit prohibition on their sale, as circumstances have changed, both as to the ability of his children to work cooperatively as executives in his company RDI, the potential conflict of interest with any of the children as to the grandchildren, and the lack of diversification with the extensive holdings in the cinema industry.

08-29-2017

The court exercises its power pursuant to Probate Code section 15642 to appoint a temporary trustee ad litem, with the narrow and specific authority to obtain offers to purchase the Reading stock in the voting trust, but not to exercise any other powers without court approval, specifically the sale of the company or any other powers possessed by the trustees. The trustees are not suspended or removed, pending future hearings if necessary.

The significant assets of Sr.'s estate begins with the company Sr. built, RDI, and specifically the company stock. RDI is his family business and he owned the majority throughout his life. RDI has a dual-class stock structure with non-voting (Class A) and voting (Class B) stock. At his death, Sr. owned roughly 1.2 million voting shares (70% of the voting stock), which are not actively traded, and about 2.2 million non-voting shares.

His assets also included citrus farms in Tulare and Fresno counties, consisting of over 2000 acres of orchards and a packaging house, Cecelia Packing, that processed citrus both from the its own orchards and other farms. The court does not sense that Sr.'s children have a sentimental attachment to these Central Valley orange groves as with a traditional family farm or ranch.

Sr. owned numerous private investments and real estate, often as partnership shares of real-estate ventures. These investments include, among others, the properties known as Sutton Hill, Shadow View, Sorento, and Panorama, and a Laguna Beach condominium. Sr. owned an interest in the 120 Central Park South Cooperative Apartment that his daughter Margaret has lived in for over 20 years. Sr.'s Supplemental Executive Retirement Plan ("SERP") from RDI is worth approximately $7.5 million.

09-27-2017

Exhibit G

DISTRICT COURT
CLARK COUNTY, NEVADA

JAMES J. COTTER, JR., individually and derivatively on behalf of Reading International, Inc.,	)	
Plaintiff,	)	Case No.
vs.	)	A-15-719860-B
MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, and DOES 1 through 100, inclusive,	)	VOLUME IV
Defendants.	)	
READING INTERNATIONAL, INC., a Nevada Corporation;	)	
Nominal Defendant.	)	

DEPOSITION of JAMES COTTER, taken at 865 South Figueroa Street, 10th Floor, Los Angeles, California, commencing at 9:40 A.M., Tuesday, July 11, 2017, before Ricki Q. Melton, CSR 9400, RPR 45429.

BY MR. SEARCY: 10:33:43

Q That's not something you've looked into? 10:33:43

A No. I mean, but it would seem very 10:33:46

unlikely that that -- they would do something like 10:33:49

that. 10:33:52

Q But your -- your statement that it would 10:33:52

be unlikely is not based upon any investigation 10:33:58

you've done into Patton Vision; correct? 10:34:00

A Well, again -- 10:34:02

Q Is that correct, sir? 10:34:03

A I have done no independent investigation 10:34:04

other than reading the correspondence from Patton 10:34:06

Vision. 10:34:10

The election was made by the company not 10:34:10

to engage in any discussion with Patton Vision. So 10:34:12

we -- the company could actually find out what 10:34:16

their intentions were. So I don't have any. 10:34:19

Q You don't have any knowledge one way -- 10:34:24

A Correct. 10:34:25

Q -- or the other as to whether they might 10:34:26

lay off the employees after they take over the 10:34:29

company? 10:34:31

A Correct. 10:34:31

Q If Patton Vision obtained control of 10:34:32

Reading, would you continue to seek reinstatement 10:34:38

as CEO? 10:34:41

MR. KRUM: Objection. Mischaracterizes 10:34:42
the claim in a way and incomplete hypothetical. 10:34:43

THE REPORTER: The -- the "claim and"? 10:34:43

MR. KRUM: "In a way" and then I said 10:34:43
"incomplete hypothetical." 10:34:58

THE WITNESS: I mean, I -- I don't see the 10:34:58
correlation. My -- my -- my case would continue, 10:35:02
yes. I mean, I haven't given this a lot of thought. 10:35:05

BY MR. SEARCY: 10:35:13

Q So after -- and I understand that we're 10:35:13
talking about a hypothetical situation, but if 10:35:15
Patton Vision were to obtain control of Reading, 10:35:19
it's your belief, at least as you sit here right 10:35:23
now, that your derivative suit against Reading 10:35:26
would continue; is that correct? 10:35:29

MR. KRUM: Same -- same objections, plus 10:35:31
asked and answered. 10:35:33

THE WITNESS: Again, I haven't given this 10:35:34
absolutely any thought as far as my derivative 10:35:37
claim nor have I spoken to my counsel relating to 10:35:42
it. 10:35:49

So at this point, I envision no change in 10:35:52
the current course of action with respect to my 10:35:55
derivative claim. 10:35:58

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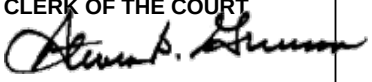
CLERK OF THE COURT



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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.

