In The Supreme Court of the State Of Nevada

Supreme Court Case No. 75053

JAMES J. COTTER, JR., Individually And Derivatively on Behalf of Reading International, Inc., Petitioner, v. DOUGLAS McEACHERN, EDWARD KANE, JUDY CODDING, MICHAEL WROTNIAK, MARY ANN GOULD, Personal Representative of the Estate of William Gould, AND Nominal Defendant READING INTERNATIONAL, INC., a Nevada Corporation, Respondents.	Coordinated with Case Nos. 76981, 77648, 77333 District Court Case No. A-15-719860-B

Appeal

Eighth Judicial District Court, Dept. XI
The Honorable Elizabeth G. Gonzalez

RESPONDENTS' APPENDIX FOR CASE NO. 76981

Volume I (RA1–RA250)

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RESPONDENTS' APPENDIX IN SUPPORT OF ANSWERING BRIEF

CHRONOLOGICAL APPENDIX

Date	Document	Vol.	Pages
2015-10-20	RDI Schedule 14A Proxy Statement	I	RA1–RA48
2016-07-13	RDI Form 8-K	I	RA49–RA66
2016-10-21	Notice of Entry of Order Granting Settlement with T2 Plaintiffs and Final Judgment with Exhibit 1 Attached	I	RA67–RA85
2017-12-04	Reply in Support of Supplemental Motions for Summary Judgment Nos. 2 and 6 Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, Edward Kane, Judy Codding, and Michael Wrotniak	I	RA86–RA93
2018-03-22	Judgment and Order re: Petition for an Order Determining Validity of Trust Amendment and Forgiveness of Loan Filed February 5, 2015 in *In re: James J. Cotter Living Trust*, Case No. BP159755 (Sup. Ct., L.A. Cnty.)	I	RA94–RA96
2018-06-01	Motion to Dismiss Pursuant to NRCP 12(b)(2), or in the Alternative, NRCP 12(b)(5) for Lack of Standing Filed by RDI	I	RA97–RA128
2018-06-18	Reply in Support of Motion to Dismiss Pursuant to NRCP 12(b)(2), or in the Alternative, NRCP 12(b)(5) for Lack of Standing Filed by RDI	I	RA129–RA172
2018-06-19	Remaining Director Defendants' Motion for an Evidentiary Hearing	I; II	RA173–RA421 (Under Seal)
2018-11-13	RDI Form 8-K	II	RA422–RA425

RESPONDENTS' APPENDIX IN SUPPORT OF ANSWERING BRIEF

ALPHABETICAL APPENDIX

Date	Document	Vol.	Pages
2018-03-22	Judgment and Order re: Petition for an Order Determining Validity of Trust Amendment and Forgiveness of Loan Filed February 5, 2015 in *In re: James J. Cotter Living Trust*, Case No. BP159755 (Sup. Ct., L.A. Cnty.)	I	RA94–RA96
2018-06-01	Motion to Dismiss Pursuant to NRCP 12(b)(2), or in the Alternative, NRCP 12(b)(5) for Lack of Standing Filed by RDI	I	RA97–RA128
2016-10-21	Notice of Entry of Order Granting Settlement with T2 Plaintiffs and Final Judgment with Exhibit 1 Attached	I	RA67–RA85
2016-07-13	RDI Form 8-K	I	RA49–RA66
2018-11-13	RDI Form 8-K	II	RA422–RA425
2015-10-20	RDI Schedule 14A Proxy Statement	I	RA1–RA48
2018-06-19	Remaining Director Defendants' Motion for an Evidentiary Hearing	I; II	RA173–RA421
2018-06-18	Reply in Support of Motion to Dismiss Pursuant to NRCP 12(b)(2), or in the Alternative, NRCP 12(b)(5) for Lack of Standing Filed by RDI	I	RA129–RA172
2017-12-04	Reply in Support of Supplemental Motions for Summary Judgment Nos. 2 and 6 Margaret Cotter, Ellen Cotter, Douglas McEachern, Guy Adams, Edward Kane, Judy Codding, and Michael Wrotniak	I	RA86–RA93

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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: _____

RA1

READING INTERNATIONAL, INC.
6100 Center Drive, Suite 900
Los Angeles, California 90045

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON TUESDAY, NOVEMBER 10, 2015

TO THE STOCKHOLDERS:

The 2015 Annual Meeting of Stockholders (the "Annual Meeting") of Reading International, Inc., a Nevada corporation, will be held at The Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292, on Tuesday, November 10, 2015, at 11:00 a.m., local time, for the following purposes:

1. To elect nine Directors to serve until the Company's 2016 Annual Meeting of Stockholders and thereafter until their successors are duly elected and qualified;
2. To ratify the appointment of Grant Thornton LLP as the Company's independent auditors for the fiscal year ending December 31, 2015; and
3. To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 is enclosed (the "Annual Report"). Only holders of record of our Class B Voting Common Stock at the close of business on October 6, 2015 are entitled to notice of and to vote at the meeting and any adjournment or postponement thereof.

Whether or not you plan on attending the Annual Meeting, we ask that you take the time to vote by following the Internet or telephone voting instructions provided or by completing and mailing the enclosed proxy as promptly as possible. We have enclosed a self-addressed, postage-paid envelope for your convenience. If you later decide to attend the Annual Meeting, you may vote your shares even if you have submitted a proxy.

By Order of the Board of Directors

Ellen M. Cotter
Chairperson of the Board

October 16, 2015

READING INTERNATIONAL, INC.
6100 Center Drive, Suite 900
Los Angeles, California 90045

PROXY STATEMENT

Annual Meeting of Stockholders
Tuesday, November 10, 2015

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors of Reading International, Inc. (the "Company," "Reading," "we," "us," or "our") of proxies for use at our 2015 Annual Meeting of Stockholders (the "Annual Meeting") to be held on Tuesday, November 10, 2015, at 11:00 a.m., local time, at The Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292, and at any adjournment or postponement thereof. This Proxy Statement and form of proxy are first being sent or given to stockholders on or about Tuesday, October 20, 2015.

At our Annual Meeting, you will be asked to (1) elect nine Directors to our Board of Directors (the "Board") to serve until the 2016 Annual Meeting of Stockholders, (2) ratify the appointment of Grant Thornton LLP as our independent auditors for the fiscal year ending December 31, 2015, and (3) act on any other business that may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

As of October 6, 2015, the record date for the Annual Meeting (the "Record Date"), there were outstanding 1,680,590 shares of our Class B Voting Common Stock ("Class B Stock").

When proxies are properly executed and received, the shares represented thereby will be voted at the Annual Meeting in accordance with the directions noted thereon. If no direction is indicated, the shares will be voted: FOR each of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1 and FOR the ratification of the appointment of Grant Thornton LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2015 under Proposal 2.

INTERNET AVAILABILITY OF PROXY DOCUMENTS

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDERS MEETING TO BE HELD ON NOVEMBER 10, 2015 – This Proxy Statement, along with the proxy card, and our Annual Report for the year ended December 31, 2014, as filed with the Securities and Exchange Commission, are available at our website, http://www.readingrdi.com, under "Investor Relations."

ABOUT THE ANNUAL MEETING AND VOTING

Why am I receiving these proxy materials?

This proxy statement is being sent to all of our stockholders of record as of the close of business on October 6, 2015, by Reading's Board of Directors to solicit the proxy of holders of our Class B Stock to be voted at Reading's 2015 Annual Meeting of Stockholders, which will be held on Tuesday, November 10, 2015, at 11:00 a.m. Pacific Time, at The Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina Del Rey, California 90292.

What items of business will be voted on at the annual meeting?

There are two items of business scheduled to be voted on at the 2015 Annual Meeting:

" PROPOSAL 1: Election of nine directors to the Board of Directors.

" PROPOSAL 2: Ratification of the appointment of Grant Thornton LLP as our independent auditors for the year ending December 31, 2015.

We will also consider any other business that may properly come before the Annual Meeting or any adjournments or postponements thereof, including approving any such adjournment, if necessary. Please note that at this time we are not aware of any such business.

How does the Board of Directors recommend that I vote?

Our Board of Directors recommends that you vote:

" On PROPOSAL 1: "FOR" the election of its nominees to the Board of Directors.

" On PROPOSAL 2: "FOR" the ratification of the appointment of Grant Thornton LLP as our independent auditors for the year ending December 31, 2015.

What happens if additional matters are presented at the Annual Meeting?

Other than the two items of business described in this Proxy Statement, we are not aware of any other business to be acted upon at the Annual Meeting. If you grant a proxy, the persons named as proxies will have the discretion to vote your shares on any additional matters properly presented for a vote at the Annual Meeting.

Am I eligible to vote?

You may vote your shares of Class B Stock at the Annual Meeting if you were a holder of record of Class B Stock at the close of business on October 6, 2015. Your shares of Class B Stock are entitled to one vote per share. At that time, there were 1,680,590 shares of Class B Stock outstanding, and approximately 85 holders of record. Each share of Class B Stock is entitled to one vote on each matter properly brought before the Annual Meeting.

What if I own Class A Nonvoting Common Stock?

If you do not own any Class B Stock, then you have received this proxy statement only for your information. You and other holders of our Class A Nonvoting Common Stock ("Class A Stock") have no voting rights with respect to the matters to be voted on at the Annual Meeting.

How can I get electronic access to the proxy materials?

This Proxy Statement, along with the proxy card, and our Annual Report for the year ended December 31, 2014 as filed with the Securities and Exchange Commission are available at our website, http://www.readingrdi.com, under "Investor Relations."

What should I do if I receive more than one copy of the proxy materials?

You may receive more than one copy of this Proxy Statement and multiple proxy cards or voting instruction cards. For example, if you hold your shares in more than one brokerage account, you may receive a separate notice or a separate voting instruction card for each brokerage account in which you hold shares. If you are a stockholder of record and your shares are registered in more than one name, you may receive more than one copy of this Proxy Statement or more than one proxy card.

To vote all of your shares of Class B Stock by proxy, you must either (i) complete, date, sign and return each proxy card and voting instruction card that you receive or (ii) vote over the Internet or by telephone the shares represented by each notice that you receive.

What is the difference between holding shares as a stockholder of record and as a beneficial owner?

Many stockholders of our Company hold their shares through a broker, bank or other nominee rather than directly in their own name. As summarized below, there are some differences in how stockholders of record and beneficial owners are treated.

Stockholders of Record. If your shares of Class B Stock are registered directly in your name with our Transfer Agent, you are considered the stockholder of record with respect to those shares and the proxy materials are being sent directly to you by Reading. As the stockholder of record of Class B Stock, you have the right to vote in person at the meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting.

Beneficial Owner. If you hold your shares of Class B Stock through a broker, bank or other nominee rather than directly in your own name, you are considered the beneficial owner of shares held in street name and the proxy materials are being forwarded to you by your broker, bank or other nominee, who is considered the stockholder of record with respect to those shares. As the beneficial owner, you are also invited to attend the Annual Meeting. Because a beneficial owner is not the stockholder of record, you may not vote these shares in person at the Annual Meeting, unless you obtain a proxy from the broker, trustee or nominee that holds your shares, giving you the right to vote the shares at the meeting. You will need to contact your broker, trustee or nominee to obtain a proxy, and you will need to bring it to the Annual Meeting in order to vote in person.

How do I vote?

Proxies are solicited to give all holders of our Class B Stock who are entitled to vote on the matters that come before the meeting the opportunity to vote their shares, whether or not they attend the meeting in person. If you are a holder of record of shares of our Class B Stock, you have the right to vote in person at the meeting. If you choose to do so, you can vote using the ballot provided at the Annual Meeting. Even if you plan to attend the Annual Meeting, we recommend that you vote your shares in advance as described below so that your vote will be counted if you decide later not to attend the Annual Meeting. You can vote by one of the following manners:

- By Internet — Holders of our Class B Stock of record may submit proxies over the Internet by following the instructions on the proxy card. Holders of our Class B Stock who are beneficial owners may vote by Internet by following the instructions on the voting instruction card sent to them by their bank, broker, trustee or nominee. Proxies submitted by the Internet must be received by 11:59 p.m., Pacific Time, on November 9, 2015 (the day before the Annual Meeting).
- By Telephone — Holders of our Class B Stock of record who live in the United States or Canada may submit proxies by telephone by calling the toll-free number on the proxy card and following the instructions. Holders of our Class B Stock of record will need to have the control number that appears on their proxy card available when voting. In addition, beneficial owners of shares living in the United States or Canada and who have received a voting instruction card by mail from their bank, broker, trustee or nominee may vote by phone by calling the number specified on the voting instruction card. Those stockholders should check the voting instruction card for telephone voting availability. Proxies submitted by telephone must be received by 11:59 p.m., Pacific Time, on November 9, 2015 (the day before the Annual Meeting).
- By Mail — Holders of our Class B Stock of record who have received a paper copy of a proxy card by mail may submit proxies by completing, signing and dating their proxy card and mailing it in the accompanying pre-addressed envelope. Holders of our Class B Stock who are beneficial owners who have received a voting

instruction card from their bank, broker or nominee may return the voting instruction card by mail as set forth on the card. Proxies submitted by mail must be received before the polls are closed at the Annual Meeting.

" In Person — Holders of our Class B Stock of record may vote shares held in their name in person at the Annual Meeting. You also may be represented by another person at the Annual Meeting by executing a proxy designating that person. Shares of Class B Stock for which a stockholder is the beneficial holder but not the stockholder of record may be voted in person at the Annual Meeting only if such stockholder is able to obtain a proxy from the bank, broker or nominee that holds the stockholder's shares, indicating that the stockholder was the beneficial holder as of the record date and the number of shares for which the stockholder was the beneficial owner on the record date.

Holders of our Class B Stock are encouraged to vote their proxies by Internet, telephone or by completing, signing, dating and returning a proxy card or voting instruction card, but not by more than one method. If you vote by more than one method, or vote multiple times using the same method, only the last-dated vote that is received by the inspector of election will be counted, and each previous vote will be disregarded. If you vote in person at the Annual Meeting, you will revoke any prior proxy that you may have given. You will need to bring a valid form of identification (such as a driver's license or passport) to the Annual Meeting to vote shares held of record by you in person.

What if my shares are held of record by an entity such as a corporation, limited liability company, general partnership, limited partnership or trust (an "Entity"), or in the name of more than one person, or I am voting in a representative or fiduciary capacity?

Shares held of record by an Entity: In order to vote shares on behalf of an Entity, you need to provide evidence (such as a sealed resolution) of your authority to vote such shares, unless you are listed of record as a holder of such shares.

Shares held of record by a trust: The trustee of a trust is entitled to vote the shares held by the trust, either by proxy or by attending and voting in person at the Annual Meeting. If you are voting as a trustee, and are not identified as a record owner of the shares, then you must provide suitable evidence of your status as a trustee of the record trust owner. If the record owner is a trust and there are multiple trustees, then if only one trustee votes, that trustee's vote applies to all of the shares held of record by the trust. If more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular Proposal, each trustee may vote proportionally the shares held of record by the trust.

Shares held of record in the name of more than one person: If only one individual votes, that individual's vote applies to all of the shares so held of record. If more than one person votes, the votes of the majority of the voting individuals apply to all of such shares. If more than one individual votes and the votes are split evenly on any particular Proposal, each individual may vote such shares proportionally.

What is a broker non-vote?

Applicable rules permit brokers to vote shares held in street name on routine matters. Shares that are not voted on non-routine matters, such as the election of directors or any proposed amendment of our Articles or Bylaws, are called broker non-votes. Broker non-votes will have no effect on the vote for the election of directors, but could affect the outcome of any matter requiring the approval of the holders of an absolute majority of the Class B Stock. We are not currently aware of any matter to be presented to the Annual Meeting that would require the approval of the holders of an absolute majority of the Class B Stock.

What routine matters will be voted on at the annual meeting?

The ratification of Grant Thornton LLP as our independent auditors for 2015 is the only routine matter to be presented at the Annual Meeting by the Board on which brokers may vote in their discretion on behalf of beneficial owners who have not provided voting instructions.

What non-routine matters will be voted on at the annual meeting?

The election of nine members to the Board of Directors is the only non-routine matter included among the Board's proposals on which brokers may not vote, unless they have received specific voting instructions from beneficial owners of our Class B Stock.

How are abstentions and broker non-votes counted?

Abstentions and broker non-votes are included in determining whether a quorum is present. In tabulating the voting results for the items to be voted on at the 2015 Annual Meeting, shares that constitute abstentions and broker non-votes are not considered entitled to vote on that matter and will not affect the outcome of any matter being voted on at the meeting, unless the matter requires the approval of the holders of a majority of the outstanding shares of Class B Stock.

How can I change my vote after I submit a proxy?

If you are a stockholder of record, there are three ways you can change your vote or revoke your proxy after you have submitted your proxy:

- First, you may send a written notice to Reading International, Inc., posting or other delivery charges pre-paid, c/o Office of the Secretary, 6100 Center Drive, Suite 900, Los Angeles, CA, 90045, stating that you revoke your proxy. To be effective, we must receive your written notice prior to the closing of the polls at the Annual Meeting.
- Second, you may complete and submit a new proxy in one of the manners described above under the caption, "How Do I Vote." Any earlier proxies will be revoked automatically.
- Third, you may attend the Annual Meeting and vote in person. Any earlier proxy will be revoked. However, attending the Annual Meeting without voting in person will not revoke your proxy.

How will you solicit proxies and who will pay the costs?

We will pay the costs of the solicitation of proxies. We may reimburse brokerage firms and other persons representing beneficial owners of shares for expenses incurred in forwarding the voting materials to their customers who are beneficial owners and obtaining their voting instructions. In addition to soliciting proxies by mail, our board members, officers and employees may solicit proxies on our behalf, without additional compensation, personally or by telephone.

Is there a list of stockholders entitled to vote at the Annual Meeting?

The names of stockholders of record entitled to vote at the Annual Meeting will be available at the Annual Meeting and for ten days prior to the Annual Meeting at our principal executive offices between the hours of 9:00 a.m. and 5:00 p.m. for any purpose relevant to the Annual Meeting. To arrange to view this list during the times specified above, please contact the Secretary of the Company.

What constitutes a quorum?

The presence in person or by proxy of the holders of record of a majority of our outstanding shares of Class B Stock entitled to vote will constitute a quorum at the Annual Meeting. Each share of our Class B Stock entitles the holder of record to one vote on all matters to come before the Annual Meeting.

How are votes counted and who will certify the results?

First Coast Results, Inc. will act as the independent Inspector of Elections and will count the votes, determine whether a quorum is present, evaluate the validity of proxies and ballots, and certify the results. A representative of First Coast Results, Inc. will be present at the Annual Meeting. The final voting results will be reported by us on a Current Report on Form 8-K to be filed with the SEC within four business days following the Annual Meeting.

What is the vote required for a Proposal to pass?

The nine nominees for election as Directors at the Annual Meeting who receive the highest number of "FOR" votes will be elected as Directors. This is called plurality voting. Unless you indicate otherwise, the persons named as your proxies will vote your shares FOR all the nominees for Director named in Proposal 1. If your shares are held by a broker or other nominee and you would like to vote your shares for the election of Directors in Proposal 1, you must instruct the broker or nominee to vote "FOR" for each member of the slate. If you give no instructions to your broker or nominee, then your shares will not be voted. If you instruct your broker or nominee to "WITHHOLD," then your vote will not be counted in determining the election.

Proposal 2 requires the affirmative "FOR" vote of a majority of the votes cast by the stockholders present in person or represented by proxy at the Annual Meeting and entitled to vote thereon.

Except with respect to the Proposal to ratify our independent auditors, where broker non-votes will be counted, only votes for or against Proposal 1 at the Annual Meeting will be counted as votes cast and abstentions and broker non-votes will not be counted for voting purposes.

Is my vote kept confidential?

Proxies, ballots and voting tabulations identifying stockholders are kept confidential and will not be disclosed to third parties, except as may be necessary to meet legal requirements.

How will the Annual Meeting be conducted?

In accordance with our Bylaws, Ellen M. Cotter, as the Chairperson of the Board of Directors, will be the Presiding Officer of the Annual Meeting. Craig Tompkins has been designated by Ms. Cotter to serve as Secretary for the Annual Meeting.

Ms. Cotter and other members of management will address attendees following the Annual Meeting. Stockholders desiring to pose questions to our management are encouraged to send their questions to us, care of the Annual Meeting Secretary, in advance of the Annual Meeting, so as to assist our management in preparing appropriate responses and to facilitate compliance with applicable securities laws.

The Presiding Officer has broad authority to conduct the Annual Meeting in an orderly and timely manner. This authority includes establishing rules for stockholders who wish to address the meeting or bring matters before the Annual Meeting. The Presiding Officer may also exercise broad discretion in recognizing stockholders who wish to speak and in determining the extent of discussion on each item of business. In light of the need to conclude the Annual Meeting within a reasonable period of time, there can be no assurance that every stockholder who wishes to speak will be able to do so. The Presiding Officer has authority, in her discretion, to at any time recess or adjourn the Annual Meeting. Only stockholders are entitled to attend and address the Annual Meeting. Any questions or disputes as to who may or may not attend and address the Annual Meeting will be determined by the Presiding Officer.

Only such business as shall have been properly brought before the Annual Meeting shall be conducted. Pursuant to our governing documents and applicable Nevada law, in order to be properly brought before the Annual Meeting, such business must be brought by or at the direction of (1) the Chairperson, (2) our Board of Directors, or (3) holders of record of our Class B Stock. At the appropriate time, any stockholder who wishes to address the Annual Meeting should do so only upon being recognized by the Presiding Officer.

CORPORATE GOVERNANCE

Director Leadership Structure

Ellen M. Cotter is our current Chairperson and also serves as our interim Chief Executive Officer and President and serves as the Chief Operating Officer for our Domestic Cinemas. Ellen M. Cotter has been with our Company for more than 17 years, focusing principally on the cinema operations aspects of our business. During this time period, we have grown our Domestic Cinema Operations from 42 to 248 screens and our cinema revenues have grown from US $15.5 million to US $125.7 million. Margaret Cotter is our current Vice-Chairperson. Margaret Cotter has been responsible for the operation of our live theaters for more than the past 14 years and has for more than the past five years been actively involved in the re-development of our New York properties.

Ellen M. Cotter has a substantial stake in our business, owning directly 799,765 shares of Class A Stock and 50,000 shares of Class B Stock. Margaret Cotter likewise has a substantial stake in our business, owning directly 804,173 shares of Class A Stock and 35,100 shares of Class B Stock. Ellen and Margaret Cotter are the Co-Executors of their father's (James J. Cotter, Sr.) estate and Co-Trustees of a trust (the "Living Trust") established for the benefit of his heirs. Together they have shared voting control over an aggregate of 1,208,988 shares or 71.9% of our Class B Stock. Ellen and Margaret Cotter have informed the Board that they intend to vote the shares beneficially held by them for each of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1.

James Cotter, Jr. alleges he has the right to vote the shares held by the Living Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada Corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Living Trust, have informed the Board that they intend to vote the shares held by the Living Trust for each of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Living Trust, which, when added to the other shares they report as being beneficially owned by them, will constitute 71.9% of the shares of Class B Stock entitled to vote for directors at the Annual Meeting.

The Company has elected to take the "controlled company" exception under applicable listing rules of The NASDAQ Capital Stock Market (the NASDAQ Listing Rules"). Accordingly, the Company is exempted from the requirement to have an independent nominating committee and to have a board comprised of at least a majority of independent directors, we are nevertheless nominating six independent directors for election to our Board. We have an Audit and Conflicts Committee (the "Audit Committee") and a Compensation and Stock Options Committee (the "Compensation Committee") comprised entirely of independent directors. And, we have a four member Executive Committee comprised of our Chairperson and Vice-Chairperson and two independent directors (Messrs. Guy W. Adams and Edward L. Kane). Due to this structure, the concurrence of at least one independent member of the Executive Committee is required in order for the Executive Committee to take action.

We believe that our Directors bring a broad range of leadership experience to our Company and regularly contribute to the thoughtful discussion involved in effectively overseeing the business and affairs of the Company. We believe that all Board members are well engaged in their responsibilities and that all Board members express their views and consider the opinions expressed by other Directors. Six Directors on our Board are independent under the NASDAQ Listing Rules and SEC rules, and William D. Gould serves as the lead director among our Independent Directors. In that capacity, Mr. Gould chairs meetings of the Independent Directors and acts as liaison between our Chairperson of the Board and interim Chief Executive Officer and our Independent Directors. Our Independent Directors are involved in the leadership structure of our Board by serving on our Audit Committee, the Compensation Committee, and the Tax Oversight Committee, each having a separate independent chairperson. In connection with the Annual Meeting, we have established a Special Nominating Committee comprised of the chairs of our Executive, Audit and Compensation Committees.

Management Succession

James J. Cotter, Sr., our Company's controlling stockholder, Chairperson and Chief Executive Officer, resigned from all positions at our Company on August 7, 2014, and passed away on September 13, 2014. Upon his resignation, Ellen M. Cotter was appointed Chairperson, Margaret Cotter, her sister, was appointed Vice Chairperson and James J. Cotter, Jr., her brother, was appointed Chief Executive Officer, while continuing his position as President.

On June 12, 2015, the Board terminated the employment of James J. Cotter, Jr. as our President and Chief Executive Officer, and appointed Ellen M. Cotter to serve as the Company's interim President and Chief Executive Officer. The Board has established an Executive Search Committee (the "Search Committee") comprised of our Chairperson, our Vice Chairperson and directors Adams, Gould and McEachern and has retained Korn Ferry to seek out candidates for the Chief Executive Officer position. The Search Committee will consider both internal and external candidates.

Board's Role in Risk Oversight

Our management is responsible for the day-to-day management of risks we face as a Company, while our Board, as a whole and through its committees, has responsibility for the oversight of risk management. In its risk oversight role, our Board has the responsibility to satisfy itself that the risk management processes designed and implemented by management are adequate and functioning as designed.

The Board plays an important role in risk oversight at Reading through direct decision-making authority with respect to significant matters, as well as through the oversight of management by the Board and its committees. In particular, the Board administers its risk oversight function through (1) the review and discussion of regular periodic reports by the Board and its committees on topics relating to the risks that the Company faces, (2) the required approval by the Board (or a committee of the Board) of significant transactions and other decisions, (3) the direct oversight of specific areas of the Company's business by the Audit Committee, the Compensation Committee and the Tax Oversight Committee, and (4) regular periodic reports from the auditors and other outside consultants regarding various areas of potential risk, including, among others, those relating to our internal control over financial reporting. The Board also relies on management to bring significant matters impacting the Company to the attention of the Board.

"Controlled Company" Status

Under section 5615(c)(1) of the NASDAQ Listing Rules, a "controlled company" is a company in which 50% of the voting power for the election of directors is held by an individual, a group or another company. Together, Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock. Based on advice of counsel, our Board has determined that therefore the Company is a "controlled company" within the NASDAQ Listing Rules.

After reviewing the benefits and detriments of taking advantage of the exceptions to the corporate governance rules set forth in the NASDAQ Listing Rules, our Board has determined to take advantage of certain exceptions from the NASDAQ Listing Rules afforded to our Company as a Controlled Company. In reliance on a "controlled company" exception, the Company does not maintain a separate standing Nominating Committee. The Company nevertheless at this time maintains a full Board comprised of a majority of independent Directors and fully independent Audit and Compensation Committees, and has no present intention to vary from that structure. For purposes of selecting nominees for our 2015 Annual Meeting, the Board formed a Special Nominating Committee comprised of the Chairs of our Executive, Audit and Compensation Committees (Messrs. Adams, McEachern and Kane, respectively), and delegated to that committee authority to recommend nominees to the Board for the Board's approval and nomination. Proposal 1 is comprised of the nominees recommended by the Special Nominating Committee and approved and nominated by our Board.

Board Committees

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

Executive Committee. The Executive Committee operates pursuant to a Charter adopted by our Board. Our Executive Committee is currently comprised of Ms. Ellen M. Cotter, Ms. Margaret Cotter and Messrs. Adams and Kane. Pursuant to its Charter, the Executive Committee is authorized, to the fullest extent permitted by Nevada law and our Bylaws, to take any and all actions that could have been taken by the full Board between meetings of the full Board. The Executive Committee held no meetings during 2014.

Audit Committee. The Audit Committee operates pursuant to Charter adopted by our Board that is available on our website at www.readingrdi.com. Our Board has determined that the Audit Committee is comprised entirely of independent

Directors (as defined in section 5605(a)(2) of the NASDAQ Listing Rules), and that Mr. McEachern, the Chair of our Audit Committee, is qualified as an Audit Committee Financial Expert. Our Audit Committee is currently comprised of Mr. McEachern, who serves as Chair, and Mr. Kane. Mr. Storey, who served on our Board in 2014 and through October 11, 2015, served on our Audit Committee throughout 2014. The Audit Committee held four meetings during 2014.

Compensation Committee. The Compensation Committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Adams. Mr. Alfred Villaseñor, a former Director, served on our Compensation Committee during 2014 until his term expired at the time of our 2014 Annual Meeting. Mr. Storey served on our Compensation Committee throughout 2014. The Compensation Committee evaluates and makes recommendations to the full Board regarding the compensation of our Chief Executive Officer and Cotter family members and performs other compensation related functions as delegated by our Board. The Compensation Committee held three meetings during 2014.

Tax Oversight Committee. Given our operations in the United States, Australia, and New Zealand and our historic net operating loss carry forwards, our Board formed a Tax Oversight Committee to review with management and to keep the Board informed about our Company's tax planning and such tax issues as may arise from time to time. This committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Cotter, Jr. The Tax Oversight Committee held four meetings during 2014.

Consideration and Selection of the Board's Director Nominees

The Company has elected to take the "controlled company" exception under applicable NASDAQ Listing Rules. Accordingly, the Company does not maintain a standing Nominating Committee. However, in connection with the Annual Meeting, the Board established a Special Nominating Committee consisting of Mr. Guy W. Adams (the Chair of our Executive Committee), Mr. Edward L. Kane (the Chair of our Compensation Committee) and Mr. Doug McEachern (the Chair of our Audit Committee) and delegated to that committee authority to evaluate and recommend nominees to the full Board for the Board's consideration, approval and nomination. Proposal 1 (Election of Directors) sets forth the names of the nominees recommended by the Special Nominating Committee and approved and nominated by our full Board.

The Special Nominating Committee considered for nomination incumbent Directors and candidates proposed by Ellen M. Cotter, Margaret Cotter and Mr. James Cotter, Jr. As part of its deliberations, the Special Nominating Committee reviewed the qualifications of each candidate submitted and conducted interviews with certain of the candidates. Since Ellen M. Cotter and Margaret Cotter vote a majority of the Class B Stock, the Special Nominating Committee and the Board accordingly considered their views with respect to the 2015 Director nominees.

Following a review of the experience and overall qualifications of the Director candidates evaluated by the Special Nominating Committee, the Committee recommended that the full Board nominate, and the full Board resolved to nominate, each of the individuals named in Proposal 1 for election as Directors of the Company at our 2015 Annual Meeting of Stockholders.

The Special Nominating Committee reported to the Board that in reaching the decision to recommend the nomination of Mr. James J. Cotter, Jr. for re-election to the Board, the Special Nominating Committee had taken a number of factors into consideration. Without attempting to place any particular priority on any particular consideration or to enumerate all of the matters discussed, the Special Nominating Committee reported to the Board that it had considered, among other factors, Mr. Cotter Jr.'s pending litigation against certain of the other Directors and arbitration proceedings with the Company; the Board's recent determination to terminate Mr. Cotter, Jr. as the Company's Chief Executive Officer and President of the Company; the potential that this personnel action and resultant legal proceedings could contribute to dissension among Board members and impact the otherwise collegial nature of Board meetings; Mr. Cotter, Jr.'s longevity on the Board and his broad knowledge of our Company; Mr. Cotter, Jr.'s beneficial holdings of the Company's securities; and the fact that Ellen M. Cotter and Margaret Cotter had notified the Special Nominating Committee that, if Mr. Cotter, Jr. was not nominated by the Board, they intend to vote in their capacity as stockholders, as the Co-Executors of the Cotter Estate and as a majority of the Co-Trustees of the Trust, to nominate Mr. Cotter, Jr. from the floor and to vote the more than 70% of the voting stock that they collectively control for the election of Mr. Cotter, Jr. After considering these factors and their deliberations, the Special Nominating Committee recommended that Mr. Cotter, Jr. be nominated to serve another term as a Director of the Company.

The Board approved each of the nominees recommended by the Special Nominating Committee, with James J. Cotter, Jr. voting against each of the recommended nominees (including himself) and Dr. Codding abstaining (Mr. Wrotniak was not present for the meeting). Mr. Cotter, Jr. subsequently executed a consent to being named as a nominee in these materials and

has agreed to serve as a Director if he is elected. Director Codding informed the Board that she abstained in view of the fact that she had just recently joined our Board. Director Wrotniak was not present at the meeting, having only recently been appointed to the Board earlier in the day.

Code of Ethics

We have adopted a Code of Ethics designed to help our Directors and employees resolve ethical issues. Our Code of Ethics applies to all Directors and employees, including the Chief Executive Officer, the Chief Financial Officer, principal accounting officer, controller and persons performing similar functions. Our Code of Ethics is posted on our website, www.readingrdi.com, under the "Investor Relations—Governance Documents" caption.

The Board has established a means for employees to report a violation or suspected violation of the Code of Ethics anonymously. In addition, we have adopted a "Whistleblower Policy" that establishes a process by which employees may anonymously disclose to the Audit Committee alleged fraud or violations of accounting, internal accounting controls or auditing matters.

Review, Approval or Ratification of Transactions with Related Persons

The Audit Committee has adopted a written policy for approval of transactions between the Company and its directors, director nominees, executive officers, greater than five percent beneficial owners and their respective immediate family members, where the amount involved in the transaction exceeds or is expected to exceed $120,000 in a single calendar year and the party to the transaction has or will have a direct or indirect interest. A copy of this policy is available at www.readingrdi.com under the "Investor Relations" caption. The policy provides that the Audit Committee reviews transactions subject to the policy and determines whether or not to approve or ratify those transactions. In doing so, the Audit Committee takes into account, among other factors it deems appropriate:

- The related person's interest in the transaction;
- The approximate dollar value of the amount involved in the transaction;
- The approximate dollar value of the amount of the related person's interest in the transaction without regard to the amount of any profit or loss;
- Whether the transaction was undertaken in the ordinary course of business of the Company;
- Whether the transaction with the related person is proposed to be, or was, entered into on terms no less favorable to the Company than terms that could have been reached with an unrelated third party;
- The purpose of, and the potential benefits to the Company of, the transaction;
- Required public disclosure, if any; and
- Any other information regarding the transaction or the related person in the context of the proposed transaction that would be material to investors in light of the circumstances of the particular transaction.

PROPOSAL 1: Election of Directors

Nominees for Election

Nine Directors are to be elected at our Annual Meeting to serve until the annual meeting of stockholders to be held in 2016 or until their successors are duly elected and qualified. Unless otherwise instructed, the proxy holders will vote the proxies received by us "FOR" the election of the nominees below, all of whom currently serve as Directors. The nine nominees for election to the Board of Directors who receive the greatest number of votes cast for the election of Directors by the shares present and entitled to vote will be elected Directors. If any nominee becomes unavailable for any reason, it is intended that the proxies will be voted for a substitute nominee designated by the Board of Directors. We believe the nominees named will be able to serve if elected.

The names of the nominees for Director, together with certain information regarding them, are as follows:

Name	Age	Position
Ellen M. Cotter.....	49	Chairperson of the Board, Interim Chief Executive Officer and President, and Chief Operating Officer – Domestic Cinemas (1)
Guy W. Adams.....	64	Director(1) (2)
Judy Codding.....	70	Director
James J. Cotter, Jr.	46	Director(3)
Margaret Cotter.....	47	Vice Chairperson of the Board(1)
William D. Gould.....	76	Director(4)
Edward L. Kane.....	77	Director(1) (2) (3) (5)
Douglas J. McEachern.....	64	Director(5)
Michael Wrotniak.....	48	Director

(1) Member of the Executive Committee.

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

(3) Member of the Tax Oversight Committee.

(4) Lead independent Director.

(5) Member of the Audit and Conflicts Committee.

Ellen M. Cotter. Ellen M. Cotter has been a member of the Board of Directors since March 13, 2013, was appointed Chairperson of our Board on August 7, 2014 and has served as our interim Chief Executive Officer and President since June 12, 2015. She joined the Company in March 1998, is a graduate of Smith College and holds a Juris Doctorate from Georgetown Law School. Prior to joining the Company, Ms. Cotter spent four years in private practice as a corporate attorney with the law firm of White & Case in Manhattan. Ms. Cotter is the sister of Margaret Cotter and James J. Cotter, Jr. For more than the past ten years, Ms. Cotter has served as the Chief Operating Officer ("COO") of our domestic cinema operations, in which capacity she has, among other things, been responsible for the acquisition and development, marketing and operation of our cinemas. Prior to her appointment as COO Domestic Cinemas, she spent one year in Australia and New Zealand, working to develop our cinema and real estate assets in those countries. Ms. Cotter is the Co-Executor of her father's estate, which is the record owner of 427,808 shares of our Class B Stock (representing 25.5% of such Class B Stock). Ms. Cotter is also a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Stock (representing an additional 44.0% of such Class B Stock).

Ms. Cotter brings to the Board her 17 years of experience working in our Company's cinema operations, both in the United States and Australia. For the past 13 years, she has served as the senior operating officer of our Company's domestic cinema operations. She has also served as the Chief Executive Officer of Reading's subsidiary, Consolidated Entertainment, LLC, which operates substantially all of our cinemas in Hawaii and California. In addition, with her direct ownership of 799,765 shares of Class A Stock and 50,000 shares of Class B Stock and her positions as Co-Executor of her father's (James J. Cotter, Sr.) estate and Co-Trustee of the James J. Cotter, Sr. Trust, Ms. Cotter is a significant stake holder in our Company.

Guy W. Adams. Guy W. Adams has been a Director of the Company since January 14, 2014. He is a Managing Member of GWA Capital Partners, LLC, a registered investment adviser managing GWA Investments, LLC, a fund investing in various publicly traded securities. Mr. Adams has served as an independent director on the boards of directors of Lone Star Steakhouse & Saloon, Mercer International, Exar Corporation and Vitesse Semiconductor. He has held a variety of public company board positions, including lead director, audit committee chair and compensation committee chair. Mr. Adams provided investment advice to various family offices and invests his own capital in public and private equity transactions. He has served as an advisor to James J. Cotter, Sr. and to various enterprises now owned by the James J. Cotter, Sr. Estate or the James J. Cotter, Sr. Trust. Mr. Adams received his Bachelor of Science degree in Petroleum Engineering from Louisiana State University and his Masters of Business Administration from Harvard Graduate School of Business Administration.

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

Dr. Judy Codding. Dr. Judy Codding was elected to serve as a Director of the Company on October 5, 2015. Dr. Codding is a globally respected education leader. She is currently, and has since 2010 been, the Managing Director of "The System of Courses," a division of Pearson, PLC (NYSE:PSO), a leading education company providing education products and services to institutions, governments and direct to individual learners. Prior to that time, and for more than the past five years, Dr. Codding served as the Chief Executive Officer and President of America's Choice, Inc., which she founded in 1998 and which was acquired by Pearson in 2010. America's Choice, Inc. was a leading educational organization offering comprehensive, proven solutions to the complex problems educators face in the era of accountability. Dr. Codding has a Doctorate from University of Massachusetts at Amherst, and completed post–doctoral work and served as a teaching associate in Education at Harvard University. Dr. Codding serves on various boards, including the Board of Trustees of Curtis School, Los Angeles, CA (2011 to present) and the Board of Trustees of Educational Development Center, Inc. (EDC) since 2012.

Dr. Codding brings to the Board her experience as an entrepreneur and as an advisor and researcher in the areas of leadership training and leadership decision making.

James J. Cotter, Jr. James J. Cotter, Jr. has been a Director of the Company since March 21, 2002, serving as Vice Chairperson from June 2007 until he was succeeded by Margaret Cotter on August 7, 2014. Mr. Cotter, Jr. served as our President from June 1, 2013 through June 12, 2015 and as our Chief Executive Officer from August 7, 2014 through June 12, 2015. He served as Chief Executive Officer of Cecelia Packing Corporation (a Cotter family-owned citrus grower, packer, and marketer) from July 2004 until 2013. Mr. Cotter, Jr. served as a Director to Cecelia Packing Corporation from February 1996 to September 1997 and as a Director of Gish Biomedical from September 1999 to March 2002. He was an attorney in the law firm of Winston & Strawn, specializing in corporate law, from September 1997 to May 2004. Mr. Cotter, Jr. is the brother of Margaret Cotter and Ellen M. Cotter. Mr. Cotter, Jr. is a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Stock (representing 44.0% of such Class B Stock).

James J. Cotter, Jr. brings to the Board his experience as a business professional and corporate attorney, as well as his many years of experience in, and knowledge of, the Company's business and affairs. In addition, with his direct ownership of 859,286 shares of our Company's Class A Common Stock and his position as Co-Trustee of the James J. Cotter, Sr. Trust, Mr. Cotter, Jr. is a significant stake holder in our Company. Further, depending on the outcome of ongoing litigation among members of the Cotter family, in the future Mr. Cotter, Jr. may be a controlling shareholder in the Company.

Margaret Cotter. Margaret Cotter has been a Director of the Company since September 27, 2002, and on August 7, 2014 was appointed Vice Chairperson of our Board. Ms. Cotter is the owner and President of OBI, LLC ("OBI"), which has, since 2002, managed our live-theater operations. Pursuant to the OBI management arrangement, Ms. Cotter also serves as the President of Liberty Theaters, LLC, the subsidiary through which we own our live theaters. While she receives management fees through OBI, Ms. Cotter receives no compensation for her duties as President of Liberty Theaters, LLC, other than the right to participate in our Company's medical insurance program. Ms. Cotter, through OBI and Liberty Theaters, LLC, manages the real estate which houses each of our four live theaters in Manhattan and Chicago. Based in New York, Ms. Cotter secures leases, manages tenancies, oversees maintenance and regulatory compliance of these properties and heads up the re-development process with respect to these properties and our Cinemas 1, 2 & 3. Ms. Cotter is also a theatrical producer who has produced shows in Chicago and New York and a board member of the League of Off-Broadway Theaters and Producers. Ms. Cotter, a former Assistant District Attorney for King's County in Brooklyn, New York, graduated from Georgetown University and Georgetown University Law Center. She is the sister of Ellen M. Cotter and James J. Cotter, Jr. Ms. Margaret Cotter is a Co-Executor of her father's estate, which is the record owner of 427,808 shares of our Class B

Stock (representing 25.5% of such Class B Stock). Ms. Margaret Cotter is also a Co-Trustee of the James J. Cotter, Sr. Trust, which is the record owner of 696,080 shares of Class B Voting Common Stock (representing an additional 44.0% of such Class B Stock).