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

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

TO ALL PARTIES, COUNSEL, AND THE COURT:

Pursuant to Nevada Rule of Civil Procedure 56, Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy Codding, and Michael Wrotniak (collectively, the "Moving Defendants"), by and through their counsel of record, CohenJohnsonParkerEdwards and Quinn Emanuel Urquhart & Sullivan, LLP, hereby submit this Supplement to their Motions for Partial Summary Judgment Nos. 1, 2, 3, 5 and 6.

This Supplemental Motion is based upon the following Memorandum of Points and Authorities; the accompanying Declaration of Noah S. Helpern and exhibits thereto; the pleadings, declarations, and exhibits previously-submitted in connection with Individual Defendants' Motions for Partial Summary Judgment Nos. 1, 2, 3, 5 and 6; the pleadings and papers on file; and any oral argument at the time of a hearing on this motion.

Dated: November 9, 2017

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By: /s/ H. Stan Johnson

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NOTICE OF MOTION

TO: **TO ALL PARTIES, COUNSEL, AND THE COURT:**

PLEASE TAKE NOTICE that the above-referenced Motions will be heard on **December 11**, 2017 at **8:30** **am** in Department XI of the above designated Court or as soon thereafter as counsel can be heard.

Dated: November 9, 2017

COHEN|JOHNSON|PARKER|EDWARDS

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DECLARATION OF COUNSEL NOAH HELPERN

I, Noah Helpern, state and declare as follows:

1. I am a member of the bar of the State of California, and am an attorney with Quinn Emanuel Urquhart & Sullivan, LLP ("Quinn Emanuel"), attorneys for Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy Codding, and Michael Wrotniak ("Moving Defendants"). I make this Declaration based upon personal, firsthand knowledge, except where stated to be on information and belief, and as to that information, I believe it to be true. If called upon to testify as to the contents of this Declaration, I am legally competent to testify to its contents in a court of law.

2. Attached hereto as **Exhibit A** are excerpts of a true and correct copy of the transcript from this Court's October 27, 2016 hearing in the above-referenced matter.

3. Attached hereto as **Exhibit B** are excerpts of a true and correct copy of the deposition transcript of Judy Codding.

4. Attached hereto as **Exhibit C** are excerpts of a true and correct copy of Volume 4 of the deposition transcript of James J. Cotter, Jr.

5. Attached hereto as **Exhibit D** is true and correct copy of the Court's Order Regarding Defendants' Motions for Partial Summary Judgment Nos. 1-6 and Motion *in Limine* to Exclude Expert Testimony.

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

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

Executed on November 9, 2017, in Los Angeles, California.

/s/ *Noah Helpern*
Noah Helpern

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MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

In his Second Amended Complaint, Plaintiff James Cotter, Jr. ("Plaintiff") alleges that members of the Board of Directors of Reading International, Inc. ("RDI" or the "Company") breached their fiduciary duties by, among other things: terminating Plaintiff as President and CEO; determining not to pursue a non-binding expression of interest in purchasing all of the stock of the Company; selecting Ellen Cotter as the Company's CEO; approving the exercise of an option by the Estate of James Cotter, Sr.; hiring Margaret Cotter as a full-time RDI employee; approving market compensation packages for Ellen and Margaret Cotter; and approving one-time additional earned compensation payments for Margaret Cotter and Guy Adams. Moving Defendants previously moved this Court for partial summary judgment on the claims based on each of these issues. At an October 27, 2016 hearing, the Court deferred ruling on motions for partial summary judgment until completion of all fact discovery. All discovery is now complete.[1]

Moving Defendants respectfully request that the Court grant their motions for partial summary judgment based on the original points and authorities submitted, as well as the additional points and authorities referenced herein. The law is clear: in order for there to be liability, the burden in on Plaintiff to present evidence sufficient for the trier of fact to conclude that Defendants did not act in good faith, on an informed basis, and with a view to the interests of RDI. In particular, the Nevada Supreme Court's decision in *Wynn Resorts, Ltd. v. Eighth Judicial Dist. Court in & for Cty. of Clark*, 399 P.3d 334 (Nev. 2017) and recent amendments to Nevada Revised Statute ("NRS") §§ 78.138 and 78.139 confirm Nevada's protections for director and officer decision-making under the business judgment rule. Both new and previously-cited Nevada authority, as well as the factual record developed in this case, make clear there is no reasonably-disputed issue of fact: the RDI Board is entitled to the presumption that their actions were

[1] Plaintiff has appealed a discovery order of this Court. *See* Nevada Supreme Court Case No. 71267. Moving Defendants expressly reserve all rights with respect to the documents that are the subject of that order.

consistent with the proper exercise of business judgment, a presumption that Plaintiff cannot muster evidence to rebut.[2]

Plaintiff alleges—based entirely on his own assumptions and speculation—that certain Moving Defendants do not satisfy his own definition of "independence." However, Plaintiff's own baseless speculation is not sufficient to rebut Nevada's statutory presumption that corporate directors act in good faith. Moreover, even if Plaintiff's speculation were true (it is not), generalized allegations that some Moving Defendants, on a personal level, are closer with Ellen and Margaret Cotter than him, or believe in Ellen and Margaret Cotter's vision for RDI over that of Plaintiff, does not strip them of the protections of the business judgment rule. Having opinions and preferences as to the future of RDI does not somehow prevent Moving Defendants, as a matter of law, from acting as independent directors. Indeed, directors *should* have views as to the future of a corporation, otherwise they are not doing their job. The Nevada Legislature did not craft a statutory scheme that removed the presumption of the business judgment rule any time there was a baseless allegation of lack of independence, and Plaintiff has failed to proffer evidence showing that any of RDI's Directors made any particular decision (let alone *every* decision that is the subject of this suit) based on any conflicted or improper motive such that the legal presumptions of NRS § 78.138 would disappear. As the *Wynn* court confirmed, Nevada's business judgment rule is designed to keep courts out of the business of running corporations and second-guessing corporate boards. Yet Plaintiff asks this Court to do precisely that by inserting itself in RDI's decision-making because of some still-unarticulated lack of independence that, *even if true*, would be insufficient to rebut Nevada's statutory presumptions.

II. PROCEDURAL HISTORY

At the October 27, 2016 hearing on Moving Defendants' motions for partial summary judgment, the Court granted Rule 56(f) relief relating to Individual Defendants' Motions for Partial Summary Judgment Nos. 2, 3, 5, and 6, deferring a ruling until after the close of discovery.

[2] A thorough review of the facts and legal standard is contained in the original motions for partial summary judgment. Moving Defendants incorporate such discussion by reference herein.

See Helpern Decl., Exh. A, at 62:21-63:3; 84:17-85:3; 150:22-151:8; Exh. D, at 3. Since that time, the parties have taken six additional fact depositions: the 30(b)(6) deposition of Ellen Cotter, the deposition of Judy Codding, the deposition of Craig Tompkins, and the conclusion of Doug McEachern, Guy Adams, and James Cotter, Jr.'s depositions. All discovery is now complete.

III. ARGUMENT

A. The Nevada Supreme Court and Legislature Both Recently Confirmed the Broad Scope of Nevada's Business Judgment Rule

The decision-making process of each Moving Defendant with respect to each challenged decision is protected by the business judgment rule. The business judgment rule is a "presumption that in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best interests of the company." *Shoen v. SAC Holding Corp.*, 122 Nev. 621, 632 (2006) (internal citation omitted); NRS § 78.138(3) (codifying the business judgment rule under Nevada law). The business judgment rule "not only protect[s] individual directors from personal liability, rather, it expresses a sensible policy of judicial noninterference with business decisions and is designed to limit judicial involvement in business decision-making so long as a minimum level of care is exercised in arriving at the decision." *Wynn*, 399 P.3d at 342 (internal quotation omitted).

In its 2017 *Wynn* decision, the Nevada Supreme Court held that while Nevada's business judgment statute is a modified version of Section 8.30(e) of the Model Business Corporation Act, a plain reading of both texts demonstrates that the Nevada Legislature **intentionally omitted** the Model Act's "reasonableness" standard for judging whether a director's conduct should be protected. "This signals legislative rejection of a substantive evaluation of director conduct." *Id.* at 343 (citing *WLR Foods, Inc. v. Tyson Foods, Inc.*, 857 F. Supp. 492, 494 (W.D. Va. 1994)). The *Wynn* court also "reiterate[d] that the business judgment rule goes beyond shielding directors from personal liability in decision-making. Rather, it also ensures that courts defer to the business judgment of corporate executives and prevents courts from substituting their own notions of what is or is not sound business judgment if the directors of a corporation acted on an informed basis, in

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good faith and in the honest belief that the action taken was in the best interests of the company." *Id*. at 344 (internal quotations and citations omitted).

Through recent amendments to NRS §§ 78.138 and 78.139, the Nevada Legislature has also emphasized their intention to protect director and officer decision-making through the statutory business judgment rule. For example, NRS § 78.138(7)), which defines the threshold necessary to establish director or officer liability, now includes an additional element establishing that a director or officer cannot be held liable for damages unless: "(a) The trier of fact determines that the presumption established by subsection 3 has been rebutted . . ." The referenced subsection, NRS § 78.138(3), provides that "directors and officers, in deciding upon matters of business, are presumed to act in good faith, on an informed basis and with a view to the interests of the corporation." Thus, in addition to the ample protections already provided by NRS § 78.138(7) (*e.g.*, that the director or officer's breach involve "intentional misconduct, fraud or a knowing violation of law"), this amendment to the statute requires a plaintiff to overcome a statutory presumption that an officer or director acted in good faith in order to bring a claim against corporate directors or officers.

Here, for reasons discussed below and in Moving Defendants' original motions for partial summary judgment, there is no triable issue of fact regarding whether or not Plaintiff has successfully rebutted the presumption that Moving Defendants acted in good faith and subject to the protections of the business judgment rule, let alone that they committed the intentional misconduct, fraud or a knowing violation of law that would subject them to individual liability. Their conduct falls squarely within Nevada law's protections, and Plaintiff's claims fail as a matter of law.