Ms. Cotter brings to the Board her experience as a live theater producer, theater operator and an active member of the New York theatre community, which gives her insight into live theater business trends that affect our business in this sector. Operating and overseeing these properties for over 16 years, Ms. Cotter contributes to the strategic direction for our developments. In addition, with her direct ownership of 804,173 shares of Class A Stock and 35,100 shares of Class B Stock and her positions as Co-Executor of her father's estate and Co-Trustee of the James J. Cotter, Sr. Trust, Ms. Cotter is a significant stake holder in our Company.

William D. Gould. William D. Gould has been a Director of our Company since October 15, 2004 and has been a member of the law firm of TroyGould PC since 1986. Previously, he was a partner of the law firm of O'Melveny & Myers. We have from time to time retained TroyGould PC for legal advice. Total fees paid to Mr. Gould's law firm during 2014 were $41,642. Mr. Gould is an author and lecturer on the subjects of corporate governance and mergers and acquisitions.

Edward L. Kane. Edward L. Kane has been a Director of our Company since October 15, 2004. Mr. Kane was also a Director of our Company from 1985 to 1998, and served as President from 1987 to 1988. Mr. Kane currently serves as the Chair of our Tax Oversight Committee and of our Compensation Committee. He also serves as a member of our Executive Committee and our Audit Committee. At various times during the past three decades, he has been Adjunct Professor of Law at two of San Diego's law schools, most recently in 2008 and 2009 at Thomas Jefferson School of Law, and prior thereto at California Western School of Law.

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

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

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

Michael Wrotniak. Michael Wrotniak was elected to serve as a Director of the Company on October 12, 2015. Since 2009, Mr. Wrotniak has been the Chief Executive Officer of Aminco Resources, LLC ("Aminco"), a privately held international commodities trading firm. Mr. Wrotniak joined Aminco in 1991 and is credited with expanding Aminco's activities in Europe and Asia. By establishing a joint venture with a Swiss engineering company, as well as creating partnerships with Asia-based businesses, Mr. Wrotniak successfully diversified Aminco's product portfolio. Mr. Wrotniak became a partner of Aminco in 2002. Mr. Wrotniak has been for more than the past five years, a trustee of St. Joseph's Church in Bronxville, New York, and is a member of the Board of Advisors of the Little Sisters of the Poor at their nursing home in the Bronx, New York since approximately 2004. Mr. Wrotniak graduated from Georgetown University in 1989 with a B.S.B.A (cum laude).

Mr. Wrotniak is a specialist in foreign trade, and brings to the Board his considerable experience in international business, including foreign exchange risk mitigation.

Attendance at Board and Committee Meetings

During the year ended December 31, 2014, our Board of Directors met seven times. The Audit Committee held four meetings and the Compensation Committee held three meetings, while the Tax Oversight Committee held four meetings. Each Director attended at least 75% of these Board meetings and at least 75% of the meetings of all committees on which he or she served.

Indemnity Agreements

We currently have indemnity agreements in place with each of our current Directors and senior officers, as well as certain of the Directors and senior officers of our subsidiaries. Under these agreements, we have agreed, subject to certain exceptions, to indemnify each of these individuals against all expenses, liabilities and losses incurred in connection with any threatened, pending or contemplated action, suit or proceeding, whether civil or criminal, administrative or investigative, to

which such individual is a party or is threatened to be made a party, in any manner, based upon, arising from, relating to or by reason of the fact that such individual is, was, shall be or has been a Director, officer, employee, agent or fiduciary of the Company.

Compensation of Directors

During 2014, we paid our non-employee directors $35,000 per year. This amount was increased to $50,000 in 2015. We pay the Chairman of our Audit Committee an additional $7,000 per year, the Chairman of our Compensation Committee an additional $5,000 per year, the Chairman of our Tax Oversight Committee an additional $18,000 per year and the Lead Independent Director an additional $5,000 per year.

During 2014 we paid an additional one-time fee of $5,000 to each of Messrs. Adams, Gould, McEachern and Kane and an additional one-time fee of $10,000 to Mr. Storey. Messrs. McEachern and Storey also each received an additional $6,000 for their additional committee work. In 2015 we paid an additional one-time fee of $25,000 to each of Messrs. Adams, Gould, McEachern and Kane and an additional one-time fee of $75,000 to Mr. Storey. These fees were awarded in each case in recognition of their service on our Board and Committees.

Upon joining our Board, new Directors have historically received immediately vested five-year stock options to purchase 20,000 shares of our Class A Stock at an exercise price equal to the market price of the stock at the date of grant. Initial grants to be made to Ms. Codding and Mr. Wrotniak, our recently appointed Directors, are being reviewed by our Compensation Committee. Commencing January 15, 2015, each of our non-employee Directors will receive an additional annual grant of stock options to purchase 2,000 shares of our Class A Stock. The award will be on January 15 of the applicable year, will be for a term of five years, have an exercise price equal to the market price of Class A Stock on the grant date and be fully vested immediately upon grant.

Director Compensation Table

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

Name	Fees Earned or Paid in Cash ($)	Option Awards ($)	All Other Compensation ($)	Total ($)
Margaret Cotter (1)	35,000	0	0	35,000
Guy W. Adams (2)	40,000	69,000	0	109,000
William D. Gould	40,000	0	0	40,000
Edward L. Kane	63,000	0	0	63,000

Douglas J. McEachern	53,000	0	0	53,000
Tim Storey	51,000	0	21,000(3)	72,000
Alfred Villaseñor (4)	10,000	0	0	10,000

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

(2) Mr. Adams joined the Board on January 14, 2014 and was granted on that date a five-year stock option to purchase 20,000 shares of our Class A Stock at an exercise price of $7.40 per share. In accordance with SEC rules, the amount shown reflects the aggregate grant date fair value of the option award, computed in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 718.

(3) Represents fees paid to Mr. Storey as the sole independent Director of our Company's wholly-owned New Zealand subsidiary.

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

Vote Required

The nine nominees receiving the greatest number of votes cast at the Annual Meeting will be elected to the Board of Directors.

The Board has nominated each of the nominees discussed above to hold office until the 2016 Annual Meeting of Stockholders and thereafter until his or her respective successor has been duly elected and qualified. In the event that any nominee shall be unable or unwilling to serve as a Director, the Board shall reserve discretionary authority to vote for a substitute or substitutes. The Board has no reason to believe that any nominee will be unable or unwilling to serve.

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE DIRECTOR NOMINEES.

Ellen M. Cotter and Margaret Cotter, who together have shared voting control over an aggregate of 1,208,988 shares, or 71.9%, of our Class B Stock, have informed the Board that they intend to vote the shares beneficially held by them in favor of the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1. Of the shares of Class B Stock beneficially held by them, 696,080 shares are held of record by the Living Trust. James Cotter, Jr. alleges he has the right to vote the shares held by the Living Trust. The Company believes that, under applicable Nevada Law, where there are multiple trustees of a trust that is a record owner of voting shares of a Nevada Corporation, and more than one trustee votes, the votes of the majority of the voting trustees apply to all of the shares held of record by the trust. If more than one trustee votes and the votes are split evenly on any particular proposal, each trustee may vote proportionally the shares held of record by the trust. Ellen M. Cotter and Margaret Cotter, who collectively constitute a majority of the Co-Trustees of the Living Trust, have informed the Board that they intend to vote the shares held by the Living Trust for the nine nominees named in this Proxy Statement for election to the Board of Directors under Proposal 1. Accordingly, the Company believes that Ellen M. Cotter and Margaret Cotter collectively have the power and authority to vote all of the shares of Class B Stock held of record by the Living Trust.

PROPOSAL 2: Ratification of Appointment of Independent Registered Public Accounting Firm

The Audit Committee has selected Grant Thornton LLP as our independent registered public accounting firm for the year ending December 31, 2015, and the Board has ratified such appointment. The Board has directed that our management submit the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015 for ratification by the stockholders at the Annual Meeting.

Grant Thornton LLP has audited our consolidated financial statements since 2011. Representatives of Grant Thornton LLP are expected to be at the Annual Meeting, will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

Stockholder ratification of the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015 is not required by our Bylaws or otherwise. However, the Board has directed our management to submit this selection to the stockholders for ratification as a matter of good corporate practice. In the event the stockholders fail to ratify the selection of Grant Thornton LLP, the Audit Committee will not be required to replace Grant Thornton LLP as our independent registered public accounting firm. In the event of such a failure to ratify, the Audit Committee and the Board will reconsider whether or not to retain Grant Thornton LLP as our independent registered public accounting firm in future years. Even if the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time if the Audit Committee determines that such a change would be in our and our stockholders' best interests.

Vote Required

The affirmative vote of the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting is required to ratify the selection of Grant Thornton LLP as our independent registered public accounting firm for 2015.

Recommendation of the Board

THE BOARD RECOMMENDS A VOTE "FOR" THE RATIFICATION OF THE SELECTION OF GRANT THORNTON LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2015.

REPORT OF THE AUDIT AND CONFLICTS COMMITTEE

The following is the report of the Audit Committee of our Board of Directors with respect to our audited financial statements for the fiscal year ended December 31, 2014.

The information contained in this report shall not be deemed to be "soliciting material" or "filed" with the SEC or subject to the liabilities of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), except to the extent that we specifically incorporate it by reference into a document filed under the Securities Act of 1933, as amended, or the Exchange Act.

The purpose of the Audit Committee is to assist the Board in its general oversight of our financial reporting, internal controls and audit functions. The Audit Committee operates under a written Charter adopted by our Board of Directors. The Charter is reviewed periodically and subject to change, as appropriate. The Audit Committee Charter describes in greater detail the full responsibilities of the Audit Committee.

In this context, the Audit Committee has reviewed and discussed the Company's audited financial statements with management and Grant Thornton LLP, our independent auditors. Management is responsible for: the preparation, presentation and integrity of our financial statements; accounting and financial reporting principles; establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)); establishing and maintaining internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f)); evaluating the effectiveness of disclosure controls and procedures; evaluating the effectiveness of internal control over financial reporting; and evaluating any change in internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, internal control over financial reporting. Grant Thornton LLP is responsible for performing an independent audit of the consolidated financial statements and expressing an opinion on the conformity of those financial statements with accounting principles generally accepted in the United States of America, as well as an opinion on (i) management's assessment of the effectiveness of internal control over financial reporting and (ii) the effectiveness of internal control over financial reporting.

The Audit Committee has discussed with Grant Thornton LLP the matters required to be discussed by Auditing Standard No. 16, "Communications with Audit Committees" and PCAOB Auditing Standard No. 5, "An Audit of Internal Control Over Financial Reporting that is integrated with Audit of Financial Statements." In addition, Grant Thornton LLP has provided the Audit Committee with the written disclosures and the letter required by the Independence Standards Board Standard No. 1, as amended, "Independence Discussions with Audit Committees," and the Audit Committee has discussed with Grant Thornton LLP their firm's independence.

Based on their review of the consolidated financial statements and discussions with and representations from management and Grant Thornton LLP referred to above, the Audit Committee recommended to our Board of Directors that the audited financial statements be included in our Annual Report on Form 10-K for fiscal year 2014 for filing with the SEC.

It is not the duty of the Audit Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and in accordance with accounting principles generally accepted in the United States. That is the responsibility of management and the Company's independent registered public accounting firm. In giving its recommendation to the Board of Directors, the Audit Committee relied on (1) management's representation that such financial statements have been prepared with integrity and objectivity and in conformity with accounting principles generally accepted in the United States and (2) the report of the Company's independent registered public accounting firm with respect to such financial statements.

Respectfully submitted by the Audit Committee.

Douglas J. McEachern, Chairman
Edward L. Kane
Tim Storey

BENEFICIAL OWNERSHIP OF SECURITIES

Except as described below, the following table sets forth the shares of Class A Stock and Class B Stock beneficially owned on October 6, 2015 by:

- each of our incumbent Directors and Director nominees;
- each of our incumbent executive officers and named executive officers set forth in the Summary Compensation Table of this Proxy Statement;
- each person known to us to be the beneficial owner of more than 5% of our Class B Stock; and
- all of our incumbent Directors and incumbent executive officers as a group.

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

	Amount and Nature of Beneficial Ownership (1)			
	Class A Stock		Class B Stock	
Name and Address of Beneficial Owner	Number of Shares	Percentage of Stock	Number of Shares	Percentage of Stock
Directors and Named Executive Officers				
Ellen M. Cotter (2)(8)	3,146,965	14.0	1,173,888	69.8
James J. Cotter, Jr. (8)(9)	3,149,076	14.0	696,080	44.0
Margaret Cotter (3)(8)	3,335,012	14.9	1,158,988	69.0
Guy W. Adams	--	--	--	--
Judy Codding	--	--	--	--
William D. Gould (4)	54,340	*	--	--
Edward L. Kane (5)	17,500	*	100	*
Andrzej Matyczynski (12)	38,289	*	--	--
Douglas J. McEachern (6)	37,300	*	--	--
Michael Wrotniak	--	--	--	--
Robert F. Smerling (7)	43,750	*	--	--
Wayne Smith	6,000	*	--	--
5% or Greater Stockholders				
James J. Cotter Living Trust (8)	1,897,649	8.5	696,080	44.0
Estate of James J. Cotter, Sr. (Deceased) (8)	326,800	1.5	427,808	25.5
Mark Cuban (10) 5424 Deloache Avenue Dallas, Texas 75220	72,164	*	207,611	13.1
PICO Holdings, Inc. and PICO Deferred Holdings, LLC (11) 875 Prospect Street, Suite 301 La Jolla, California 92037	--	--	97,500	6.2

All Directors and executive officers as a group (12 persons) (13)	5,315,993	23.7	1,209,088	71.9

(1) Percentage ownership is determined based on 22,425,056 shares of Class A Stock and 1,680,590 shares of Class B Stock outstanding on October 6, 2015. Beneficial ownership has been determined in accordance with SEC rules. Shares subject to options that are presently exercisable, or exercisable within 60 days following the date as of which this information is provided, and not subject to repurchase as of that date, which are indicated by footnote, are deemed to be beneficially owned by the person holding the options and are deemed to be outstanding in computing the percentage ownership of that person, but not in computing the percentage ownership of any other person.

(2) The Class A Stock shown includes 20,000 shares subject to stock options as well as 799,765 shares held directly. The Class A Stock shown also includes 102,751 shares held by the James J. Cotter Foundation (the "Cotter Foundation"). Ellen M. Cotter is Co-Trustee of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown also includes 297,070 shares that are part of the Estate of James J. Cotter, Deceased (the "Cotter Estate") that is being administered in the State of Nevada and 29,730 shares from the Cotter Profit Sharing Plan. On December 22, 2014, the District Court of Clark County, Nevada, appointed Ellen M. Cotter and Margaret Cotter as co-executors of the Cotter Estate. As such, Ellen M. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the James J. Cotter Living Trust (the "Living Trust"). See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

(3) The Class A Stock shown includes 17,000 shares subject to stock options as well as 804,173 shares held directly. The Class A Stock shown also includes 289,390 shares held by the Cotter 2005 Grandchildren's Trust and and 29,730 shares from the Cotter Profit Sharing Plan. Margaret Cotter is Co-Trustee of the Cotter 2005 Grandchildren's Trust and, as such, is deemed to beneficially own such shares. Ms. Cotter disclaims beneficial ownership of such shares except to the extent of her pecuniary interest, if any, in such shares. The Class A Stock shown includes 297,070 shares of Class A Stock that are part of the Cotter Estate. As Co-Executor of the Cotter Estate, Ms. Cotter would be deemed to beneficially own such shares. The shares of Class A Stock shown also include 1,897,649 shares held by the Living Trust. See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). Together Margaret Cotter and Ellen M. Cotter beneficially own 1,208,988 shares of Class B Stock.

(4) The Class A Stock shown includes 17,000 shares subject to stock options.

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

(6) The Class A Stock shown includes 27,000 shares subject to stock options.

(7) The Class A Stock shown consists of shares subject to stock options.

(8) On June 5, 2013, the Declaration of Trust establishing the Living Trust was amended and restated (the "2013 Restatement") to provide that, upon the death of James J. Cotter, Sr., the Trust's shares of Class B Stock were to be held in a separate trust, to be known as the "Reading Voting Trust," for the benefit of the grandchildren of Mr. Cotter, Sr. Mr. Cotter, Sr. passed away on September 13, 2014. The 2013 Restatement also names Margaret Cotter the sole trustee of the Reading Voting Trust and names James J. Cotter, Jr. as the first alternate trustee in the event that Ms. Cotter is unable or unwilling to act as trustee. The trustees of the Living Trust, as of the 2013 Restatement, were Ellen M. Cotter and Margaret Cotter. On June 19, 2014, Mr. Cotter, Sr. signed a 2014 Partial Amendment to Declaration of Trust (the "2014 Amendment") that names Margaret Cotter and James J. Cotter, Jr. as the co-trustees of the Reading Voting Trust and provides that, in the event they are unable to agree upon an important trust decision, they shall rotate the trusteeship between them annually on each January 1st. It further directs the trustees of the Reading Voting Trust to, among other things, vote the Class B Stock held by the Reading Voting Trust in favor of the appointment of Ellen M. Cotter, Margaret Cotter and James J. Cotter, Jr. to our Board and to take all actions to rotate the chairmanship of our Board among the three of them. The 2014 Amendment states that James J. Cotter, Jr., Ellen M. Cotter and Margaret Cotter are Co-Trustees of the Living Trust. On February 6, 2015, Ellen M. Cotter and Margaret Cotter filed a Petition in the Superior Court of the State of California, County of Los Angeles, captioned In re James J. Cotter Living Trust dated August 1, 2000 (Case No. BP159755). The Petition, among other things, seeks relief that could determine the validity of the 2014 Amendment and who between Margaret Cotter and James J. Cotter Jr. will have authority as trustee or co-trustees of the Reading Voting Trust to vote the shares of Class B Stock shown (in whole or in part) and the scope and extent of such authority. Mr. Cotter, Jr. has filed an opposition to the Petition. The 696,080 shares of Class B Stock shown in the table as being beneficially owned by the Living Trust are reflected on the Company's stock register as being held by the Living Trust and not by the Reading Voting Trust. The information in the table reflects direct ownership of the 696,080 shares of Class B Stock by the Living Trust in accordance with the Company's stock register and beneficial ownership of such shares as being held by each of the three potential Co-Trustees, Mr. Cotter, Jr., Ellen M. Cotter and Margaret Cotter, who, unless a court determines otherwise, are deemed to share voting and investment power of the shares held by the Living Trust.

(9) The Class A Stock shown includes 859,286 shares held directly. The Class A Stock shown also includes 289,390 shares held by the Cotter 2005 Grandchildren's Trust and 102,751 held by the Cotter Foundation. Mr. Cotter, Jr. is Co-Trustee of the Cotter 2005 Grandchildren's Trust and of the Cotter Foundation and, as such, is deemed to beneficially own such shares. Mr. Cotter, Jr. disclaims beneficial ownership of such shares except to the extent of his pecuniary interest, if any, in such shares. The Class A Stock shown also includes 1,897,649 shares held by the Living Trust, which became irrevocable upon Mr. Cotter, Sr.'s death on September 13, 2014. See footnotes (8) for information regarding beneficial ownership of the shares held by the Living Trust. As Co-Trustees of the Living Trust, the three Cotter family members would be deemed to beneficially own such shares depending upon the outcome of the matters described in footnote (8). The Class A Stock shown includes 811,661 shares pledged as security for a margin loan.

(10) Based on Mr. Cuban's Form 4 filed with the SEC on July 18, 2011 and Schedule 13D filed on August 3, 2015.

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

(12) The Class A Stock shown includes 12,500 shares subject to stock options.

(13) The Class A Stock shown includes 139,250 shares subject to options.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

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

- James J. Cotter, Sr. failed to timely file 16 Forms 4 with respect to 70 transactions in our common stock;
- James J. Cotter, Jr. failed to timely file two Forms 4 with respect to one transaction in our common stock;
- Ellen M. Cotter failed to timely file three Forms 4 with respect to one transaction in our common stock;
- Margaret Cotter failed to timely file two Forms 4 with respect to one transaction in our common stock;
- Mr. Storey failed to timely file one Form 4 with respect to one transaction in our common stock;
- The Estate of James Cotter, Sr. (Deceased) failed to timely file one Form 3 with respect to one transaction in our common stock; and
- The James J. Cotter Living Trust failed to timely file one Form 3 with respect to one transaction in our common stock.

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

EXECUTIVE OFFICERS

The following table sets forth information regarding our executive officers other than Ellen M. Cotter, whose information is set forth above under "Proposal 1: Election of Directors – Nominees for Election."

Name	Age	Title
Devasis Ghose	62	Chief Financial Officer
Robert F. Smerling	80	President - Domestic Cinemas
William D. Ellis	58	General Counsel and Secretary
Wayne D. Smith	57	Managing Director – Australia and New Zealand
James J. Cotter, Sr.		Former Chief Executive Officer (Deceased)
James J. Cotter, Jr.	46	Former Chief Executive Officer
Andrzej Matyczynski	63	Former Chief Financial Officer, Treasurer and Corporate Secretary

Devasis ("Dev") Ghose. Devasis Ghose was appointed Chief Financial Officer and Treasurer on May 11, 2015. Over the past 25 years, Mr. Ghose served as Executive Vice President and Chief Financial Officer and in a number of senior finance roles with three NYSE-listed companies: Skilled Healthcare Group (a health services company, now part of Genesis HealthCare) from 2008 to 2013, Shurgard Storage Centers, Inc. (an international company focused on the acquisition, development and operation of self-storage centers in the US and Europe; now part of Public Storage) from 2004 to 2006, and HCP, Inc., (which invests primarily in real estate serving the healthcare industry) from 1986 to 2003, and as Managing Director-International for Green Street Advisors (an independent research and trading firm concentrating on publicly traded real estate corporate securities in the US & Europe) from 2006 to 2007. Prior thereto, Mr. Ghose worked for 10 years for PricewaterhouseCoopers in the U.S. from 1975 to 1985, and KPMG in the UK. He qualified as a Certified Public Accountant in the U.S. and a Chartered Accountant in the U.K., and holds an Honors Degree in Physics from the University of Delhi, India and an Executive M.B.A. from the University of California, Los Angeles.