B. The Court Should Grant Partial Summary Judgment on Plaintiff's Claims Related to the Purported Unsolicited Offer (Motion for Partial Summary Judgment No. 3)

1. Moving Defendants are protected by the business judgment rule

As the original briefing demonstrates, the decision of whether or not to sell a company is one the law commits to the sound discretion of a board of directors. *Horwitz v. Sw. Forest Indus.*,

Inc., 604 F. Supp. 1130, 1135 (D. Nev. 1985) ("Traditionally, the board's managerial function includes making the decision whether to welcome or oppose a proposed merger or takeover."). Here, it is undisputed that the Board met to discuss Patton Vision's letter (the "Indication of Interest"); the Board considered a presentation by RDI's management about the value of the Company; and, after a thorough deliberation, the Board determined that RDI's interests would be best served in the long-term by not pursuing Patton Vision's inadequate Indication of Interest. Indeed, Director Codding testified at her deposition that "Reading has enormous possibilities to bring shareholder value, and we need to stick" with the Company's existing plan to grow. Helpern Decl., Exh. B, at 172:10-173:9.

The Nevada Legislature—in addition to its amendments to NRS § 78.138—recently amended § 78.139, which sets forth the standard a board must follow in considering a change of control transaction. The Legislature added the following language:

> Without limiting the provisions of NRS 78.138, a director may resist a change or potential change in control of the corporation if the board of directors determines that the change or potential change is opposed to or not in the best interest of the corporation upon consideration of any relevant facts, circumstances, contingencies or constituencies pursuant to subsection 4 of NRS 78.138 . . .

NRS § 78.139(4)). Subsection 4 of NRS § 78.138, referenced above, states:

> Directors and officers, in exercising their respective powers with a view to the interests of the corporation, may:
>
> (a) Consider all relevant facts, circumstances, contingencies or constituencies, including, without limitation:
>
> (1) The interests of the corporation's employees, suppliers, creditors or customers;
>
> (2) The economy of the State or Nation;
>
> (3) The interests of the community or of society;
>
> (4) The long-term or short- term interests of the corporation, including the possibility that these interests may be best served by the continued independence of the corporation; or
>
> (5) The long-term or short-term interests of the corporation's stockholders, including the possibility that these interests may be best served by the continued independence of the corporation.
>
> (b) Consider or assign weight to the interests of any particular person or group, or to any other relevant facts, circumstances, contingencies or constituencies

In reaching its decision to not pursue Patton Vision's Indication of Interest, the Board indisputably considered relevant facts and circumstances relating to the Company's long-term or short-term interests, including the possibility that these interests may be best served by the continued independence of the corporation, as required by NRS §§ 78.138 and 78.139. For example, at the June 23, 2016 Board meeting, RDI's management presented the Board with an overview of the Company's cinema and real estate assets. *See* Motion for Partial Summary Judgment No. 3 at 5-6. When appropriate multiples were applied, RDI's net asset value was determined to be somewhere between [redacted] more than the $400 million valuation assessed by Patton Vision. *See id*. at 6. Thus, in reaching its ultimate decision, the Board properly informed itself with information available to the Company, as well as with the Directors' own knowledge of RDI. While Plaintiff asks this Court to second-guess the Board's decisions, the Nevada Legislature has made clear that its courts should not substitute their own notions of what is or is not sound business judgment. Indeed, such a "substantive evaluation" of director conduct has been rejected. *Wynn*, 399 P.3d at 343 (citation omitted).

Plaintiff has failed to rebut the statutory presumption of good faith under recently amended NRS § 78.138(7). It is *Plaintiff's burden* to rebut NRS § 78.138(3), which provides that "directors and officers, in deciding upon matters of business, are presumed to act in good faith, on an informed basis and with a view to the interests of the corporation." Here, the undisputed facts demonstrate that RDI's Board is entitled to the statutory presumption of good faith. Even if Plaintiff could point to an undisputed fact rebutting the presumption that Moving Defendants' conduct falls under the ambit of Nevada's business judgment rule (he cannot), a director cannot be personally liable for breaching their fiduciary duties unless "the breach of those duties involved intentional misconduct, fraud or a knowing violation of law." NRS § 78.138(7). Here, Plaintiff cannot cite any cognizable evidence (beyond his own speculation) to support a finding of intentional misconduct, fraud or a knowing violation of the law. Accordingly, this Court should grant Individual Defendants' Motion for Partial Summary Judgment (No. 3) on Plaintiff's Claims Related to the Purported Unsolicited Offer.

2. There are no damages, as a matter of law, from a decision not to pursue a nonbinding expression of interest

Summary judgment is also appropriate on this claim because, as a matter of law, Plaintiff cannot demonstrate any injury from the Board's decision not to pursue the **nonbinding** Indication of Interest. To avoid summary judgment, Plaintiff must produce cognizable evidence showing damages, an essential element of a breach of fiduciary duty claim. *Brown v. Kinross Gold U.S.A., Inc.*, 531 F. Supp. 2d 1234, 1245 (D. Nev. 2008) (A claim for breach of fiduciary duty requires a plaintiff to demonstrate "the existence of a fiduciary duty, the breach of that duty, and that the breach proximately caused the damages.") (applying Nevada law). Where a company receives a nonbinding proposal subject to conditions, such as due diligence and the execution of definitive agreements, that does not "constitute[] [an] offer[] the acceptance of which would bind the offeror to acquire [the company,]" a plaintiff cannot demonstrate an injury. *See Cooke v. Oolie*, No. CIV. A. 11134, 2000 WL 710199, at *13 n. 38 (Del. Ch. May 24, 2000).