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

William D. Ellis. William D. Ellis was appointed our General Counsel and Secretary in October 2014. Mr. Ellis has more than 30 years of hands-on legal experience as a real estate lawyer. Before joining our Company, he was a partner in the real estate group at Sidley Austin LLP for 16 years. Before that, he worked at the law firm of Morgan Lewis & Bockius LLP. Mr. Ellis began his career as a corporate and securities lawyer (handling corporate acquisitions, IPO's, mergers, etc.) and then moved on to real estate specialization (handling leasing, acquisitions, dispositions, financing, development and land use and entitlement across the United States). He had a substantial real estate practice in New York and Hawaii, areas in which we have particular asset concentrations. Mr. Ellis graduated Phi Beta Kappa from Occidental College in 1979 with a Bachelor of Arts degree in Political Science. He received his J.D. degree in 1982 from the University of Michigan Law School.

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

James J. Cotter Sr. James J. Cotter Sr. served as our Chairman and Chief Executive Officer during 2014 until his resignation on August 7, 2014.

James J. Cotter Jr. James J. Cotter Jr. served as our President during all of 2014 and was appointed our Chief Executive Officer on August 7, 2014. He served as our Vice Chairman during 2014 through August 7, 2014. Mr. Cotter's position as President and Chief Executive Officer continued until June 12, 2015.

Andrzej Matyczynski. Andrzej Matyczynski served as our Chief Financial Officer, Treasurer and Corporate Secretary during 2014. Mr. Matyczynski resigned as Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer effective May 11, 2015.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Role and Authority of the Compensation Committee

Our Board has established a standing Compensation Committee consisting of two or more of our non-employee Directors. As a Controlled Company, we are exempt from the NASDAQ Listing Rules regarding the determination of executive compensation.

The Compensation Committee recommends to the full Board the compensation of our Chief Executive Officer and of the other Cotter family members who serve as officers of our Company. Our Board, with the Cotter family Directors abstaining, typically has accepted without modification the compensation recommendations of the Compensation Committee, but reserves the right to modify the recommendations or take other compensation actions of its own. Prior to his resignation as our Chairman and Chief Executive Officer on August 7, 2014, during 2014, as in prior years, James J. Cotter, Sr. was delegated responsibility by our Board for determining the compensation of our executive officers other than himself and his family members. The Board exercised oversight of Mr. Cotter, Sr.'s executive compensation decisions as a part of his performance as our former Chief Executive Officer.

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

CEO Compensation

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

In 2007, our Board approved a supplemental executive retirement plan ("SERP") pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits as a reward for his more than 25 years of service to our Company and its predecessors. None of Mr. James J. Cotter, Jr., our former Chief Executive Officer, Ms. Ellen M. Cotter, our interim Chief Executive Officer, or any of our other current or former officers or employees, is eligible to participate in the SERP, which is described in greater detail below under the caption "Supplemental Executive Retirement Plan." Because this plan was adopted as a reward to Mr. Cotter, Sr. for his past services and the amounts to be paid under that plan are determined by an agreed-upon formula, the Compensation Committee did not take into account the benefits under that plan in determining Mr. Cotter, Sr.'s annual compensation for 2014 or previous years. The amounts reflected in the Executive Compensation Table under the heading "Change in Pension Value and Nonqualified Deferred Compensation Earnings" reflect any increase in the present value of the SERP benefit based upon the actuarial impact of the payment of Mr. Cotter, Sr.'s cash compensation and changes in interest rates. Since the SERP is unfunded, this amount does not reflect any actual payment by our Company into the plan or the value of any assets in the plan (of which there are none). The benefits to Mr. Cotter, Sr. under the SERP were tied to the cash portion only of his compensation, and not to compensation in the form of stock options or stock grants.

2014 CEO Compensation

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

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

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

Company's compensation philosophy, which was to target Mr. Cotter, Sr.'s total direct compensation to the 66th percentile of the peer group.

The peer group consisted of the following 18 companies:

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

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

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

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

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

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

Salary: $750,000

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

Discretionary Cash Bonus:Up to $750,000.

In 2013, the Compensation Committee recommended and our Board approved a total cash bonus to Mr. Cotter, Sr. of $1,000,000, as compared to the target bonus of $500,000. This resulted in total 2013 compensation to Mr. Cotter, Sr. above the 75th percentile of the peer group and total direct compensation near the 66th percentile. At its meeting on February 27, 2014, the Compensation Committee determined to increase the upper range of Mr. Cotter, Sr.'s discretionary cash bonus for 2014 to $750,000 from the 2013 target level of $500,000. The bonus was subject to Mr. Cotter, Sr. being employed by our Company at year-end, unless his employment were to terminate earlier due to his death or disability. No other benchmarks, formulas or

quantitative or qualitative measurements were specified for use in determining the amount of cash bonus to be awarded within this range. As in 2013, the Compensation Committee also reserved the right to increase the upper range of discretionary cash bonus amount based upon exceptional results of our Company or Mr. Cotter, Sr.'s exceptional performance, as determined in the Compensation Committee's discretion.

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

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

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

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

Following his appointment on August 7, 2014 as our Chief Executive Officer and until his termination from that position on June 12, 2015, James J. Cotter, Jr. continued to receive the same base salary of $335,000 that he had previously been receiving in his capacity as our President.

Mr. Cotter, Jr. was not awarded a discretionary cash bonus for 2014.

Total Direct Compensation

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

Compensation of Other Named Executive Officers

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

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

1. Executive compensation should primarily be used to:
    - attract and retain talented executives;
    - reward executives appropriately for their individual efforts and job performance; and
    - afford executives appropriate incentives to achieve the short-term and long-term business objectives established by management and our Board.
2. In support of the foregoing, the total compensation paid to our named executive officers should be:
    - fair, both to our Company and to the named executive officers;
    - reasonable in nature and amount; and
    - competitive with market compensation rates.

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

These elements of our executive compensation are discussed further below.

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

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

No cash bonuses were awarded to Cotter family members other than Mr. Cotter, Sr. for 2014. Factors to be considered in determining or recommending any such cash bonuses include (i) the level of the executive's responsibilities, (ii) the efficiency and effectiveness with which he or she oversees the matters under his or her supervision, and (iii) the degree to which the officer has contributed to the accomplishment of major tasks that advance the Company's goals.

Stock Bonus: Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters set by our 2010 Stock Incentive Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to approval by the Compensation Committee. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights.

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

Andrzej Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written employment agreement with our Company that provides for a specified annual base salary and other compensation. Mr. Matyczynski resigned effective September 1, 2014, but he and our Company agreed to postpone the effective date of his resignation until April 15, 2016. Upon Mr. Matyczynski's Retirement Date, he will become entitled under his employment agreement to a lump-sum severance payment of $244,500 and to the payment of his vested benefit under his deferred compensation plan discussed below in this section.

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

2014 Base Salaries and Target Bonuses

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

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

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

Name	2013 Base Salary ($)	2014 Base Salary ($)
Andrzej Matyczynski	309,000	309,000
Robert F. Smerling	350,000	350,000
Wayne Smith	351,500	359,250

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

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

Other Elements of Compensation

Retirement Plans

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

Supplemental Executive Retirement Plan

In March 2007, our Board approved the SERP pursuant to which we agreed to provide Mr. Cotter, Sr. supplemental retirement benefits. Under the SERP, following his separation from our Company, Mr. Cotter, Sr. was to be entitled to receive from our Company for the remainder of his life or 180 months, whichever is longer, a monthly payment of 40% of his average monthly base salary and cash bonuses over the highest consecutive 36-month period of earnings prior to Mr. Cotter, Sr.'s separation from service with us. The benefits under the SERP are fully vested.

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

Other Retirement Plans

During 2012, Mr. Matyczynski was granted an unfunded, nonqualified deferred compensation plan ("DCP") that was

partially vested and was to vest further so long as he remained in our continuous employ. If Mr. Matyczynski were to be terminated for cause, then the total vested amount would be reduced to zero. The incremental amount vested each year was made subject to review and approval by our Board. Mr. Matyczynski's DCP vested as follows:

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

Mr. Matyczynski resigned his employment with the Company effective September 1, 2014, but he and our Company agreed to postpone the effective date of his resignation until April, 2016. Upon the termination of Mr. Matyczynski's employment, he would become entitled under the DCP agreement to payment of the vested benefits under his DCP in annual installments following the later of (a) 30 days following Mr. Matyczynski's 65th birthday or (b) six months after his separation from service, unless his employment were to be terminated for cause.

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

Key Person Insurance

Our Company maintains life insurance on certain individuals who we believe to be key to our management. In 2014, these individuals included James J. Cotter, Sr., James J. Cotter, Jr., Ellen M. Cotter, Margaret Cotter and Messrs. Matyczynski, Smerling and Smith. If such individual ceases to be an employee, Director or independent contractor of our Company, as the case may be, she or he is permitted, by assuming responsibility for all future premium payments, to replace our Company as the beneficiary under such policy. These policies allow each such individual to purchase up to an equal amount of insurance for such individual's own benefit. In the case of our employees, the premium for both the insurance as to which our Company is the beneficiary and the insurance as to which our employee is the beneficiary, is paid by our Company. In the case of named executive officers, the premium paid by our Company for the benefit of such individual is reflected in the Compensation Table in the column captioned "All Other Compensation."

Employee Benefits and Perquisites

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

Tax Gross-Ups

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

Tax and Accounting Considerations

Deductibility of Executive Compensation

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

discretion to authorize the payment of compensation that exceeds the limit on deductibility under this Section as in the case of Mr. Cotter, Sr.

Nonqualified Deferred Compensation

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

Accounting for Stock-Based Compensation

Beginning on January 1, 2006, we began accounting for stock-based payments in accordance with the requirements of Statement of Accounting Standards No. 123(R). Our decision to award restricted stock to Mr. Cotter, Sr. and other named executive officers from time to time was based in part upon the change in accounting treatment for stock options. Accounting treatment otherwise has had no significant effect on our compensation decisions.

Say on Pay

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

REPORT OF THE COMPENSATION COMMITTEE

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

Respectfully submitted,

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

Compensation Committee Interlocks and Insider Participation

Our Compensation Committee is currently comprised of Mr. Kane, who serves as Chair, and Mr. Adams. Mr. Storey, who served on our Board in 2014 and through October 11, 2015, served on our Compensation Committee throughout 2014. None of the members of the Compensation Committee was an officer or employee of the Company at any time during 2014. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has or had one or more executive officers serving as a member of our Board of Directors or Compensation Committee.

Executive Compensation

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

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

Summary Compensation Table

The following table shows the compensation paid or accrued during the last three fiscal years ended December 31, 2014 to (i) Mr. James J. Cotter, Sr., who served as our principal executive officer until August 7, 2014, (ii) Mr. James J. Cotter, Jr., who served as our principal executive officer from August 7, 2014 through December 31, 2014, (iii) Mr. Andrzej Matyczynski, who served as our Chief Financial Officer through December 31, 2014, and (iv) the other three most highly compensated persons who served as executive officers in 2014. The following executives are herein referred to as our "named executive officers."

	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
James J. Cotter, Sr.(2) Former Chairman of the Board and Chief Executive Officer	2014	452,000	1,050,000	1,200,000	--	197,000 (3)	20,000 (4)	2,919,000
	2013	750,000	1,000,000	750,000	--	1,455,000 (3)	25,000 (4)	3,980,000
	2012	700,000	500,000	950,000	--	2,433,000 (3)	24,000 (4)	4,607,000

James J. Cotter, Jr.(5) Former President and Chief Executive Officer	2014	335,000	--	--	--	--	27,000 (7)	362,000
	2013	195,000	--	--	--	--	20,000 (7)	215,000
	2012	--					0	0
Andrzej Matyczynski (9) Former Chief Financial Officer, Treasurer and Corporate Secretary	2014	309,000			33,000	150,000 (6)	26,000 (7)	518,000
	2013	309,000	35,000	--	33,000	50,000 (6)	26,000 (7)	453,000
	2012	309,000	--	--	11,000	250,000 (6)	25,000 (7)	617,000
Robert F. Smerling President – Domestic Cinema Operations	2014	350,000	25,000	--	--	--	22,000 (7)	397,000
	2013	350,000	50,000	--	--	--	22,000 (7)	422,000
	2012	350,000	50,000	--	--	--	22,000 (7)	422,000
Ellen M. Cotter (10) Interim President and Chief Executive Officer, Chief Operating Officer - Domestic Cinemas	2014	335,000	--	--	--	--	75,000 (7)(8)	410,000
	2013	335,000	--	--	--	--	25,000 (7)	360,000
	2012	335,000	60,000	--	--	--	25,000 (7)	420,000
Wayne Smith Managing Director - Australia and New Zealand	2014	324,000	56,000	--	--	--	19,000 (7)	388,000
	2013	339,000	--	--	--	--	20,000 (7)	359,000
	2012	357,000	16,000	--	22,000	--	19,000 (7)	414,000

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

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

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

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

(5) Mr. Cotter, Jr. was appointed as our Chief Executive Officer on August 7, 2014 and served until June 12, 2015.

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

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

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

(9) Mr. Matyczynski resigned as our Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer on May 11, 2015.

(10) Ms. Ellen M. Cotter was appointed our interim President and Chief Executive Officer on June 12, 2015.

Grants of Plan-Based Awards

The following table contains information concerning the stock grants made to our named executive officers for the year ended December 31, 2014:

Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards	Estimated Future Payouts Under Equity Incentive Plan Awards	All Other Stock Awards: Number of Shares of Stock or Units	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Award	Grant Date Fair Value of Stock and Option Awards

Name	Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)

James J. Cotter, Sr.	12/31/2014	$ 1,200,000	$ 1,200,000	$ 1,200,000							
Wayne Smith (1)	12/31/2014				6,000	6,000	6,000				
William Ellis	10/20/2014							60,000	$ 8.94		171,457

(1) The awards issued to Mr. Wayne Smith are related to his prior-year performance and will vest in equal installments in 2015 and 2016.

Employment Agreements

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

On June 12, 2015, the Board terminated the employment of James J. Cotter, Jr. as our President and Chief Executive Officer. Under Mr. Cotter, Jr.'s employment agreement with the Company, he is entitled to the compensation and benefits he was receiving at the time of a termination without cause for a period of twelve months from notice of termination. At the time of termination, Mr. Cotter Jr.'s annual salary was $335,000. A dispute has arisen between the Company and Mr. Cotter as to whether the Company is required to continue to make these payments, which is currently subject to arbitration.

Devasis Ghose. On April 20, 2015, we entered into an employment agreement with Mr. Devasis Ghose, pursuant to which he agreed to serve as our Chief Financial Officer for a one year term commencing on May 11, 2015. The employment agreement provides that Mr. Ghose is to receive an annual base salary of $400,000, with an annual target bonus of $200,000, and employee benefits in line with those received by our other senior executives. Mr. Ghose was also granted stock options to purchase 100,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a four-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renewal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

William D. Ellis. On October 20, 2014, we entered into an employment agreement with Mr. William D. Ellis, which was amended in September 2015, pursuant to which he agreed to serve as our General Counsel for a term of three years. The employment agreement provides that Mr. Ellis is to receive an annual base salary of $350,000, with an annual target bonus of at least $60,000. Mr. Ellis also received a "sign-up" bonus of $10,000 and is entitled to employee benefits in line with those received by our other senior executives. In addition, Mr. Ellis was granted stock options to purchase 60,000 shares of Class A Stock at an exercise price equal to the closing price of our Class A Stock on the date of grant and which will vest in equal annual increments over a three-year period, subject to his remaining in our continuous employ through each annual vesting date.

Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled, subject to receipt of a general release, to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less, but in no event less than 12 months. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

Andrzej Matyczynski. Mr. Matyczynski, our former Chief Financial Officer, Treasurer and Corporate Secretary, has a written employment agreement with our Company that provides for an annual base salary of $312,000 and other compensation. Mr. Matyczynski resigned as our Corporate Secretary on October 20, 2014 and as our Chief Financial Officer and Treasurer effective May 11, 2015, but will continue as an employee until April 15, 2016 (the "Retirement Date") in order to assist in the transition of our new Chief Financial Officer, Mr. Ghose, whose information is set forth above. Upon Mr. Matyczynski's Retirement Date, he will become entitled under his employment agreement to a lump-sum severance payment of $244,500 and to the payment of his vested benefit under his deferred compensation plan discussed above in this section.

2010 Equity Incentive Plan

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

Equity incentive bonuses may be awarded to align our executives' long-term compensation to appreciation in stockholder value over time and, so long as such grants are within the parameters of the Plan, historically were entirely discretionary on the part of Mr. Cotter, Sr. Other stock grants are subject to Board approval. Equity awards may include stock options, restricted stock, bonus stock, or stock appreciation rights.

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

Certain Federal Income Tax Consequences

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

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

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

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

discriminate among participants or among awards in exercising such discretion.

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

Outstanding Equity Awards

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

Outstanding Equity Awards At Year Ended December 31, 2014

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

Option Exercises and Stock Vested

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

Option Awards	Stock Awards

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

Pension Benefits

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

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

Equity Compensation Plan Information

The following table sets forth, as of December 31, 2014, a summary of certain information related to our equity incentive plans under which our equity securities are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)		Weighted average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders (1)	753,350	(2)$	7.63	1,625,050
Equity compensation plans not approved by security holders	160,643	(3)	--	--
Total	913,993		--	--

(1) These plans are the Company's 1999 Stock Option Plan and 2010 Stock Incentive Plan.
(2) Represents outstanding options only. The Company did not have any outstanding warrants and rights as of December 31, 2014.
(3) Represents the restricted stock to be issued in 2015.

Potential Payments Upon Termination of Employment or Change in Control

The following paragraphs provide information regarding potential payments to each of our named executive officers in connection with certain termination events, including a termination related to a change of control of the Company, as of December 31, 2014:

Mr. Devasis Ghose – Termination without Cause. Under his employment agreement, we may terminate Mr. Ghose's employment with or without cause (as defined) at any time. If we terminate his employment without cause or fail to renew his employment agreement upon expiration without cause, Mr. Ghose will be entitled to receive severance in an amount equal to the salary and benefits he was receiving for a period of 12 months following such termination or non-renwal. If the termination is in connection with a "change of control" (as defined), Mr. Ghose would be entitled to severance in an amount equal to the compensation he would have received for a period two years from such termination.

Mr. William Ellis – Termination without Cause. Under his employment agreement, we may terminate Mr. Ellis' employment with or without cause (as defined) at any time. If we terminate his employment without cause, Mr. Ellis will be entitled, subject to receipt of a general release, to receive severance in an amount equal to the compensation he would have received for the remainder of the term of his employment agreement, or 24 months, whichever is less, but in no event less than 12 months. If the termination is in connection with a "change of control" (as defined), Mr. Ellis would be entitled to severance in an amount equal to the compensation he would have received for a period of twice the number of months remaining in the term of his employment agreement.

Mr. Wayne Smith—Termination of Employment for Failing to Meet Performance Standards. If Mr. Smith's employment is terminated by the Board for failing to meet the standards of his anticipated performance, Mr. Smith will be entitled to a severance payment of six months' base salary.

No other named executive officers currently have employment agreements or other arrangements providing benefits upon termination or a change of control.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

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

Sutton Hill Capital

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

On June 29, 2010, we agreed to extend our existing lease from SHC of the Village East Cinema in New York City by 10 years, with a new termination date of June 30, 2020. The Village East lease includes a sub-lease of the ground underlying the cinema that is subject to a longer-term ground lease between SHC and an unrelated third party that expires in June 2031 (the "cinema ground lease"). The extended lease provides for a call option pursuant to which Reading may purchase the cinema ground lease for $5.9 million at the end of the lease term. Additionally, the lease has a put option pursuant to which SHC may require us to purchase all or a portion of SHC's interest in the existing cinema lease and the cinema ground lease at

any time between July 1, 2013 and December 4, 2019. SHC's put option may be exercised on one or more occasions in increments of not less than $100,000 each. In 2005, we acquired from a third party the fee interest and from SHC its interest in the ground lease estate underlying and the improvements constituting the Cinemas 1, 2 & 3. In connection with that transaction, we granted to SHC an option to acquire a 25% interest in the special purpose entity formed to acquire these interests at cost. On June 28, 2007, SHC exercised this option, paying the option exercise price through the application of its $3 million deposit plus the assumption of its proportionate share of SHP's liabilities, giving SHC a 25% non-managing membership interest in SHP. We manage this cinema property for an annual management fee equal to 5% of its annual gross income.

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

OBI Management Agreement

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

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

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

Live Theater Show Investment

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

Shadow View Land and Farming LLC

During 2012, Mr. Cotter, Sr., our former Chair, Chief Executive Officer and controlling shareholder, contributed $2.5 million of cash and $255,000 of his 2011 bonus as his 50% share of the purchase price of a land parcel in Coachella, California

and to cover his 50% share of certain costs associated with that acquisition. This land is held in Shadow View Land and Farming, LLC, which is owned 50% by our Company. Mr. Cotter, Jr. contends that the other 50% interest in Shadow View Land and Farming, LLC is owned by the James J. Cotter, Sr. Living Trust, while Ellen M. Cotter and Margaret Cotter contend that such interest is owned by the Estate of James J. Cotter, Sr. We are the managing member of Shadow View Land and Farming, LLC, with oversight provided by our Audit Committee.