At his recent deposition, Plaintiff [redacted] Helpern Decl., Exh. C, at 940:12-18. [redacted] *Id*. at 941:13-19. The Indication of Interest merely communicated a proposal that was contingent upon (1) negotiation and execution of a definitive merger agreement and (2) due diligence. Thus, because the Indication of Interest was nonbinding, Plaintiff cannot demonstrate injury—a deficiency fatal to all claims to the extent they are based on the unsolicited Indication of Interest.

C. <u>The Court Should Grant Partial Summary Judgment on Plaintiff's Claims Related to the Issue of Director Independence (Motion For Partial Summary Judgment No. 2)</u>

At the October 27 hearing, in connection with Motion for Partial Summary Judgment No. 2, the Court requested that Plaintiff provide additional information so that each director could be evaluated on an "action-by-action basis[.]" *See* Helpern Decl., Exh. A, at 84:22; Exh. D, at 3. Plaintiff has not provided the Court with any supplemental factual or legal authority since that

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hearing or the conclusion of discovery. Plaintiff's generalized allegations that certain Directors lack independence, by virtue of their friendship with members of the Cotter family, also misses the mark. Plaintiff cannot point to any cognizable evidence that any Director lacks independence, or more importantly—and as evaluated by Nevada courts—that any Director stood on both sides of a transaction.

For none of the challenged Board decisions is there a disputed fact that would create a triable issue regarding independence of Moving Defendants. "No issue of self-interest exists where directors did not stand on both sides of the transaction or receive any personal financial benefit." *La. Mun. Police Emps.' Ret. Sys. v. Wynn*, No. 2-12-cv-509 JCM, 2014 WL 994616, at *4 (D. Nev. Mar. 13, 2014) (applying Nevada law); NRS 78.140(1)(a)) (defining "interested director"). Here, there are no allegations, let alone evidence, that any director stood on both sides of any transaction. Instead, Plaintiff manufactured a theory that certain non-Cotter directors—as a result of friendship or economic ties—are somehow "beholden" to Ellen and Margaret Cotter. However, that is not the standard. "Allegations of mere personal friendship or mere outside business relationship, standing alone, are insufficient to raise a reasonable doubt about a director's independence." *Beam ex rel. Martha Stewart Living Omnimedia, Inc. v. Stewart*, 845 A.2d 1040, 1050 (Del. 8 2004).

Furthermore, Plaintiff's belief that the Moving Defendants [redacted] (*see* Helpern Decl., Exh. C, at 971:6-14; 975:7-20) is contrary to the law. The mere fact of a director's service and compensation—sometimes higher than their normal salaries—does not alone "lead to a reasonable doubt as to the[ir] independence." *See In re Walt Disney Co. Derivative Litig.*, 731 A.2d 342, 360 (Del. Ch. 1998), *aff'd in part, rev'd in part and remanded sub nom. Brehm v. Eisner*, 746 A.2d 244 (Del. 2000). Indeed, to hold otherwise would call into question anytime a director voted against a potential acquisition, no matter how inadequate the terms.

Part of Plaintiff's request for Rule 56(f) relief relating to this motion was a need for more time to depose Moving Defendants. Tellingly, Plaintiff has *never* sought the deposition of

Director/Defendant Michael Wrotniak. At the deposition of Director/Defendant Judy Codding, taken by Plaintiff since the original summary judgment hearing, Ms. Codding stated in no uncertain terms that she acts independently: "What my job is as an independent director is to [] do the best I can to bring the most shareholder value to all shareholders. I'm very clear about what my obligation is. . . . I have to make an independent judgment. And that's what I've done." Helpern Decl., Exh. B, at 174:5-18. Plaintiff has neither obtained nor proffered to the Court any additional evidence or authority that creates a triable issue of fact as to Moving Defendants' independence.

D. The Court Should Grant Partial Summary Judgment on Plaintiff's Claims Relating to the Appointment of Ellen Cotter as CEO, Approval of the Option Exercise, Hiring of Margaret Cotter, Approval of Market Compensation Packages to Ellen and Margaret Cotter, and Approval of One-Time Compensation Paid to Margaret Cotter and Guy Adams (Motions for Partial Summary Judgment Nos. 5 and 6)

Plaintiff's remaining claims, which were the subject of Individual Defendants' Motions for Partial Summary Judgment Nos. 5 and 6, were heard together, as the Court determined these issues were "all interrelated[.]" *See* Helpern Decl., Exh. A, at 140:12; Exh. D, at 3. Since the time that the Court granted Plaintiff's requested Rule 56(f) relief, Plaintiff has not obtained any new evidence—and no evidence exists—to create a triable issue of fact on these issues.

As discussed above (*supra* Section III.A.), the Nevada Supreme Court recently confirmed that the business judgment rule goes beyond shielding directors from personal liability in decision-making—it also prevents courts from substituting their own notions of what is or is not sound business judgment. *See Wynn*, 399 P.3d at 344. Moreover, NRS § 78.138(7), as amended, puts the burden on derivative plaintiffs to rebut NRS 78.138(3)'s presumption that directors and officers acted in good faith, on an informed basis, and with a view to the interests of the corporation. Plaintiff has not come close to meeting the high threshold that is required under NRS § 78.138(7).