INDEPENDENT PUBLIC ACCOUNTANTS

Summary of Principal Accounting Fees for Professional Services Rendered

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

Audit Fees

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

Audit-Related Fees

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

Tax Fees

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

All Other Fees

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

Pre-Approval Policies and Procedures

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

STOCKHOLDER COMMUNICATIONS

Annual Report

A copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 is being provided with this Proxy Statement.

Stockholder Communications with Directors

It is the policy of our Board of Directors that any communications sent to the attention of any one or more of our Directors in care of our executive offices will be promptly forwarded to such Directors. Such communications will not be opened or reviewed by any of our officers or employees, or by any other Director, unless they are requested to do so by the addressee of any such communication. Likewise, the content of any telephone messages left for any one or more of our Directors (including call-back number, if any) will be promptly forwarded to that Director.

Stockholder Proposals and Director Nominations

Any stockholder who, in accordance with and subject to the provisions of the proxy rules of the SEC, wishes to submit a proposal for inclusion in our Proxy Statement for our 2016 Annual Meeting of Stockholders, must deliver such proposal in writing to the Secretary of the Company at the address of our Company's principal executive offices at 6100 Center Drive, Suite 900, Los Angeles, California 90045. Unless we change the date of our annual meeting by more than 30 days from the prior year's meeting, such written proposal must be delivered to us no later than June 22, 2016 to be considered timely. If our 2016 Annual Meeting is not within 30 days of the anniversary of our 2015 Annual Meeting, to be considered timely, stockholder proposals must be received no later than ten days after the earlier of (a) the date on which notice of the 2016 Annual Meeting is mailed, or (b) the date on which the Company publicly discloses the date of the 2016 Annual Meeting, including disclosure in an SEC filing or through a press release. If we do not receive timely notice of a stockholder proposal, the proxies that we hold may confer discretionary authority to vote against such stockholder proposal, even though such proposal is not discussed in our Proxy Statement for that meeting.

Our Board of Directors will consider written nominations for Directors from stockholders. Nominations for the election of Directors made by our stockholders must be made by written notice delivered to our Secretary at our principal executive offices not less than 120 days prior to the first anniversary of the date that this Proxy Statement is first sent to stockholders. Such written notice must set forth the name, age, address, and principal occupation or employment of such nominee, the number of shares of our Company's common stock that is beneficially owned by such nominee and such other information required by the proxy rules of the SEC with respect to a nominee of the Board of Directors.

Under our governing documents and applicable Nevada law, our stockholders may also directly nominate candidates from the floor at any meeting of our stockholders held at which Directors are to be elected.

OTHER MATTERS

We do not know of any other matters to be presented for consideration other than the proposals described above, but if any matters are properly presented, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their judgment.

DELIVERY OF PROXY MATERIALS TO HOUSEHOLDS

As permitted by the Securities Exchange Act of 1934, only one copy of the proxy materials are being delivered to our stockholders residing at the same address, unless such stockholders have notified us of their desire to receive multiple copies of the proxy materials.

We will promptly deliver without charge, upon oral or written request, a separate copy of the proxy materials to any stockholder residing at an address to which only one copy was mailed. Requests for additional copies should be directed to our Corporate Secretary by telephone at (213) 235-2240 or by mail to Corporate Secretary, Reading International, Inc., 6100 Center Drive, Suite 900, Los Angeles, California 90045.

Stockholders residing at the same address and currently receiving only one copy of the proxy materials may contact the Corporate Secretary as described above to request multiple copies of the proxy materials in the future.

By Order of the Board of Directors,

Ellen M. Cotter
Chair of the Board

October 16, 2015

PROXY VOTING INSTRUCTIONS

YOUR VOTE IS IMPORTANT. PLEASE VOTE TODAY.
We encourage you to take advantage of Internet or telephone voting.
Both are available 24 hours a day, 7 days a week.
Internet and telephone voting is available through 11:59 p.m., PT, on November 9, 2015.

VOTE BY INTERNET WWW.FIRSTCOASTRESULTS.COM/RDI

Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 p.m., PT, on November 9, 2015. Have your proxy card in hand when you access the web site and follow the instructions to obtain your records and to create an electronic voting instruction form.

OR

VOTE BY TELEPHONE 1-800-303-7885

Use any touch-tone telephone to transmit your voting instructions up until 11:59 p.m., PT, on November 9, 2015. Have your proxy card in hand when you call and then follow the instructions.

OR

VOTE BY MAIL

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided to: First Coast Results, Inc., P.O. Box 3672, Ponte Vedra Beach, FL 32004-9911.

I

If you vote your proxy by Internet or by telephone, you do NOT need to mail back your proxy card. Your Internet or telephone vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

CONTROL NUMBER

△ If submitting a proxy by mail, please sign and date the card below and fold and detach card at perforation before mailing. ↙

READING INTERNATIONAL ANNUAL MEETING PROXY CARD
BOARD OF DIRECTORS - The Board of Directors recommends a vote FOR all nominees listed.
Proposal 1

(01) Ellen M. Cotter (02) Guy W. Adams (03) Judy Codding (04) James J. Cotter, Jr. (05) Margaret Cotter
(06) William D. Gould (07) Edward L. Kane (08) Douglas J. McEachern (09) Michael Wrotniak

FOR ALL WITHHOLD ALL FOR ALL EXCEPT

To withhold your vote for any individual nominee(s), mark "For All Except" box and write the number(s) of the nominees(s) on the line below.

	FOR	AGAINST	ABSTAIN
Proposal 2 Ratification of the Appointment of Our Independent Auditors, Grant Thornton LLP, for fiscal year 2015- The Board of Directors recommends a vote FOR approval of the appointment of our Grant Thornton LLP.			

Proposal 3 Other Business. In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting and at and with respect to any and all adjournments or postponements thereof. The Board of Directors at present knows of no other business to be presented by or on behalf of the Company or the Board of Directors at the meeting.

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

Signature

Signature (Capacity)

Date

NOTE: Please sign exactly as your name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. If 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.

SIGN, DATE AND MAIL YOUR PROXY TODAY,
UNLESS YOU HAVE VOTED BY INTERNET OR TELEPHONE.

IF YOU HAVE NOT VOTED BY INTERNET OR TELEPHONE, PLEASE DATE, MARK, SIGN AND RETURN THIS PROXY PROMPTLY. YOUR VOTE, WHETHER BY INTERNET, TELEPHONE OR MAIL, MUST BE RECEIVED NO LATER THAN 11:59 P.M. PACIFIC TIME, NOVEMBER 9, 2015,
TO BE INCLUDED IN THE VOTING RESULTS. ALL VALID PROXIES RECEIVED PRIOR TO 11:59 P.M. PACIFIC TIME, NOVEMBER 9, 2015 WILL BE VOTED.

SEE REVERSE SIDE

! If submitting a proxy by mail, please sign and date the card on reverse and fold and detach card at perforation before mailing. !

READING INTERNATIONAL

ANNUAL MEETING OF STOCKHOLDERS
November 10, 2015, 11:00 a.m.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned hereby appoints Ellen M. Cotter and Andrzej Matyczynski, and each of them, the attorneys, agents, and proxies of the undersigned, with full powers of substitution to each, to attend and act as proxy or proxies of the undersigned at the Annual Meeting of Stockholders of Reading International, Inc. to be held at the Ritz Carlton – Marina Del Rey, located at 4375 Admiralty Way, Marina del Rey, California 90292, on Tuesday, November 10, 2015 at 11:00 a.m., local time, and at and with respect to any and all adjournments or postponements thereof, and to vote as specified herein the number of shares which the undersigned, if personally present, would be entitled to vote.

The undersigned hereby ratifies and confirms all that the attorneys and proxies, or any of them, or their substitutes, shall lawfully do or cause to be done by virtue hereof, and hereby revokes any and all proxies heretofore given by the undersigned to vote at the Annual Meeting. The undersigned acknowledges receipt of the Notice of Annual Meeting and the Proxy Statement accompanying such notice.

THE PROXY, WHEN PROPERLY EXECUTED AND RETURNED PRIOR TO THE ANNUAL MEETING, WILL BE VOTED AS DIRECTED. IF NO DIRECTION IS GIVEN, IT WILL BE VOTED "FOR" PROPOSAL 1, 2, AND IN THE PROXY HOLDERS' DISCRETION AS TO ANY OTHER MATTER THAT MAY PROPERLY COME BEFORE THE ANNUAL MEETING OR ANY POSTPONEMENT OR ADJOURNMENT THEREOF.

SEE REVERSE SIDE

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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): July 13, 2016

READING INTERNATIONAL, INC.

(Exact Name of Registrant as Specified in its Charter)

Nevada	**1-8625**	**95-3885184**
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(IRS Employer Identification No.)

6100 Center Drive, Suite 900, Los Angeles, California	**90045**
(Address of Principal Executive Offices)	(Zip Code)

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

N/A
(Former Name or Former Address, if Changed Since Last Report)

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

☐ 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 press release dated July 13, 2016, announced today that plaintiff stockholders consisting of funds managed by Whitney Tilson and Jonathan M. Glaser have withdrawn the derivative lawsuit filed previously in the District Court of the State of Nevada for Clark County under the caption T2 Accredited Fund, LP, a Delaware limited partnership, doing business as Kase Fund; T2 Qualified Fund, LP, a Delaware limited partnership, doing business as Kase Qualified Fund; Tilson Offshore Fund, Ltd, a Cayman Islands exempted company; T2 Partners Management I, LLC, a Delaware limited liability company, doing business as Kase Management; T2 Partners Management Group, LLC, a Delaware limited liability company, doing business as Kase Group; JMG Capital Management, LLC, a Delaware limited liability company; and Pacific Capital Management, LLC, a Delaware limited liability company (collectively the “T2 Derivative Plaintiffs”), derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, Ellen M. Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Codding, Michael Wrotniak and Craig Tompkins (collectively the “Individual Defendants”) and Does 1 through 100, inclusive, as defendants, and, Reading International, Inc., a

Nevada corporation, as Nominal Defendant. The withdrawal requires Court approval, and pleadings seeking such approval have been filed by the T2 Derivative Plaintiffs, the Individual Defendants and the Company. Incident to such withdrawal, the parties have entered into a Settlement Agreement, including mutual general releases, a copy of which is filed as an exhibit hereto.

Item 9.01 Financial Statements and Exhibits.

99.1 Press release issued by Reading International, Inc. on July 13, 2016, entitled "Stockholders withdraw derivative suit against Reading International".

99.2 Settlement Agreement dated July 10, 2016.

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: July 13, 2016

By: /s/ Ellen Cotter
Name: Ellen Cotter
Title: Chief Executive Officer

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Stockholders Withdraw Derivative Lawsuit
Against Reading International

Los Angeles, California, - (BUSINESS WIRE) – July 13, 2016 – Reading International, Inc. (NASDAQ: RDI) ("Reading" or the "Company") and Messrs. Whitney Tilson and Jonathan M. Glaser, acting on behalf of various funds that they manage (the "Plaintiff Stockholders"), have announced that the Plaintiff Stockholders have withdrawn all of their alleged claims (the "Derivative Claims") in the previously filed derivative lawsuit in the District Court of the State of Nevada for Clark County. Collectively, the Plaintiff Stockholders own approximately 845,000 shares, representing approximately 3.6% of the outstanding equity of our Company. Through their various funds, Mr. Glaser has been a significant stockholder of Reading since 2008, and Mr. Tilson has been a significant stockholder since October 2014.

Commenting on the withdrawal of the lawsuit, the Company stated, "We are pleased that Mr. Glaser and Mr. Tilson have agreed to dismiss their claims. We remain focused on building long term value for all stockholders."

Mr. Tilson stated that the Plaintiff Stockholders brought the Derivative Claims as a result of the allegations contained in a derivative action filed by Mr. James J. Cotter, Jr. on June 12, 2015, in the District Court of the State of Nevada for Clark County. As stockholders in the Company, Messrs. Tilson and Glaser wanted to ensure that the interests of all stockholders were being appropriately protected. In connection with the litigation, the Plaintiff Stockholders conducted extensive discovery on these matters, which included depositions of Guy Adams, Margaret Cotter, Ellen Cotter, William Gould, Edward Kane, Douglas McEachern, Tim Storey and James Cotter, Jr. Following their efforts on behalf of all stockholders, Messrs. Tilson and Glaser have concluded that the Reading Board of Directors has acted in good faith and has been and remains committed to acting in the interests of all stockholders. Continuing with their derivative litigation would provide no further benefit.

Messrs. Glaser and Tilson stated, "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."

In connection with the dismissal of the Derivative Claims, the parties have agreed to mutual general releases with each party bearing his, her or its own legal fees and expenses. Further, the parties will petition the court for approval of the settlement.

About Reading International, Inc.

Reading International (http://www.readingrdi.com) is in the business of owning and operating cinemas and developing, owning, and operating real estate assets. Our business consists primarily of:

- the development, ownership, and operation of multiplex cinemas in the United States, Australia and New Zealand; and
- the development, ownership, and operation of retail and commercial real estate in Australia, New Zealand, and the United States, including entertainment-themed centers in Australia and New Zealand and live theater assets in Manhattan and Chicago in the United States.

Reading manages its worldwide business under various brands:

- in the United States, under the

- Reading Cinema brand (http://www.readingcinemasus.com);
- Angelika Film Center brand (http://www.angelikafilmcenter.com);
- Consolidated Theatres brand (http://www.consolidatedtheatres.com);
- City Cinemas brand (http://www.citycinemas.com);
- Beekman Theatre brand (http://www.beekmantheatre.com);

- The Paris Theatre brand (http://www.theparistheatre.com);
- Liberty Theatres brand (http://libertytheatresusa.com); and
- Village East Cinema brand (http://villageeastcinema.com).

- in Australia, under the

  - Reading Cinema brand (http://www.readingcinemas.com.au);
  - Newmarket brand (http://readingnewmarket.com.au); and
  - Red Yard brand (http://www.redyard.com.au).

- in New Zealand, under the

  - Reading Cinema brand (http://www.readingcinemas.co.nz);
  - Rialto brand (http://www.rialto.co.nz);
  - Reading Properties brand (http://readingproperties.co.nz);
  - Courtenay Central brand (http://www.readingcourtenay.co.nz); and
  - Steer n' Beer restaurant brand (http://steernbeer.co.nz).

For more information from Reading International, Inc., contact:

Dev Ghose
Executive Vice President & Chief Financial Officer
(213) 235-2240

or

Andrzej Matyczynski
Executive Vice President for Global Operations
(213) 235-2240

For more information from Plaintiff Stockholders, Whitney Tilson and Jonathan Glaser, contact:

Robertson & Associates, LLC
Alexander Robertson, IV
(818) 851-3850

EX-99.2 3 rdi-20160713xex99_2.htm EX-99.2

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

THIS SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS ("Settlement Agreement") is made this _____ day of June 2016 (the "Execution Date") by and between T2 PARTNERS MANAGEMENT, LP, T2 ACCREDITED FUND, LP, T2 QUALIFIED FUND, LP, TILSON OFFSHORE FUND, LTD., T2 PARTNERS MANAGEMENT I, LLC, T2 PARTNERS MANAGEMENT GROUP, LLC, JMG CAPITAL MANAGEMENT, LLC, PACIFIC CAPITAL MANAGEMENT, LLC, WHITNEY TILSON AND JONATHAN GLASER ("T2 Plaintiffs") and MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS MCEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, CRAIG TOMPKINS and READING INTERNATIONAL, INC. ("Reading" or the "Company") (collectively "Defendants"). T2 Plaintiffs and Defendants are collectively referred to as the "Parties" and each as a "Party."

This Settlement Agreement is subject to Court approval as set forth in the Notice of Pendency and Settlement of Action which is attached hereto as **Exhibit A.**

RECITALS

WHEREAS, on June 12, 2015, Reading's Board of Directors terminated James J. Cotter, Jr. as the President and Chief Executive Officer of Reading.

WHEREAS, that same day, Mr. Cotter, Jr. filed a lawsuit, styled as both an individual and a derivative action, and titled "James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et al." against the Company, Ellen Cotter, Margaret Cotter, Guy Adams, William Gould, Edward Kane, Douglas McEachern, and Timothy Storey in the Eighth Judicial District Court of the State of Nevada (the "James Cotter, Jr. Action").

WHEREAS, on August 6, 2015, the Company received notice that a Motion to Intervene in the James Cotter, Jr. Action and a proposed derivative complaint had been filed by the T2 Plaintiffs in the Eighth Judicial District Court. On August 11, 2015, the Court granted the motion of the T2 Plaintiffs, allowing these plaintiffs to file their complaint (the "T2 Complaint").

WHEREAS, on September 9, 2015, certain of the Individual Defendants filed a Motion to Dismiss the T2 Complaint. The Company joined this Motion to Dismiss on September 14, 2015. The hearing on this Motion to Dismiss was vacated as the T2 Plaintiffs voluntarily withdrew the T2 Complaint, with the parties agreeing that T2 Plaintiffs would have leave to amend the T2 Complaint.

WHEREAS, on February 12, 2016, the T2 Plaintiffs filed an amended complaint (the "Amended T2 Complaint"). The T2 Plaintiffs purported to bring a derivative action on behalf of Reading and its stockholders, and alleged in their Amended T2 Complaint various violations of fiduciary duty, abuse of control, gross mismanagement and corporate waste by the defendants (the "T2 Action"). More specifically the Amended T2 Complaint sought the reinstatement of James J. Cotter, Jr. as President and Chief Executive Officer and certain monetary damages, as well as equitable injunctive relief, attorney fees, and costs of suit. The defendants in the T2 Action are the same as named in the James Cotter, Jr. Action as well as Director Judy Codding,

Director Michael Wrotniak, and Company legal counsel, Craig Tompkins (collectively and without differentiation, the "Individual Defendants" and each an "Individual Defendant"). The Amended T2 Complaint deleted its request for an order disbanding Reading's Executive Committee and for an order "collapsing the Class A and B stock structure into a single class of voting stock." The Amended T2 Complaint added a request for an order setting aside the election results from the 2015 Annual Meeting of Stockholders, based on an allegation that Ellen Cotter and Margaret Cotter were not entitled to vote the shares of Class B Common Stock held of record by the Estate of James Cotter, Sr. and the Living Trust established by James Cotter, Sr.

WHEREAS, in connection with the litigation, James Cotter, Jr. and the T2 Plaintiffs conducted extensive discovery on these matters, which included depositions of Guy Adams, Margaret Cotter, Ellen Cotter, William Gould, Edward Kane, Douglas McEachern, Timothy Storey, and James Cotter, Jr. In response to discovery requests, Reading produced over 13,900 documents, and the Individual Defendants produced over 7,900 documents.

WHEREAS, in connection with efforts to settle this matter, the Parties engaged in extensive discussions.

WHEREAS, the Parties wish to settle all claims relating to the subject matter of the T2 Action, whether asserted or unasserted.

WHEREAS, all Parties recognize the time and expense that would be incurred by further litigation and the uncertainties and risks inherent in such litigation and have concluded that the interests of the Parties, including the stockholders or Reading, would be best served by a settlement of the T2 Action on the terms reflected herein.

NOW THEREFORE, in consideration of the mutual releases, covenants and undertakings hereinafter set forth, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

TERMS

1. Incorporation of Recitals

The foregoing recitals are incorporated into this Settlement Agreement as if fully set forth herein.

2. Consideration

As consideration for the Settlement and dismissal with prejudice of the T2 Action, the Parties have mutually agreed upon the terms of a press release discussing the reasons for the Settlement and further agree, as set forth hereinbelow, not to disparage each other in connection with the T2 Action.

3. Reasons for Settlement

a. The T2 Plaintiffs brought derivative claims with the intention of ensuring that the interests of all Reading stockholders were being appropriately protected. In connection with the

litigation, the T2 Plaintiffs conducted extensive discovery on the matters alleged in the T2 and Jim Cotter, Jr. Complaints, discovery that included depositions of Guy Adams, Margaret Cotter, Ellen Cotter, William Gould, Edward Kane, Douglas McEachern, Timothy Storey, and James Cotter, Jr. Following their efforts on behalf of the stockholders, the T2 Plaintiffs have concluded that continuing with their derivative stockholder litigation would provide no further benefit to Reading's stockholders, including the T2 Plaintiffs.