For example, the evidence demonstrates that the Board's decision to appoint Ellen Cotter as CEO was made on an informed basis, in good faith, and with the honest belief that Ms. Cotter's leadership was in the best interest of the Company—there is no triable issue here. Ms. Cotter's

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appointment was attributable to many rational business purposes, including without limitation her extensive experience in the cinema industry, her unique knowledge of the Company's assets, her familiarity with the Company's goals and existing management, and more. *See* Moving Defendants' Motion for Partial Summary Judgment No. 5 at 8-9. While Plaintiff seeks to create a supposed disputed issue through the "Position Specification" created by Korn Ferry for the initial CEO search, which emphasized real estate experience, [redacted] Helpern Decl., Exh. C, at 877:22-878:20.

Additionally, while Plaintiff alleges that the certain Directors were "beholden" to Ellen Cotter by reason of her status as a controlling stockholder, such a fact had no effect on the Board's decision. Ms. Codding testified at her deposition that it did not occur to her that it might be difficult not to support the candidacy of someone who might be a controlling shareholder. *See* Helpern Decl., Exh. B, at 95:20-23. Ms. Codding stated that she has a "fiduciary responsibility to all shareholders, and that's our obligation to select the best person for the job." *Id*. at 95:25-96:3. Beyond his own speculation, Plaintiff has not proffered any evidence that any Moving Defendants acted with improper motivation.

Plaintiff's remaining claims regarding the exercise of the option by the Estate of James Cotter, Sr., Margaret Cotter's employment as a full-time RDI employee, Ellen and Margaret Cotter's market compensation, and Margaret Cotter and Guy Adam's one-time additional compensation are also defeated by application of Nevada's business judgment rule. Discovery is closed, and Plaintiff has yet to identify evidence of bad faith on the part of RDI's Board such that the statutory presumption afforded by the business judgment rule could be rebutted. Instead, the facts demonstrate that Moving Defendants acted on an informed basis, in good faith, and in the honest belief that the action taken was in the best interest of the Company.

E. The Court Should Grant Partial Summary Judgment on Plaintiff's Claims Related to His Termination (Motion For Partial Summary Judgment No. 1)

Nevada's statutory protections for Board of Director decision-making—including the clarification to the scope of the business judgment result and amendments to NRS § 78.138—

apply equally to the Board's decision to terminate Plaintiff as President and CEO. For the reasons previously articulated in Moving Defendants' Motion for Partial Summary Judgment No. 1, Plaintiff cannot meet the showing required to avoid summary judgment on claims relating to his termination. While the Court previously stated its view that "there are genuine issues of material fact and issues related to interested directors participating in a process," (*see* Helpern Decl., Exh. A, at 117:9-11; Exh. D, at 3), new issues of law presented in this Motion merit reconsideration of any previously-issued order regarding Motion for Partial Summary Judgment No. 1. *See, e.g.*, *Masonry & Tile Contractors Ass'n of S. Nevada v. Jolley, Urga & Wirth, Ltd.*, 113 Nev. 737 (1997); *Moore v. City of Las Vegas*, 92 Nev. 402, 405 (1976). Specifically, as discussed *supra*, recent clarification to Nevada law make clear that suggestions of a purported lack of independence cannot rebut that statutory presumption that "directors and officers, in deciding upon matters of business, are presumed to act in good faith, on an informed basis and with a view to the interests of the corporation." NRS § 78.138(3). It was Plaintiff's burden to rebut this statutory presumption and he failed to do so. Here, as with the Board's other decisions, the undisputed facts demonstrate that the Moving Defendants thoroughly reviewed, deliberated, and ultimately decided what they believed was in the best interest of the Company. Accordingly, absent any contrary evidence from Plaintiff (beyond a supposed lack of ill-defined "independence" based only on Plaintiff's' suspicions and speculation) , the Moving Defendants are entitled to the statutory presumption of good faith.

F. Plaintiff Cannot Demonstrate a Triable Issue of Fact Exists Regarding Any Supposed Intentional Misconduct, Fraud, or Knowing Violation of the Law by Moving Defendants

Even if Plaintiff could proffer evidence rebutting the statutory presumption that the business judgment rule applies (he cannot), and even if Plaintiff could identify evidence showing that any of Moving Defendants breached a fiduciary duty (he cannot), Moving Defendants' motions should still be granted because they are statutorily immune to individual liability where, like here, the purported breaches did not involve intentional misconduct, fraud, or a knowing violation of law. NRS § 78.138(7) provides, in relevant part:

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

In other words, "directors and officers may only be found personally liable for breaching their fiduciary duties if that breach involves intentional misconduct, fraud, or a knowing violation of the law." *Shoen*, 122 Nev. at 640 (citing NRS § 78.138(7)).

Even after Rule 56(f) relief was granted, there is still no cognizable evidence showing that, in connection with the Board's termination of Plaintiff, consideration of the Indication of Interest, the appointment of Ellen Cotter as CEO, the Estate's Option exercise, the employment of Margaret Cotter as a full-time employee, Ellen or Margaret Cotter's compensation packages, or the additional one-time compensation paid to Margaret Cotter and Guy Adams, Moving Defendants engaged in any intentional misconduct, fraud, or knowing violation of the law. After almost years of discovery, Plaintiff cannot not point to a shred of evidence to support his bare allegations. Additional discovery in this matter has proved fruitless and has not changed the fact that Plaintiff has offered nothing but his own speculation to support his claims that Moving Defendants lacked independence. Summary judgment is therefore appropriate.

IV. CONCLUSION

For the foregoing reasons, Moving Defendants respectfully request that the Court grant summary judgment as to the First, Second, Third, and Fourth Causes of Action set forth in Plaintiff's Second Amended Complaint, to the extent that they assert claims and damages related to (1) a purported unsolicited offer to buy all of the outstanding stock of RDI; (2) the appointment of Ellen Cotter as CEO; (3) the Estate's Option exercise; (4) the hiring of Margaret Cotter as a full-time RDI employee; (5) Ellen and Margaret Cotter's market compensation packages; and (6) the additional, one-time compensation paid to Margaret Cotter and Guy Adams.

/ / /

/ / /

Dated: November 9, 2017

COHEN|JOHNSON|PARKER|EDWARDS

By: /s/ H. Stan Johnson

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CERTIFICATE OF SERVICE

I hereby certify that, on November 9, 2017, I caused a true and correct copy of the foregoing **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** 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-A08750

Exhibit A

Exhibit A

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

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.

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

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

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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.

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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,

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

RDI-A08758

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

RDI-A08760

Exhibit B

Exhibit B

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 JUDY CODDING

TAKEN ON MARCH 1, 2017

REPORTED BY:

PATRICIA L. HUBBARD, CSR #3400

candidate?

A. I mean I would have said that to anyone who called me to tell me that they were going to be a candidate for any position that they would be considered.

Q. Does that mean that you were being polite but that you were not pleased?

A. I thought Ellen, up to that point I had observed her doing -- you know, I wasn't on the board for a long period of time, so I didn't have the kind of first-hand information that -- others who had worked with her.

So I felt like having someone who knew Reading well would be a good step of consideration.

I did not know Ellen Cotter well at that time.

Q. Did you say or intimate to her that you would support her candidacy?

A. No.

Q. Did it occur to you that it was -- it would be difficult not to support the candidacy of someone who might be a controlling shareholder?

A. No.

Q. That didn't occur to you?

A. No. Does not. I think anyone has a

fiduciary responsibility to all shareholders, and that's our obligation to select the best person for the job.

Q. Did you ever say to Ellen Cotter or anyone else in words or substance that you thought someone from the Cotter family should be the C.E.O.?

A. No.

Q. Were there any other internal candidates?

A. I don't think they -- I think someone had thought about it, but I don't think there were any other internal candidates, at least to the best of my knowledge.

Q. You recall that there was a meeting in early January of 2016 at which the board accepted the recommendation from the C.E.O. selection committee and made Ellen Cotter the permanent C.E.O., right?

A. Yes.

Q. At any time prior to that RDI board of directors meeting in early January 2016, did you have any communications with anyone about any other person or persons employed at RDI as a candidate or potential candidate?

A. I don't -- I don't -- I don't recall

of Reading without some of the things that we're focused on in terms of strategy.

Q. To what analyst are you referring?

A. I don't recall their names. But --

Q. But you believe that was prior to June of 2016?

A. I'm not sure. I'm not sure the timing of it really.

Q. So --

A. But from my point of view, I think Reading has enormous possibilities to bring shareholder value, and we need to stick with it.

Q. If the -- if the price had been $30 instead of $17, would that have impacted your decision-making or analysis?

MR. SEARCY: Objection. Lacks foundation.

THE WITNESS: I don't think so. It could have, but I don't -- I'd have to know much more, and I don't think so.

I think that the direction we're heading is going to bring more value to the shareholders than that.

BY MR. KRUM:

Q. More than $30 a share --

A. Uh-huh.

Q. -- in 2016 dollars?

A. Yeah.

Q. When do you think that's going to happen?

A. I don't know. But, you know, I don't -- I don't -- I'm not focused on selling the company. I'm focused on executing on the strategy and making sure that that is executed on.

Q. Well, what's the -- what is your anticipated time horizon for -- for bringing more value to the shareholders than $30 a share?

A. As I said to you, I'm not sure. That depends on how Theaters 1, 2 and 3 -- how they develop.

It could be over the next five years. It could be over the next ten years. But I think that there will be a lot more value to this company, because it's not going to stand still where it is. You know, they've been out looking at other theater complexes and evaluating them. And this is a growing company.

Q. At the -- at the board meeting in June of 2016, at which the decision was made to follow the strategy and, in effect, reject the third-party

offer or expression of interest, whatever you care to call it, who said what, if anything, regarding what any controlling shareholder wished to do or did not wish to do?

A. Well, I think that there's the -- I mean the controlling shareholders were each asked their opinion about it. And, you know, again from my point of view, that's their opinion.

What my job is as an independent director is to bring -- do the best I can to bring the most shareholder value to all shareholders. I'm very clear about what my obligation is.