The T2 Plaintiffs believe that the Settlement provides substantial and immediate benefits for Reading and its current stockholders. In addition to these substantial benefits, T2 Plaintiffs and their counsel have considered: (i) the attendant risks of continued litigation and the uncertainty of the outcome of the T2 Action; (ii) the probability of success on the merits; (iii) the inherent problems of proof associated with, and possible defenses to, the claims asserted in the T2 Action; (iv) the desirability of permitting the settlement to be consummated according to its terms; (v) the expense and length of continued proceedings necessary to prosecute the T2 Action against the Defendants through trial and appeals; (vi) the T2 Plaintiffs' confidence in the Reading Board of Directors and its management after conducting extensive discovery and (vii) the conclusion of the T2 Plaintiffs and their counsel that the terms and conditions of the Settlement Agreement are fair, reasonable, and adequate, and that it is in the best interests of Reading and its current stockholders to settle the T2 Action on the terms set forth herein. Based on T2 Plaintiffs' Counsel's thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, T2 Plaintiffs' Counsel believes that the settlement set forth in this Settlement Agreement is fair, reasonable, and adequate, and confers substantial benefits upon Reading and its current stockholders. Based upon T2 Plaintiffs' Counsel's evaluation as well as T2 Plaintiffs' own evaluation, T2 Plaintiffs have determined that the settlement is in the best interests of Reading and its current stockholders and has agreed to settle the T2 Action upon the terms and subject to the conditions set forth in the Settlement Agreement and summarized herein**.** T2 Plaintiffs believe that Defendants will continue to act in good faith to use best practices with regard to board governance, protection of stockholder rights, and maximizing value for all its stockholders, which actions shall include (i) providing to the Compensation Committee's independent compensation consultant the names of certain companies previously suggested by the T2 Plaintiffs as possible market comparables for consideration in 2017 and (ii) the Company anticipates continuing to hold regular corporate earnings conference calls and to continue to engage with investors around earnings. Further Management has informed T2 that incident to the financing of pre-development activities at the site, it anticipates refinancing the existing loan between Reading and Sutton Hill Properties, LLC.

b. The Defendants deny any and all allegations of wrongdoing, liability, violations of law or damages arising out of or related to any of the conduct, statements, acts, or omissions alleged in the T2 Action, and maintain that their conduct was at all times proper, in the best interests of Reading and its stockholders, and in compliance with applicable law. The Defendants further deny any breach of fiduciary duties or aiding and abetting any breach of such a fiduciary duty. The Defendants also deny that Reading or its stockholders were harmed by any conduct of the Defendants alleged in the T2 Action or that could have been alleged therein. Each of the Defendants asserts that, at all relevant times, they acted in good faith and in a manner they reasonably believed to be in the best interests of Reading and all of its stockholders.

c. Defendants, however, recognize the uncertainty and the risk inherent in any litigation, and the difficulties and substantial burdens, expense, and length of time that may be necessary to defend this proceeding through the conclusion of trial, post-trial motions, and appeals. In particular, Defendants are cognizant of the burdens this litigation is imposing on Reading and its management, and the impact that continued litigation will have on management's ability to continue focusing on the creation of stockholder value. Defendants wish to eliminate the uncertainty, risk, burden and expense of further litigation, and to permit the operation of Reading without further distraction and diversion of its directors and executive personnel with respect to the T2 Action. Defendants have therefore determined to settle the T2 Action on the terms and conditions set forth in the Settlement Agreement solely to put the Released Claims (as defined herein) to rest finally and forever, without in any way acknowledging any wrongdoing, fault, liability, or damages.

4. Release

Subject to Court approval, a judgment will be entered (the "Judgment"). Upon entry of the Judgment, the T2 Action will be dismissed in its entirety and with prejudice and the following releases will occur:

a. **Release of Claims by Reading, T2 Plaintiffs, and Other Reading Stockholders**: Reading, and the T2 Plaintiffs, who have purported to bring derivative claims on behalf of Reading and all its stockholders, shall fully, finally, and forever release, settle, and discharge, and shall forever be enjoined from prosecuting, the Released T2 Plaintiffs' Claims against Defendants and any other Defendants' Releasees.

i. "Released T2 Plaintiffs' Claims" means all any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues and controversies of any kind, nature, or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims (as defined below), whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule (including claims within the exclusive jurisdiction of the federal courts, such as, but not limited to, federal securities claims or other claims based upon the purchase or sale of shares), that are, have been, could have been, could now be, or in the future could, can, or might be asserted, in the T2 Action or in any other court, tribunal, or proceeding by: T2 Plaintiffs derivatively on behalf of Reading, or on their own behalf; by Reading's stockholders on behalf of Reading; or by Reading directly against any of the Individual Defendants' Releasees, which claims, now or hereafter, are based upon, arise out of, relate in any way to, or involve, directly or indirectly, any of the actions, transactions, occurrences, statements, representations, misrepresentations, omissions, allegations, facts, practices, events, claims or any other matters, things or causes whatsoever, or any series thereof, that relate in any way to, or could arise in connection with, the alleged breaches of fiduciary duty, abuse of control, mismanagement, negligence, aiding and abetting, the making or not making of required securities law disclosures, and/or corporate waste, including but not limited to those alleged, asserted, set forth, claimed, embraced, involved, or referred to in, or related to the Amended T2 Complaint or the T2 Action,

except for claims relating to the enforcement of the Settlement. For the avoidance of doubt, the Released T2 Plaintiffs' Claims include all of the claims asserted in the T2 Action, but do not include claims based on conduct of Defendants' Releasees after the Effective Date. The Parties acknowledge that this Release does not serve to require dismissal of the claims raised by James Cotter Jr. in his First Amended Complaint.

ii. "Defendants' Releasees" means Reading, each of the Individual Defendants, any other current or former officer, director or employee of Reading or any of Reading's affiliates, , and their respective past, present, or future family members, spouses, heirs, trusts, trustees, executors, estates, administrators, beneficiaries, distributees, foundations, agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, financing sources lenders, commercial bankers, attorneys, personal or legal representatives, accountants, associates and insurers, co-insurers and reinsurers,. The Parties acknowledge that this Release does not prevent Reading or the Individual Defendants from raising any counterclaims or defenses in the James Cotter Jr. Action.

b. **Release of Claims by Defendants**: Reading on behalf of itself and the Individual Defendants on behalf of themselves and any other person or entity who could assert any of the Released Defendants' Claims on their behalf, in such capacity only, shall fully, finally, and forever release, settle, and discharge, and shall forever be enjoined from prosecuting, the Released Defendants' Claims against T2 Plaintiffs' Releasees.

i. "Released Defendants' Claims" means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues, and controversies of any kind, nature, or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule (including claims within the exclusive jurisdiction of the federal courts), that arise out of or relate in any way to the institution, prosecution, or settlement of the claims against Defendants in the T2 Action, except for claims relating to the enforcement of the Settlement. For the avoidance of doubt, the Released Defendants' Claims do not include claims based on the conduct of the T2 Plaintiffs' Releasees after the Effective Date.

ii. "T2 Plaintiffs' Releasees" means T2 Plaintiffs and their respective current or former agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment

advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, financing sources, lenders, commercial bankers, attorneys, personal or legal representatives, accountants, and associates. T2 Plaintiffs' Releasees do not include, and specifically exclude James Cotter, Jr.

c. "**Unknown Claims**" means any Released T2 Plaintiffs' Claims that Reading or T2 Plaintiffs, does not know or suspect to exist in his, her, or its favor at the time of the release of the Defendants' Releasees, and any Released Defendants' Claims that any of the Defendants or any of the other Defendants' Releasees does not know or suspect to exist in his, her, or its favor at the time of the release of the T2 Plaintiffs' Releasees, which, if known by him, her or it, might have affected his, her, or its decision(s) with respect to the Settlement. With respect to any and all Released T2 Plaintiffs' Claims and Released Defendants' Claims, the Parties stipulate and agree that Reading, T2 Plaintiffs and each of the Individual Defendants shall expressly waive, and each of the other Defendants' Releasees shall be deemed to have waived, and by operation of the Judgment shall have expressly waived, any and all provisions, rights, and benefits conferred by California Civil Code §1542, which provides:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

and any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable, or equivalent to California Civil Code §1542. Reading, T2 Plaintiffs and each of the Individual Defendants acknowledge, and each of the other Reading stockholders, excluding James Cotter, Jr., shall be deemed by operation of law to have acknowledged, that the foregoing waiver was separately bargained for and is a key element of the Settlement.

d. Nothing contained in this Settlement Agreement is intended to, or does release any claims that Defendants may have against any of their insurers or that any insurers may have against any Defendant.

5. Submission of Documents to Court

As soon as practicable after this Settlement Agreement has been executed, the Parties shall apply jointly to the Court for entry of an Order substantially in the form attached hereto as **Exhibit B** (the "Preliminary Approval Order"): i) providing among other things, a request for preliminary approval of the Settlement as fair, reasonable, adequate and in the best interest of stockholders; ii) seeking approval of the Notice of Pendency and Settlement of Action; and iii) requesting a Settlement Hearing.

If the Court approves this Settlement, the Parties shall jointly request entry of the proposed Order and Final Judgment substantially in the form attached hereto as **Exhibit C.** The Order and Final Judgment shall, among other things: i) determine the requirements of the

Nevada Rules of Civil Procedure and due process have been satisfied in connection with the Notice detailed below; ii) approve the Settlement as fair, reasonable, adequate and in the best interest of stockholders; and iii) dismiss the T2 Action with prejudice on the merits as against any and all Defendants.

6. Notice Of Pendency and Settlement of Action

The Notice of Pendency and Settlement of Action, in substantially the form annexed hereto as **Exhibit A,** shall be mailed by Reading at least 45 calendar days prior to the Settlement Hearing to all stockholders of Reading as listed on the stock registry, to their respective last known address. Furthermore, Reading shall use reasonable efforts to give notice to beneficial owners of Reading common stock by providing, at the expense of Reading additional copies of the Notice of Pendency and Settlement of Action to any record holder requesting the Notice who are entitled to notice.

7. Non Disparagement

The purpose of this Agreement is to resolve the T2 Action for the benefit of the Parties and Reading stockholders. Accordingly the T2 Plaintiffs covenant and agree that they will not engage in any conduct, make or disclose any statement, either orally or in writing, that would cast any Defendant or their affiliates in a false or negative light, and agree not to aid, assist or encourage others to do so, in any fashion or forum. Similarly, Defendants covenant and agree that they will not engage in any conduct, make or disclose any statement, either orally or in writing that would cast the T2 Plaintiffs or their affiliates in a false or negative light, and agree not to aid, assist or encourage others to do so, in any fashion or forum. If any third party makes any inquiry with respect to any of the claims or causes of action alleged against any Party, then the Party to whom such inquiry is made shall only respond that such matters were resolved in a satisfactory manner pursuant to a confidential settlement agreement. Notwithstanding the above, T2 Plaintiffs acknowledge that no Defendant will have responsibility for the actions of any other Defendant or for the actions of James J. Cotter, Jr.

Notwithstanding the above, T2 Plaintiffs acknowledge that this Agreement does not prohibit the Individual Defendants from any disclosures required in their capacity as fiduciaries of Reading. Further, nothing herein shall prevent any Party from testifying truthfully in a court of law and/or complying with a court order.

8. Joint Press Release

The Parties to this Settlement Agreement mutually agree to issue a press release in a form satisfactory to all Parties hereto indicating that the Parties have amicably resolved their disputes to the mutual satisfaction of all Parties. The press release shall not identify any substantive terms or conditions of this Agreement and shall be in a form substantial similar to **Exhibit D**.

9. General Provisions

This Settlement Agreement and compliance with this Settlement Agreement shall not be construed as an admission by any Party of any liability whatsoever, or as admission by any Party

of any violation of the rights of the others, violation of any order, law, statute, duty or contract whatsoever.

The Parties hereto represent and acknowledge that in executing this Settlement Agreement they do not rely and have not relied upon any representation or statement made by any of the Parties or by any of the Parties' agents, attorneys or representatives with regard to the subject matter or effect of this Settlement Agreement or otherwise, other than those specifically stated in this written Settlement Agreement. This Settlement Agreement expresses the entire agreement of the Parties hereto with respect to the subject matter hereof. No recitals, covenants, agreements, representations, or warranties of any kind whatsoever have been made or have been relied upon by any Party hereto, except as specifically set forth in this Agreement. All prior discussions and negotiations between the Parties have been or are merged and integrated into, and are superseded by, this Agreement.

10. Mutual Cooperation

The Parties hereby agree to use their best efforts and good faith in carrying out all of the terms of this Settlement Agreement. Each Party hereto shall perform such further acts and execute and deliver such further documents as may be reasonably necessary or convenient to carry out the purposes of this Settlement Agreement.

11. Interpretation of Agreement

None of the Parties shall be deemed to be the drafter of this Settlement Agreement. In the event a court construes this Settlement Agreement, such court shall not construe this Settlement Agreement or any provision hereof against either Party as the drafter of the Settlement Agreement. The headings used in this Agreement are for reference only and shall not affect the construction of the Agreement.

12. Choice of Law

This Settlement Agreement shall be governed by, and construed in accordance with, the laws of the State of Nevada, without regard to conflict of law principles. The Parties agree that the Court shall have exclusive jurisdiction over any action to enforce this Settlement Agreement.

13. Counterparts

This Settlement Agreement may be executed in any number of separate counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument and fax copies shall be deemed originals.

14. Attorneys' Fees

Each Party shall bear its own costs and attorney fees incurred in connection with this Settlement Agreement. However, if any Party to this Settlement Agreement brings suit against the another Party, the purpose of which is to enforce, challenge, or clarify the terms of this Settlement Agreement, the prevailing party in such action shall be entitled to reimbursement for

its actual attorney fees and costs in so enforcing, challenging or clarifying this Settlement Agreement.

15. Notice in Connect with Settlement Agreement

All notices or demands of any kind that any Party is required to or desires to give in connection with this Settlement Agreement shall be in writing and shall be delivered by e-mail and by depositing the notice or demand in the United States mail, postage prepaid, and addressed to the Parties as follows:

T2 Plaintiffs:
Robertson & Associates, LLP
c/o Alexander Robertson, IV
32121 Lindero Canyon Road, Suite 200
Westlake Village, California 91361

Reading International:
Greenberg Traurig, LLP
c/o Mark E. Ferrario, Esq.
3773 Howard Hughes Pkwy., Suite 400N
Las Vegas, Nevada 89169
Email: mferrario@gtlaw.com

Ellen Cotter, Margaret Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy Codding and Michael Wrotniak:
Quinn Emanuel Urquhart & Sullivan, LLP
c/o Marshall M. Searcy III
865 S. Figueroa Street, 10th Floor
Los Angeles, California, 90017

William Gould:
Bird, Marella, Boxer, Wolpert, Nessim, Drooks, Lincenberg & Rhow, P.C.
c/o Ekwan E. Rhow
1875 Century Park East, 23rd Floor
Los Angeles, California, 90067

Craig Tompkins:
Santoro Whitmire, LTD.
c/o Nicholas J. Santoro
10100 W. Charleston Blvd. #250
Las Vegas, NV 89135

16. Miscellaneous

This Settlement Agreement shall be binding on and inure to the benefit of the Parties, their respective current or former agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies,

corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, and successors-in-interest. No Party shall assign this Settlement Agreement or any of its rights and obligations hereunder, to any third party. Notwithstanding the above, T2 Plaintiffs acknowledge that no Defendant will have responsibility for the actions of any other Defendant or for the actions of James J. Cotter, Jr.

All of the exhibits hereto are incorporated herein by reference as if set forth herein verbatim, and the terms of all exhibits are expressly made part of this Settlement Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the last day set forth below.

Dated this 10th day of July, 2016.

T2 PARTNERS MANAGEMENT, LP

By: _____
Its: Managing Partner

Dated this 10th day of July, 2016.

T2 QUALIFIED FUND, LP

By: _____
Its: Managing Partner

Dated this 10th day of July, 2016.

T2 PARTNERS MANAGEMENT I, LLC

By: _____
Its: Managing Partner

Dated this 11th day of July, 2016.

JMG CAPITAL MANAGEMENT, LLC

By: _____
Its: Managing Member

Dated this 10th day of July, 2016.

WHITNEY TILSON

_____

Dated this 10th day of July, 2016.

T2 ACCREDITED FUND, LP

By: _____
Its: Managing Partner

Dated this 10th day of July, 2016.

TILSON OFFSHORE FUND, LTD.

By: _____
Its: Managing Partner

Dated this 10th day of July, 2016.

T2 PARTNERS MANAGEMENT GROUP, LLC

By: _____
Its: Managing Partner

Dated this 11th day of July, 2016.

PACIFIC CAPITAL MANAGEMENT, LLC

By: _____
Its: Managing Member

Dated this 11th day of July, 2016.

JONATHAN GLASER

_____

Dated this 10th day of July, 2016.

MARGARET COTTER

Dated this 10th day of July, 2016.

ELLEN COTTER

Dated this 11th day of July, 2016.

GUY ADAMS

Dated this 10th day of July, 2016.

EDWARD KANE

Dated this 10th day of July, 2016.

DOUGLAS MCEACHERN

Dated this 12th day of July, 2016.

WILLIAM GOULD

Dated this 11th day of July, 2016.

JUDY CODDING

Dated this 11th day of July, 2016.

MICHAEL WROTNIAK

Dated this 10th day of July, 2016.

CRAIG TOMPKINS

Dated this 10th day of July, 2016.

READING INTERNATIONAL, INC

NEOJ
MARK E. FERRARIO, ESQ.
(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
(NV Bar No. 7743)
TAMI D. COWDEN, ESQ.
(NV Bar No. 8994)
GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway
Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002
Email: ferrariom@gtlaw.com
hendricksk@gtlaw.com
cowdent@gtlaw.com

Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Plaintiff,

v.

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

Defendants.

And

READING INTERNATIONAL, INC., a Nevada Corporation,

Nominal Defendant.

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

Coordinated with:

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

Case No. A-16-735305-B
Dept. XI

NOTICE OF ENTRY OF ORDER GRANTING SETTLEMENT WITH T2 PLAINTIFFS AND FINAL JUDGMENT WITH EXHIBIT 1 ATTACHED

GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway, Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002

TO: All parties and their counsel of record:

YOU AND EACH OF YOU will please take notice that on October 21, 2016, the Court entered the ***Order Granting Settlement with T2 Plaintiffs and Final Judgment with Exhibit 1 Attached***, a copy of which is attached hereto as Exhibit A.

DATED: this 21st day of October, 2016.

GREENBERG TRAURIG, LLP

/s/ Mark E. Ferrario

MARK E. FERRARIO (NV Bar No. 1625)
KARA B. HENDRICKS (NV Bar No. 7743)
TAMI D. COWDEN (NV Bar No. 8994)
3773 Howard Hughes Parkway, Suite 400 N.
Las Vegas, Nevada 89169
FerrarioM@gtlaw.com
HendricksK@gtlaw.com
CowdenT@gtlaw.com

Counsel for Reading International, Inc.

GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway, Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002

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 ***Notice of Entry of Order Granting Settlement With T2 Plaintiffs and Final Judgment with Exhibit 1 Attached*** to be filed and served via the Court's Wiznet E-Filing system on all registered and active parties. The date and time of the electronic proof of service is in place of the date and place of deposit in the mail.

DATED: this 21st day of October, 2016.

/s/ Andrea Lee Rosehill

An employee of GREENBERG TRAURIG, LLP

GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway, Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002

EXHIBIT A

ORDR
MARK E. FERRARIO, ESQ.
(NV BAR NO. 1625)
KARA B. HENDRICKS, ESQ.
(NV BAR NO. 7743)
GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway
Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002
ferrariom@gtlaw.com
hendricksk@gtlaw.com

Counsel for Reading International, Inc.

DISTRICT COURT

CLARK COUNTY, NEVADA

JAMES J. COTTER, JR.,

Plaintiff,

v.

READING INTERNATIONAL, INC., a Nevada corporation; DOES 1-100, and ROE ENTITIES, 1-100, inclusive,

Defendants.

In the Matter of the Estate of

JAMES J. COTTER,

Deceased.

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

Plaintiff,

v.

MARGARET COTTER, et al,

Defendants.

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

Coordinated with:

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

Case No. A-16-735305-B
Dept. No. XI

ORDER GRANTING SETTLEMENT WITH T2 PLAINTIFFS AND FINAL JUDGMENT

Hearing Date: October 6, 2016
Time: 8:30a.m. and 1:00 p.m.

Presently pending is the Joint Motion for Final Approval of Settlement and Dismissal ("Joint Motion"), filed by Intervenor Plaintiffs T2 Partners Management, LP, T2 Accredited Fund, LP, T2 Qualified Fund, LP, Tilson Offshore Fund, LTD., T2 Partners Management I, LLC, T2 Partners Management Group, LLC, JMG Capital Management, LLC, Pacific Capital Management, LLC, and Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, William Gould, Judy Codding, Michael Wrotniak, Craig Tompkins, and Nominal Defendant, Reading International, Inc. The Court having reviewed the Motion and grounds therefore, having heard any objections thereto, and having heard the arguments of the parties, FINDS AS FOLLOWS:

1. The Court previously granted preliminary approval of the proposed settlement based upon the terms as set forth in the Joint Motion for Preliminary Approval of Settlement of Derivative Claims on August 4, 2016. At that time, the Court determined that settlement appeared presumptively valid, subject only to any objections at the final approval hearing. The Court also approved a Notice of Settlement ("Notice") to be provided to shareholders of Reading International Inc. ("RDI");

2. The Nevada Rules of Civil Procedure and due process have been satisfied in connection with the Notice;

3. Subsequent to service of the Notice, the Court received three objections to the proposed settlement from: James J. Cotter, Jr.; Diamond A Partners, L.P. and Diamond A. Investors, L.P.; and Mark Cuban; and

4. The Court after considering all objections and responses thereto and having held a hearing on October 6, 2016, the Court modified the Settlement Agreement and Release of Claims ("Modified Settlement Agreement"). The Modified Settlement Agreement is set forth in **Exhibit 1**, hereto.

Based on such findings, the Court, HEREBY ORDERS THE FOLLOWING:

GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway, Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002

1. The Modified Settlement Agreement is fair, reasonable, adequate and in the best interest of stockholders;

2. Pursuant to the request of Defendants and the Intervening Plaintiffs, all claims contained in the First Amended Complaint filed by T2 Partners Management, LP, T2 Accredited Fund, LP, T2 Qualified Fund, LP, Tilson Offshore Fund, LTD., T2 Partners Management 1, LLC, T2 Partners Management Group, LLC, JMG Capital Management, LLC, Pacific Capital Management, LLC, are dismissed in their entirety with prejudice.