And so, you know, not that Ellen and Margaret and Jim wouldn't be able to determine one way or the other, but we have to make an independent judgment, and I have to make an independent judgment. And that's what I've done. I mean clearly --

Q. When the -- go ahead. I'm sorry.

A. Never mind. Go ahead.

Q. When you made that judgment, was it at the board meeting in June 2016 or prior to the board meeting?

A. No. It was -- it was -- again you're looking at the direction of the company and a growth

Exhibit C

FILED UNDER SEAL

Exhibit C

Exhibit D

Exhibit D

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CLERK OF THE COURT

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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,

vs.

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

Defendants.

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

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

Plaintiffs,

vs.

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

Defendants.

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

Coordinated with:

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

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

Jointly Administered

Business Court

[PROPOSED] ORDER REGARDING DEFENDANTS' MOTIONS FOR PARTIAL SUMMARY JUDGMENT NOS. 1–6 AND MOTION *IN LIMINE* TO EXCLUDE EXPERT TESTIMONY

Date of Hearing: October 27, 2016
Time of Hearing: 8:30 a.m.

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

and

READING INTERNATIONAL, INC., a Nevada corporation,

Nominal Defendant.

THESE MATTERS HAVING COME BEFORE the Court on October 27, 2016, Mark G. Krum appearing for plaintiff James J. Cotter, Jr. ("Plaintiff"); H. Stanley Johnson, Christopher Tayback, and Marshall M. Searcy appearing for defendants Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, Edward Kane, Judy Codding and Michael Wrotniak; Mark E. Ferrario and Kara Hendricks appearing for Reading International, Inc.; and Ekwan Rhow, Shoshana E. Bannett appearing for William Gould, on the following motions:

- Individual Defendants' Motion for Summary Judgment (No. 1) Re: Plaintiff's Termination and Reinstatement Claims;
- Individual Defendants' Motion for Partial Summary Judgment (No. 2) Re: The Issue of Director Independence;
- Individual Defendants' Motion for Partial Summary Judgment (No. 3) On Plaintiff's Claims Related to the Purported Unsolicited Offer;
- Individual Defendants' Motion for Partial Summary Judgment (No. 4) On Plaintiff's Claims Related to the Executive Committee;
- Individual Defendants' Motion for Partial Summary Judgment (No. 5) On Plaintiff's Claims Related to the Appointment of Ellen Cotter as CEO;
- 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; and
- Defendants' Motion *In Limine* to Exclude Expert Testimony of Myron Steele, Tiago Duarte-Silva, Richard Spitz, Albert Nagy, and John Finnerty;

Lewis Roca ROTHGERBER CHRISTIE
3993 Howard Hughes Pkwy, Suite 600
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IT IS HEREBY ORDERED THAT the Motion for Partial Summary Judgment No. 1 is DENIED. There are genuine issues of material fact as to the issues related to interested directors participating in the process.

IT IS FURTHER ORDERED THAT Rule 56(f) relief is GRANTED with respect to Motion for Partial Summary Judgment No. 2, and supplemental briefing will be discussed once the relevant discovery is complete. The independence issue needs to be evaluated on a transaction or action-by-action basis, because the independence related to each needs to be separately evaluated; even though facts overlap, the Court cannot evaluate this in a vacuum. Motion for Partial Summary Judgment No. 2 is CONTINUED pending Plaintiff's submission of a supplemental opposition.

IT IS FURTHER ORDERED THAT Rule 56(f) relief is GRANTED with respect to Motion for Partial Summary Judgment No. 3, because depositions have not been completed and the relevant documents have not been produced. Motion for Partial Summary Judgment No. 3 is CONTINUED pending Plaintiff's submission of a supplemental opposition.

IT IS FURTHER ORDERED THAT Motion for Partial Summary Judgment No. 4 is GRANTED IN PART. As to the formation and revitalization (activation) of the Executive Committee, the motion is GRANTED; as to utilization of the committee, the motion is DENIED. Formation and revitalization includes a decision by the company to make use of their previously dormant Executive Committee and put people on that Executive Committee.

IT IS FURTHER ORDERED THAT Rule 56(f) relief is granted with respect to Motion for Partial Summary Judgment No. 5. Motion for Partial Summary Judgment No. 5 is CONTINUED pending Plaintiff's submission of a supplemental opposition.

IT IS FURTHER ORDERED THAT Rule 56(f) relief is granted with respect to Motion for Partial Summary Judgment No. 6. Motion for Partial Summary Judgment No. 6 is CONTINUED pending Plaintiff's submission of a supplemental opposition.

IT IS FURTHER ORDERED THAT the Motion *in Limine* to Exclude Expert Testimony of Myron Steele, Tiago Duarte-Silva, Richard Spitz, Albert Nagy, and John Finnerty is GRANTED IN PART. With respect to Chief Justice Steele, he may testify only for the limited purpose of

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identifying what appropriate corporate governance activities would have been, including activities where directors are interested, including how to evaluate if directors are interested. As to Dr. Finnerty, the Motion *In Limine* was WITHDRAWN. As to the other experts, the motion is DENIED.

DATED this 20 day of December, 2016.

DISTRICT COURT JUDGE

Submitted by:

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