3. The Intervenor Plaintiffs, the Defendants, and the Nominal Defendant shall each be responsible for their own attorneys' fees and costs.

DATED this 10th day of October, 2016.

DISTRICT COURT JUDGE

JWS

Respectfully submitted by:

ROBERTSON & ASSOCIATES, LLP

/s/ Alexander Robertson
ALEXANDER ROBERTSON, IV (SBN 8642)
32121 Lindero Canyon Road, Suite 200
Westlake Village, California 91361
ARobertson@ARobertsonLaw.com

Attorneys for Plaintiffs and Intervenors, T2 Partners Management, LP, et al.

GREENBERG TRAURIG, LLP

Mark E. Ferrario (NV Bar No. 1625)
Kara B. Hendricks (NV Bar No. 7743)
3773 Howard Hughes Parkway, Suite 400 N.
Las Vegas, Nevada 89169
FerrarioM@gtlaw.com
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Counsel for Reading International, Inc.

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Telephone (702) 792-3773
Facsimile (702) 792-9002

LV 420787359v2

/s/ Marshall M. Searcy, III CHRISTOPHER TAYBACK (Admitted *pro hac vice*) MARSHALL M. SEARCY III (Admitted *pro hac vice*) QUINN EMANUEL URQUHART & SULLIVAN, LLP 865 S. Figueroa Street, 10th Floor Los Angeles, California, 90017 christayback@quinnemanuel.com marshallsearcy@quinnemanuel.com H. STAN JOHNSON (SBN 265) 255 E. Warm Springs Road, Suite 100 Las Vegas, Nevada 89119 SJohnson@CohenJohnson.com *Attorneys for Defendants Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane Douglas McEachern, Judy Codding and Michael Wrotniak*	*/s/ Shoshana Bannett* SHOSHANA E. BANNETT (Admitted *pro hac vice*) BIRD, MARELLA, BOXER, WOLPERT, NESSIM, DROOKS, LINCENBERG & RHOW, P.C. 1875 Century Park East, 23rd Floor Los Angeles, California 90067 EER@BirdMarella.com DONALD A. LATTIN (NV BAR 0693) 4785 Caughlin Parkway Reno, Nevada 89519 dlattin@mclrenolaw.com *Attorneys for Defendants William Gould*
SANTORO WHITMIRE, LTD. */s/ Nicholas J. Santoro* NICHOLAS J. SANTORO (NV BAR 0532) 10100 Charleston Boulevard, Suite 250 Las Vegas, Nevada 89135 nsantoro@santoronevada.com *Attorneys for Craig Tompkins*	

GREENBERG TRAURIG, LLP
3773 Howard Hughes Parkway, Suite 400 North
Las Vegas, Nevada 89169
Telephone: (702) 792-3773
Facsimile: (702) 792-9002

EXHIBIT 1

SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS

THIS SETTLEMENT AGREEMENT AND RELEASE OF CLAIMS ("Settlement Agreement") is made this _____ day of October 2016 (the "Execution Date") by and between T2 PARTNERS MANAGEMENT, LP, T2 ACCREDITED FUND, LP, T2 QUALIFIED FUND, LP, TILSON OFFSHORE FUND, LTD., T2 PARTNERS MANAGEMENT I, LLC, T2 PARTNERS MANAGEMENT GROUP, LLC, JMG CAPITAL MANAGEMENT, LLC, PACIFIC CAPITAL MANAGEMENT, LLC, WHITNEY TILSON AND JONATHAN GLASER ("T2 Plaintiffs") and MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS MCEACHERN, WILLIAM GOULD, JUDY CODDING, MICHAEL WROTNIAK, CRAIG TOMPKINS and READING INTERNATIONAL, INC. ("Reading" or the "Company") (collectively "Defendants"). T2 Plaintiffs and Defendants are collectively referred to as the "Parties" and each as a "Party."

This Settlement Agreement is subject to Court approval as set forth in the Notice of Pendency and Settlement of Action which is attached hereto as **Exhibit A.**

RECITALS

WHEREAS, on June 12, 2015, Reading's Board of Directors terminated James J. Cotter, Jr. as the President and Chief Executive Officer of Reading.

WHEREAS, that same day, Mr. Cotter, Jr. filed a lawsuit, styled as both an individual and a derivative action, and titled "James J. Cotter, Jr., individually and derivatively on behalf of Reading International, Inc. vs. Margaret Cotter, et al." against the Company, Ellen Cotter, Margaret Cotter, Guy Adams, William Gould, Edward Kane, Douglas McEachern, and Timothy Storey in the Eighth Judicial District Court of the State of Nevada (the "James Cotter, Jr. Action").

WHEREAS, on August 6, 2015, the Company received notice that a Motion to Intervene in the James Cotter, Jr. Action and a proposed derivative complaint had been filed by the T2 Plaintiffs in the Eighth Judicial District Court. On August 11, 2015, the Court granted the motion of the T2 Plaintiffs, allowing these plaintiffs to file their complaint (the "T2 Complaint").

WHEREAS, on September 9, 2015, certain of the Individual Defendants filed a Motion to Dismiss the T2 Complaint. The Company joined this Motion to Dismiss on September 14, 2015. The hearing on this Motion to Dismiss was vacated as the T2 Plaintiffs voluntarily withdrew the T2 Complaint, with the parties agreeing that T2 Plaintiffs would have leave to amend the T2 Complaint.

WHEREAS, on February 12, 2016, the T2 Plaintiffs filed an amended complaint (the "Amended T2 Complaint"). The T2 Plaintiffs purported to bring a derivative action on behalf of Reading and its stockholders, and alleged in their Amended T2 Complaint various violations of fiduciary duty, abuse of control, gross mismanagement and corporate waste by the defendants (the "T2 Action"). More specifically the Amended T2 Complaint sought the reinstatement of James J. Cotter, Jr. as President and Chief Executive Officer and certain monetary damages, as well as equitable injunctive relief, attorney fees, and costs of suit. The defendants in the T2 Action are the same as named in the James Cotter, Jr. Action as well as Director Judy Codding,

Director Michael Wrotniak, and Company legal counsel, Craig Tompkins (collectively and without differentiation, the "Individual Defendants" and each an "Individual Defendant"). The Amended T2 Complaint deleted its request for an order disbanding Reading's Executive Committee and for an order "collapsing the Class A and B stock structure into a single class of voting stock." The Amended T2 Complaint added a request for an order setting aside the election results from the 2015 Annual Meeting of Stockholders, based on an allegation that Ellen Cotter and Margaret Cotter were not entitled to vote the shares of Class B Common Stock held of record by the Estate of James Cotter, Sr. and the Living Trust established by James Cotter, Sr.

WHEREAS, in connection with the litigation, James Cotter, Jr. and the T2 Plaintiffs conducted extensive discovery on these matters, which included depositions of Guy Adams, Margaret Cotter, Ellen Cotter, William Gould, Edward Kane, Douglas McEachern, Timothy Storey, and James Cotter, Jr. In response to discovery requests, Reading produced over 13,900 documents, and the Individual Defendants produced over 7,900 documents.

WHEREAS, in connection with efforts to settle this matter, the Parties engaged in extensive discussions.

WHEREAS, the Parties wish to settle all claims asserted in the T2 Action.

WHEREAS, all Parties recognize the time and expense that would be incurred by further litigation and the uncertainties and risks inherent in such litigation and have concluded that the interests of the Parties, including the stockholders or Reading, would be best served by a settlement of the T2 Action on the terms reflected herein.

NOW THEREFORE, in consideration of the mutual releases, covenants and undertakings hereinafter set forth, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Parties agree as follows:

TERMS

1. Incorporation of Recitals

The foregoing recitals are incorporated into this Settlement Agreement as if fully set forth herein.

2. Consideration

As consideration for the Settlement and dismissal with prejudice of the T2 Action, the Parties have mutually agreed upon the terms of a press release discussing the reasons for the Settlement and further agree, as set forth hereinbelow, not to disparage each other in connection with the T2 Action.

3. Reasons for Settlement

a. The T2 Plaintiffs brought derivative claims with the intention of ensuring that the interests of all Reading stockholders were being appropriately protected. In connection with the litigation, the T2 Plaintiffs conducted extensive discovery on the matters alleged in the T2 and

Jim Cotter, Jr. Complaints, discovery that included depositions of Guy Adams, Margaret Cotter, Ellen Cotter, William Gould, Edward Kane, Douglas McEachern, Timothy Storey, and James Cotter, Jr. Following their efforts on behalf of the stockholders, the T2 Plaintiffs have concluded that continuing with their derivative stockholder litigation would provide no further benefit to Reading's stockholders, including the T2 Plaintiffs.

The T2 Plaintiffs believe that the Settlement provides substantial and immediate benefits for Reading and its current stockholders. In addition to these substantial benefits, T2 Plaintiffs and their counsel have considered: (i) the attendant risks of continued litigation and the uncertainty of the outcome of the T2 Action; (ii) the probability of success on the merits; (iii) the inherent problems of proof associated with, and possible defenses to, the claims asserted in the T2 Action; (iv) the desirability of permitting the settlement to be consummated according to its terms; (v) the expense and length of continued proceedings necessary to prosecute the T2 Action against the Defendants through trial and appeals; (vi) the T2 Plaintiffs' confidence in the Reading Board of Directors and its management after conducting extensive discovery and (vii) the conclusion of the T2 Plaintiffs and their counsel that the terms and conditions of the Settlement Agreement are fair, reasonable, and adequate, and that it is in the best interests of Reading and its current stockholders to settle the T2 Action on the terms set forth herein. Based on T2 Plaintiffs' Counsel's thorough review and analysis of the relevant facts, allegations, defenses, and controlling legal principles, T2 Plaintiffs' Counsel believes that the settlement set forth in this Settlement Agreement is fair, reasonable, and adequate, and confers substantial benefits upon Reading and its current stockholders. Based upon T2 Plaintiffs' Counsel's evaluation as well as T2 Plaintiffs' own evaluation, T2 Plaintiffs have determined that the settlement is in the best interests of Reading and its current stockholders and has agreed to settle the T2 Action upon the terms and subject to the conditions set forth in the Settlement Agreement and summarized herein. T2 Plaintiffs believe that Defendants will continue to act in good faith to use best practices with regard to board governance, protection of stockholder rights, and maximizing value for all its stockholders, which actions shall include (i) providing to the Compensation Committee's independent compensation consultant the names of certain companies previously suggested by the T2 Plaintiffs as possible market comparables for consideration in 2017 and (ii) the Company anticipates continuing to hold regular corporate earnings conference calls and to continue to engage with investors around earnings. Further Management has informed T2 that incident to the financing of pre-development activities at the site, it anticipates refinancing the existing loan between Reading and Sutton Hill Properties, LLC.

b. The Defendants deny any and all allegations of wrongdoing, liability, violations of law or damages arising out of or related to any of the conduct, statements, acts, or omissions alleged in the T2 Action, and maintain that their conduct was at all times proper, in the best interests of Reading and its stockholders, and in compliance with applicable law. The Defendants further deny any breach of fiduciary duties or aiding and abetting any breach of such a fiduciary duty. The Defendants also deny that Reading or its stockholders were harmed by any conduct of the Defendants alleged in the T2 Action or that could have been alleged therein. Each of the Defendants asserts that, at all relevant times, they acted in good faith and in a manner they reasonably believed to be in the best interests of Reading and all of its stockholders.

c. Defendants, however, recognize the uncertainty and the risk inherent in any litigation, and the difficulties and substantial burdens, expense, and length of time that may be necessary to defend this proceeding through the conclusion of trial, post-trial motions, and appeals. In particular, Defendants are cognizant of the burdens this litigation is imposing on Reading and its management, and the impact that continued litigation will have on management's ability to continue focusing on the creation of stockholder value. Defendants wish to eliminate the uncertainty, risk, burden and expense of further litigation, and to permit the operation of Reading without further distraction and diversion of its directors and executive personnel with respect to the T2 Action. Defendants have therefore determined to settle the T2 Action on the terms and conditions set forth in the Settlement Agreement solely to put the Released Claims (as defined herein) to rest finally and forever, without in any way acknowledging any wrongdoing, fault, liability, or damages.

4. Release

Subject to Court approval, a judgment will be entered (the "Judgment"). Upon entry of the Judgment, the T2 Action will be dismissed in its entirety and with prejudice and the following releases will occur:

a. **Release of Claims by Reading, T2 Plaintiffs and Individual Defendants**: The T2 Plaintiffs, who have purported to bring derivative claims on behalf of Reading and all its stockholders, shall fully, finally, and forever release, settle, and discharge, and shall forever be enjoined from prosecuting, the Released T2 Plaintiffs' Claims.

i. "Released T2 Plaintiffs' Claims" means all any and all claims, that have been asserted in the T2 Action by T2 Plaintiffs derivatively on behalf of Reading against any of the Individual Defendants. The Parties acknowledge that this Release does not serve to require dismissal of the claims raised by James Cotter Jr. in his Second Amended Complaint.

The Parties acknowledge that this Release does not prevent Reading or the Individual Defendants from raising any counterclaims or defenses in the James Cotter Jr. Action.

b. **Release of Claims by Defendants**: Reading on behalf of itself and the Individual Defendants on behalf of themselves and any other person or entity who could assert any of the Released Defendants' Claims on their behalf, in such capacity only, shall fully, finally, and forever release, settle, and discharge, and shall forever be enjoined from prosecuting, the Released Defendants' Claims against T2 Plaintiffs' Releasees.

i. "Released Defendants' Claims" means any and all manner of claims, demands, rights, liabilities, losses, obligations, duties, damages, costs, debts, expenses, interest, penalties, sanctions, fees, attorneys' fees, actions, potential actions, causes of action, suits, agreements, judgments, decrees, matters, issues, and controversies of any kind, nature, or description whatsoever, whether known or unknown, disclosed or undisclosed, accrued or unaccrued, apparent or not apparent, foreseen or unforeseen, matured or not matured, suspected or unsuspected, liquidated or not liquidated, fixed or contingent, including Unknown Claims, whether based on state, local, foreign, federal, statutory, regulatory, common, or other law or rule (including claims within the exclusive jurisdiction of the federal courts), that arise out of or

relate in any way to the institution, prosecution, or settlement of the claims against Defendants in the T2 Action, except for claims relating to the enforcement of the Settlement. For the avoidance of doubt, the Released Defendants' Claims do not include claims based on the conduct of the T2 Plaintiffs' Releasees after the Effective Date.

ii. "T2 Plaintiffs' Releasees" means T2 Plaintiffs and their respective current or former agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, successors-in-interest, assigns, financial or investment advisors, advisors, consultants, investment bankers, entities providing any fairness opinion, underwriters, brokers, dealers, financing sources, lenders, commercial bankers, attorneys, personal or legal representatives, accountants, and associates. T2 Plaintiffs' Releasees do not include, and specifically exclude James Cotter, Jr.

c. Nothing contained in this Settlement Agreement is intended to, or does release any claims that Defendants may have against any of their insurers or that any insurers may have against any Defendant.

5. Submission of Documents to Court

As soon as practicable after this Settlement Agreement has been executed, the Parties shall apply jointly to the Court for entry of an Order substantially in the form attached hereto as **Exhibit B** (the "Preliminary Approval Order"): i) providing among other things, a request for preliminary approval of the Settlement as fair, reasonable, adequate and in the best interest of stockholders; ii) seeking approval of the Notice of Pendency and Settlement of Action; and iii) requesting a Settlement Hearing.

If the Court approves this Settlement, the Parties shall jointly request entry of the proposed Order and Final Judgment substantially in the form attached hereto as **Exhibit C.** The Order and Final Judgment shall, among other things: i) determine the requirements of the Nevada Rules of Civil Procedure and due process have been satisfied in connection with the Notice detailed below; ii) approve the Settlement as fair, reasonable, adequate and in the best interest of stockholders; and iii) dismiss the T2 Action with prejudice on the merits as against any and all Defendants.

6. Notice Of Pendency and Settlement of Action

The Notice of Pendency and Settlement of Action, in substantially the form annexed hereto as **Exhibit A,** shall be mailed by Reading at least 45 calendar days prior to the Settlement Hearing to all stockholders of Reading as listed on the stock registry, to their respective last known address. Furthermore, Reading shall use reasonable efforts to give notice to beneficial owners of Reading common stock by providing, at the expense of Reading additional copies of the Notice of Pendency and Settlement of Action to any record holder requesting the Notice who are entitled to notice.

7. Non Disparagement

The purpose of this Agreement is to resolve the T2 Action for the benefit of the Parties and Reading stockholders. Accordingly the T2 Plaintiffs covenant and agree that they will not engage in any conduct, make or disclose any statement, either orally or in writing, that would cast any Defendant or their affiliates in a false or negative light, and agree not to aid, assist or encourage others to do so, in any fashion or forum. Similarly, Defendants covenant and agree that they will not engage in any conduct, make or disclose any statement, either orally or in writing that would cast the T2 Plaintiffs or their affiliates in a false or negative light, and agree not to aid, assist or encourage others to do so, in any fashion or forum. If any third party makes any inquiry with respect to any of the claims or causes of action alleged against any Party, then the Party to whom such inquiry is made shall only respond that such matters were resolved in a satisfactory manner pursuant to a confidential settlement agreement. Notwithstanding the above, T2 Plaintiffs acknowledge that no Defendant will have responsibility for the actions of any other Defendant or for the actions of James J. Cotter, Jr.

Notwithstanding the above, T2 Plaintiffs acknowledge that this Agreement does not prohibit the Individual Defendants from any disclosures required in their capacity as fiduciaries of Reading. Further, nothing herein shall prevent any Party from testifying truthfully in a court of law and/or complying with a court order.

8. Joint Press Release

The Parties to this Settlement Agreement mutually agree to issue a press release in a form satisfactory to all Parties hereto indicating that the Parties have amicably resolved their disputes to the mutual satisfaction of all Parties. The press release shall not identify any substantive terms or conditions of this Agreement and shall be in a form substantial similar to **Exhibit D**.

9. General Provisions

This Settlement Agreement and compliance with this Settlement Agreement shall not be construed as an admission by any Party of any liability whatsoever, or as admission by any Party of any violation of the rights of the others, violation of any order, law, statute, duty or contract whatsoever.

The Parties hereto represent and acknowledge that in executing this Settlement Agreement they do not rely and have not relied upon any representation or statement made by any of the Parties or by any of the Parties' agents, attorneys or representatives with regard to the subject matter or effect of this Settlement Agreement or otherwise, other than those specifically stated in this written Settlement Agreement. This Settlement Agreement expresses the entire agreement of the Parties hereto with respect to the subject matter hereof. No recitals, covenants, agreements, representations, or warranties of any kind whatsoever have been made or have been relied upon by any Party hereto, except as specifically set forth in this Agreement. All prior discussions and negotiations between the Parties have been or are merged and integrated into, and are superseded by, this Agreement.

10. Mutual Cooperation

The Parties hereby agree to use their best efforts and good faith in carrying out all of the terms of this Settlement Agreement. Each Party hereto shall perform such further acts and execute and deliver such further documents as may be reasonably necessary or convenient to carry out the purposes of this Settlement Agreement.

11. Interpretation of Agreement

None of the Parties shall be deemed to be the drafter of this Settlement Agreement. In the event a court construes this Settlement Agreement, such court shall not construe this Settlement Agreement or any provision hereof against either Party as the drafter of the Settlement Agreement. The headings used in this Agreement are for reference only and shall not affect the construction of the Agreement.

12. Choice of Law

This Settlement Agreement shall be governed by, and construed in accordance with, the laws of the State of Nevada, without regard to conflict of law principles. The Parties agree that the Court shall have exclusive jurisdiction over any action to enforce this Settlement Agreement.

13. Counterparts

This Settlement Agreement may be executed in any number of separate counterparts, each of which shall be deemed an original, but all of which when taken together shall constitute one and the same instrument and fax copies shall be deemed originals.

14. Attorneys' Fees

Each Party shall bear its own costs and attorney fees incurred in connection with this Settlement Agreement. However, if any Party to this Settlement Agreement brings suit against the another Party, the purpose of which is to enforce, challenge, or clarify the terms of this Settlement Agreement, the prevailing party in such action shall be entitled to reimbursement for its actual attorney fees and costs in so enforcing, challenging or clarifying this Settlement Agreement.

15. Notice in Connect with Settlement Agreement

All notices or demands of any kind that any Party is required to or desires to give in connection with this Settlement Agreement shall be in writing and shall be delivered by e-mail and by depositing the notice or demand in the United States mail, postage prepaid, and addressed to the Parties as follows:

T2 Plaintiffs:

Robertson & Associates, LLP
c/o Alexander Robertson, IV
32121 Lindero Canyon Road, Suite 200
Westlake Village, California 91361

Reading International:	Greenberg Traurig, LLP c/o Mark E. Ferrario, Esq. 3773 Howard Hughes Pkwy., Suite 400N Las Vegas, Nevada 89169 Email: mferrario@gtlaw.com
Ellen Cotter, Margaret Cotter, Guy Adams, Edward Kane, Douglas McEachern, Judy Codding and Michael Wrotniak:	Quinn Emanuel Urquhart & Sullivan, LLP c/o Marshall M. Searcy III 865 S. Figueroa Street, 10th Floor Los Angeles, California, 90017
William Gould:	Bird, Marella, Boxer, Wolpert, Nessim, Drooks, Lincenberg & Rhow, P.C. c/o Ekwan E. Rhow 1875 Century Park East, 23rd Floor Los Angeles, California, 90067
Craig Tompkins:	Santoro Whitmire, LTD. c/o Nicholas J. Santoro 10100 W. Charleston Blvd. #250 Las Vegas, NV 89135

16. Miscellaneous

This Settlement Agreement shall be binding on and inure to the benefit of the Parties, their respective current or former agents, employees, fiduciaries, partners, partnerships, general or limited partners or partnerships, joint ventures, member firms, limited liability companies, corporations, parents, subsidiaries, divisions, affiliates, associated entities, stockholders, principals, officers, directors, managing directors, members, managing members, managing agents, predecessors, predecessors-in-interest, successors, and successors-in-interest. No Party shall assign this Settlement Agreement or any of its rights and obligations hereunder, to any third party. Notwithstanding the above, T2 Plaintiffs acknowledge that no Defendant will have responsibility for the actions of any other Defendant or for the actions of James J. Cotter, Jr.

All of the exhibits hereto are incorporated herein by reference as if set forth herein verbatim, and the terms of all exhibits are expressly made part of this Settlement Agreement.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the last day set forth below.

Dated this ____ day of _____, 2016.

T2 PARTNERS MANAGEMENT, LP

By: _____
Its: _____

Dated this ____ day of _____, 2016.

T2 QUALIFIED FUND, LP

By: _____
Its: _____

Dated this ____ day of _____, 2016.

T2 PARTNERS MANAGEMENT I, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

JMG CAPITAL MANAGEMENT, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

WHITNEY TILSON

_____

Dated this ____ day of _____, 2016.

MARGARET COTTER

_____

Dated this ____ day of _____, 2016.

T2 ACCREDITED FUND, LP

By: _____
Its: _____

Dated this ____ day of _____, 2016.

TILSON OFFSHORE FUND, LTD.

By: _____
Its: _____

Dated this ____ day of _____, 2016.

T2 PARTNERS MANAGEMENT GROUP, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

PACIFIC CAPITAL MANAGEMENT, LLC

By: _____
Its: _____

Dated this ____ day of _____, 2016.

JONATHAN GLASER

_____

Dated this ____ day of _____, 2016.

ELLEN COTTER

_____

Dated this ____ day of _____, 2016.

GUY ADAMS

_____

Dated this ____ day of _____, 2016.

EDWARD KANE

_____

Dated this ____ day of _____, 2016.

DOUGLAS MCEACHERN

_____

Dated this ____ day of _____, 2016.

WILLIAM GOULD

_____

Dated this ____ day of _____, 2016.

JUDY CODDING

_____

Dated this ____ day of _____, 2016.

MICHAEL WROTNIAK

_____

Dated this ____ day of _____, 2016.

CRAIG TOMPKINS

_____

READING INTERNATIONAL, INC.

_____

RIS

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

EIGHTH JUDICIAL DISTRICT COURT

CLARK COUNTY, NEVADA

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

Plaintiff,

v.

MARGARET COTTER, ELLEN COTTER, GUY ADAMS, EDWARD KANE, DOUGLAS McEACHERN, 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

REPLY IN SUPPORT OF SUPPLEMENTAL MOTIONS FOR SUMMARY JUDGMENT NOS. 2 AND 6

MEMORANDUM OF POINTS AND AUTHORITIES

I. INTRODUCTION

Plaintiff's Supplemental Opposition to Motion for Summary Judgment Nos. 2 and 6 is notable for what it concedes. *First*, Plaintiff finally admits that none of the following constitutes a breach of fiduciary duty he can prove at trial: the Board's decision regarding Ellen Cotter's CEO compensation; the Board's decision regarding Margaret Cotter's compensation as EVP for New York real estate; and the Board's decision to compensate Guy Adams $50,000 for services provided beyond those normally expected of a Board member. (Opp. at 8:16-24). *Second*, Plaintiff concedes—as he must—that the Board exercised due care with respect to the Estate's exercise of the 100,000 share option, the hiring of Margaret Cotter as an EVP and her compensation, and the $50,000 payment to Guy Adams. (Opp. at 7:1-20). Plaintiff's *only* remaining allegation with respect to the subject matter of Motion for Summary Judgment No. 6 is that certain directors supposedly breached their duty of loyalty when they approved the 100,000 share option exercise and when they approved the hiring of Margaret Cotter. The "evidence" Plaintiff proffers to support these allegations is his own personal view that the Board must have been acting with improper motives because Plaintiff does not agree with the result. But Plaintiff's baseless conclusions about the thought processes and motivations of RDI's directors are not evidence. Plaintiff has failed to identify any genuine disputed material fact regarding any purported breach of the duty of loyalty; Defendants' Motion for Summary Judgment No. 6 should therefore be granted.

II. ARGUMENT

A. PLAINTIFF FAILS TO DISPUTE—WITH ANYTHING BUT HIS OWN SPECULATION—THE UNDISPUTED FACTS THAT KANE AND ADAMS ACTED PROPERLY IN APPROVING THE ESTATE'S EXERCISE OF A 100,000 SHARE OPTION

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). Plaintiff does not and cannot identify any evidence showing or even suggesting that Kane and

Adams acted in bad faith in considering and approving the Estate's use of Class A stock to acquire 100,000 shares of Class B stock. This is amply demonstrated by the fact that Plaintiff's entire discussion of this issue lacks a *single* factual citation or reference. (Opp. at 3:18-4:17). Plaintiff admits that Kane and Adams exercised their duty of care in making this evaluation. (Opp. at 7:1-7). Undeterred by a complete lack of supporting evidence, Plaintiff explains in his opposition that he still "contends" that "Adams and Kane authorized the exercise of the 100,00 share option for the purpose of assisting EC and MC in perpetuating their control of RDI." Plaintiff's "contentions" may have been relevant at the pleading stage, but they are of no moment in opposing summary judgment after years of discovery. At the summary judgment stage, the nonmoving party "is not entitled to build a case on the gossamer threads of whimsy, speculation, and conjecture," *Wood v. Safeway, Inc.*, 121 Nev. 724 731 (2005), but instead must identify "admissible evidence" showing "a genuine issue for trial." *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); *LaMantia v. Redisi,* 118 Nev. 27, 29 (2002) (nonmovant must "show specific facts, rather than general allegations and conclusions").

Indeed, Plaintiff's "contentions" are rebutted by uncontroverted evidence showing that:

- Well before the Estate sought to exercise the option at issue, RDI had implemented a Stock Option Plan allowing exercise of options using Class A shares and a Company policy of repurchasing Class A shares when they were available. *See* 9/23/16 Declaration of Noah Helpern In Support of Individual Defendants' Motion for Partial Summary Judgment No. 6 ("Helpern Decl."), Exhs. 3 (1999 Stock Option Plan) and 14 (Minutes of 5/15/14 Board Meeting).
- The Board's Compensation Committee, through Kane and Adams, was acting in conformance with and with knowledge of the terms of the Stock Option Plan when evaluating the Estate's option exercise. *See* Helpern Decl. Exhs. 2 (Minutes of 9/21/15 Minutes of Compensation Committee Meeting), 3 (1999 Stock Option Plan), and 14 (Minutes of 5/15/14 Board Meeting).

- Every director elected to the Board at the 2015 Annual Stockholders' Meeting received approximately 1.3 million votes, *i.e.*, the votes of more than 75% of the Class B stockholders. *See* Helpern Decl. Exh. 16 (RDI 11/13/15 Form 8-K). The 100,000 shares obtained by the Estate through exercising the option did not make, and could not have made, any difference to the outcome of the vote, rendering nonsensical Plaintiff's unsupported "contention" about the Compensation Committee helping Ellen and Margaret Cotter supposedly perpetuate control.

Here, as elsewhere, Plaintiff's claim for supposed breach of the duty of loyalty is based on his own dissatisfaction with a Board decision and resulting assumption that Defendants' motivations must have been impure because they did not do what Plaintiff wanted. Simply put, that is not how a claim for breach of fiduciary duty works, and Plaintiff does not cite any authority that would allow this claim to survive Defendants' Motion for Partial Summary Judgment No. 6. He does not explain or identify any way in which Kane or Adams placed their own interests above those of RDI or its stockholders in connection with the option exercise, let along any resulting damage or injury to RDI, which is fatal to his claim. *See generally Schoen v. SAC Holding Corp.*, 122 Nev. 621, 632 (2006) ("[T]he duty of loyalty requires the board and its directors to maintain, in good faith, the corporation's and its shareholders' best interests over anyone else's interests."). In point of fact, the Class A stock used to pay the exercise price of the options was valued at approximately $1,257,000. The closing price on Friday, December 1, 2017, of those 100,000 shares was $1,611,000, reflecting a significant *increase* in value to RDI.

B. PLAINTIFF HAS NOT IDENTIFIED ANY DISPUTED MATERIAL FACT REGARDING A SUPPOSED BREACH OF THE DUTY OF LOYALTY IN CONNECTION WITH MARGARET COTTER'S HIRING

Plaintiff alleges that some or all members of the Board breached their duty of loyalty by approving the hiring Margaret Cotter as EVP for New York real estate. Yet the only evidence Plaintiff cites for the factual contention that Margaret Cotter "had no prior experience and is unqualified" for her position is *Plaintiff's own declaration*. (Opp. at 5:20-23). Plaintiff concedes that the Board exercised due care in hiring Margaret Cotter for this position. That after

years of litigation Plaintiff has not been able to develop any evidence whatsoever regarding his allegations about Margaret Cotter's hiring is dispositive; summary judgment should be granted. Moreover, despite his concession that the only purported breach of fiduciary at issue here is the duty of loyalty, Plaintiff does not explain how *any* non-Cotter director supposedly benefitted from Margaret Cotter's shift from being a consultant to being a full-time employee, let alone identify any conflicts that would render these directors improperly interested such that they could not properly evaluate the employment decision. If Plaintiff's theory of the case is accepted, every single hiring and firing decision made by the Board would constitute a breach of fiduciary duty simply because Plaintiff thinks that the Board is supposedly disloyal to the Company and its stockholders.

C. TO THE EXTENT PLAINTIFF CONTENDS THESE ISSUES EVEN REMAIN AN ISSUE IN THIS CASE, PLAINTIFF HAS NOT IDENTIFIED ANY DISPUTED MATERIAL FACTS REGARDING A SUPPOSED BREACH OF THE DUTY OF LOYALTY WITH RESPECT TO MARGARET COTTER OR GUY ADAMS' COMPENSATION

Plaintiff states in his opposition that he "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 additional compensation to MC and Guy Adams give rise to or constitute independent breaches of fiduciary duty." (Opp. at 8:19-24) (internal quotation marks and formatting omitted). However, Plaintiff elsewhere states in the opposition that "the payment of $200,000 to [MC] . . . and the $5000 [sic] payment to Adams are issues arising from the duty of loyalty." (Opp. at 7:1-7). To the extent Plaintiff intends to raise these supposed "issues arising from the duty of loyalty" at trial, he should not be allowed to do so.

The only evidence Plaintiff cites for the factual contention that Margaret Cotter or Guy Adams' compensation is or was improper is *his own Declaration*. (Opp. at 5:23-26, 6:1-18). Plaintiff should not be permitted to avoid summary judgment on this issue where he concedes that the Board's decisions did not constitute breaches of fiduciary duty but then calls the Board's decisions "issues arising from the duty of loyalty" (whatever that means) and manufactures supposed "evidence" based entirely on his own speculation. Indeed, Plaintiff cannot even decide

what he thinks was wrongful about the payment to Guy Adams, claiming (without any support in the record) that it 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." (Opp. at 9:25-28). That Plaintiff cannot identify a single shred of evidence beyond his own imagination to suggest that any payment to Margaret Cotter or Guy Adams was improper compels summary adjudication of this issue (to the extent Plaintiff has not rendered discussion of these issues at trial moot, since he concedes he cannot prove a breach of fiduciary duty regarding these compensation decisions). Although Plaintiff would apparently like to separate the duty of care from the duty of loyalty in this circumstance, it is impossible to comprehend how, if the directors (as admitted by Plaintiff) acted with due care in determining to pay such compensation, they violated their duty of loyalty or that RDI suffered damage as a result of such determination.

III. CONCLUSION

Defendants' Motion for Partial Summary Judgment No. 6 should be granted in its entirety. After years of discovery, Plaintiff now concedes that much of the subject matter of the Motion cannot actually constitute a claim for breach of fiduciary duty and that Defendants satisfied their duty of care. Plaintiff still alleges that members of the Board breached their duty of loyalty, because Plaintiff believes that virtually every decision made by the Board in the two-and-a-half years since his termination constitutes a breach of the duty of loyalty. Yet Plaintiff cannot identify a single disputed material fact—beyond his own speculation—that would allow him to take these misguided claims to trial.

DATED THIS 4TH DAY OF DECEMBER, 2017.

COHEN|JOHNSON|PARKER|EDWARDS

By: /s/ H. Stan Johnson

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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 SUPPLEMENTAL MOTIONS FOR SUMMARY JUDGMENT NOS. 2 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

123248SA

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Attorneys for Petitioners,
Ellen Marie Cotter and Ann Margaret Cotter

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. BP159755 **JUDGMENT AND ORDER RE PETITION FOR AN ORDER DETERMINING VALIDITY OF TRUST AMENDMENT AND FORGIVENESS OF LOAN FILED FEBRUARY 5, 2015** Date: July 12, 2016 Time: 1:30 p.m. Dept. 9

The Petition for an Order Determining Validity of Trust Amendment and Forgiveness of Loan filed February 5, 2015 came before the Court for trial commencing on July 12, 2016, in Department 9 of the Superior Court, the Honorable Clifford L. Klein, Judge presiding.

Petitioners Ellen Marie Cotter and Ann Margaret Cotter (collectively, "Petitioners") appeared by their counsel of record, Sacks, Glazier, Franklin, & Lodise, LLP and Susman Godfrey, LLP. Respondent James Cotter, Jr. appeared by his counsel of record, Sheppard, Mullin, Richter & Hampton, LLP. Petitioners and respondent are each, individually, parties.

The Court, having considered the pleadings, heard oral argument, considered the documentary evidence, and read and considered all the papers filed, renders a decision as follows:

NOW, THEREFORE, IT IS HEREBY ADJUDICATED, ORDERED, AND DECREED that:

1. The 2014 Hospital Amendment is invalid.

2. The validity of the $1.5 million loan forgiveness for James Cotter, Jr. is confirmed.

3. No party has committed elder abuse.

4. No party shall be awarded punitive damages or double damages.

5. Neither James Cotter, Jr., Ellen Marie Cotter, nor Ann Margaret Cotter are deemed to have predeceased James Cotter, Sr. pursuant to Probate Code section 259.

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6. Each party shall bear his or her own costs.

APPROVED AS TO FORM AND CONTENT:

SACKS GLAZIER FRANKLIN & LODISE LLP

By _____
Margaret G. Lodise
Douglas E. Lawson
- and -
SUSMAN GODFREY L.L.P.
Harry P. Susman
Glenn C. Bridgman
Attorneys for Petitioners,
Ellen Marie Cotter and Ann Margaret Cotter

SHEPPARD MULLIN RICHTER & HAMPTON LLP

By _____
Adam F. Streisand
Nicholas Van Brunt
Attorneys for Respondent, James J. Cotter, Jr.

IT IS SO ORDERED

DATED: 3/22/16

By: _____
JUDGE OF THE SUPERIOR COURT

MDSM
MARK E. FERRARIO, ESQ.
(NV Bar No. 1625)
KARA B. HENDRICKS, ESQ.
(NV Bar No. 7743)
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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

MOTION TO DISMISS PURSUANT TO NRCP 12(B)(2), OR IN THE ALTERNATIVE, NRCP 12(B)(5) FOR LACK OF STANDING

Hearing Date: _____
Hearing Time: _____

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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.

Nominal Defendant Reading International, Inc. ("RDI"), a Nevada corporation, by and through its undersigned counsel of record, hereby submits its Motion to Dismiss pursuant to NRCP 12(b)(2) and/or 12(b)(5). This Motion is based upon the files and records in this matter, including this Court's Order dated December 28, 2017, the attached memorandum of authorities and the exhibit thereto, and any argument allowed at the time of hearing.

Dated this 1st day of June, 2018.

GREENBERG TRAURIG, LLP

/s/ Tami D. Cowden
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Kara B. Hendricks, Esq. (NBN 7743)
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NOTICE OF MOTION

TO ALL PARTIES AND THEIR COUNSEL OF RECORD:

PLEASE TAKE NOTICE that the undersigned will bring the foregoing ***Motion to Dismiss Pursuant to NRCP 12(B)(2), or in the Alternative, NRCP 12(B)(5) for Lack of Standing*** on for hearing in Department XI, Eighth Judicial District Court, Clark County, Nevada on the 9th day of July, 2018, at 8:30AM. m., or as soon thereafter as counsel may be heard.

Dated this 1st day of June, 2018.

GREENBERG TRAURIG, LLP

/s/ Tami D. Cowden
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MEMORANDUM OF POINTS AND AUTHORITIES

This Court should dismiss the Second Amended Complaint, because Plaintiff cannot show standing to proceed as a representative of RDI. His standing as a derivative plaintiff depends upon his ability to prove that a demand made to RDI's Board of Directors with respect to the claims he alleged in the Second Amended Complaint could not have been impartially considered by a majority of the members of that board at the time the Second Amended Complaint was filed. However, this Court's grant of judgment in favor of former Defendants Judy Codding, William Gould, Edward Kane, Douglas McEachern, and Michael Wrotniak

(collectively the "Dismissed Directors"), *precludes* any finding that such impartiality was not possible. Accordingly, the Motion to Dismiss should be granted.

FACTS RELEVANT TO THIS MOTION TO DISMISS

The Allegations Contained in the Various Complaints.

Cotter, Jr. first filed his complaint in this action on June 12, 2015. The original complaint combined both individual claims and claims brought derivatively on behalf of RDI. The Defendants for the derivative claims included RDI Directors Margaret Cotter, Ellen Cotter, Guy Adams, Edward Kane, Douglas McEachern, and Timothy Storey,[1] with RDI as a Nominal Defendant. As relevant here, the individual directors moved to dismiss the derivative claims for a failure to make demand; RDI joined that motion. The demand futility allegations consisted of the following:

> 107. Insofar as any or all of the claims made herein are derivative in nature, demand upon the RDI board is excused because, among other things, each of the individuals named as defendants here compromising seven out of eight board members (and counting Plaintiff, eight of eight), and comprising five outside directors, are unable to exercise independent and disinterested business judgment in responding to a demand, and because actions giving rise to this action, namely, the threat to terminate JJC and subsequent actions to do so when he refused to be pressured into settling trust and estate litigation with EC and MC on terms satisfactory to them, were not bona fide business decisions undertaken honestly and in good faith in the best interests of RDI, must less the product of a valid exercise of business judgment.
>
> 108 In that respect, all RDI board members named as defendants herein would be materially affected, either to their benefit or detriment, by a decision by the RDI board with respect to any demand, and would be so affected in a manner not shared by the Company or its stockholders, including for the reasons alleged herein.
>
> 109. Additionally, each of the five outside directors is and would be unable to exercise independent and disinterest business judgment responding to a demand because, among other things, doing so would entail assessing their own liability, including possibly to the Company. The same is true with respect to a majority of the outside directors, meaning Adams, Kane and McEachern, each of whom lacked independence generally, and more particularly, with respect to the

[1] On May 6, 2016, Cotter, Jr. voluntarily dismissed Defendant Timothy Storey from the action.

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> decision to pick sides in a family dispute and terminate Plaintiff as President and CEO of RDI, lack of disinterestedness, including for the reasons alleged herein, including but not limited to Adams'[sic] financial dependence on companies controlled or claimed to be controlled by EX and MC, Kane's quasi-familial relationship with EC and MC, and McEachern's decision to protect and pursue his own personal and financial interest, which is, Plaintiff is informed and believes, is based upon McEachern's erroneous expectation that EC and MC ultimately will prevail and control seventy percent (70%) of the voting stock of the Company, thereby controlling McEachern's fate as a director.
>
> 110. Additionally, and notwithstanding the foregoing allegations, each of Kame, Adams and McEachern lack disinterestedness and independence because each has affirmatively chosen, without any obligation to do so and in derogation of their fiduciary obligations as directors of RDI, to pick sides in a family dispute involving trust and estate litigation between Plaintiff, on one hand, and EC and MC, on the other hand, and to misuse their positions as directors in doing so. Like EC and MC, in so action, they did not act honestly and in good faith in the best interests of RDI.

Complaint dated 6/12/2015, ¶¶ 107-110. As can be seen, despite the requirement of NRCP 23.1 that facts showing demand futility be alleged with particularity, Plaintiff did not allege any facts even purporting to show a basis for a lack of independence or interest by Directors Storey or Gould, other than their own purported liability for the challenged actions.

At a hearing on September 10, 2015, this Court determined that Cotter, Jr. had "adequately alleged demand futility and interestedness," but partially granted the motion to dismiss due to a failure to adequately plead damages. *See* Transcript, Sept. 10, 2015, 15:24-16:3.

Cotter, Jr. thereafter filed his First Amended Complaint, to which Defendants Judy Codding and Michael Wrotniak were added. In the First Amended Verified Complaint, the demand futility allegations asserted were:

> 166. Insofar as any or all of the claims made herein are derivative in nature, demand upon the RDI board is excused because, among other things, each of the individuals named as defendants herein comprising seven of eight board members (and, counting Plaintiff, eight of eight) and comprising five of five outside directors, are unable to exercise independent and disinterested business judgment in responding to a demand, and because the actions giving rise to this action, namely, the threat to terminate JJC and the subsequent actions to do so when he refused to be pressured into settling trust and estate litigation with EC and MC on terms satisfactory to them, were not *bona fide* business decisions undertaken honestly and in good faith in the best interests of RD I, much less the product of a valid exercise of business judgment.

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> 167. In that respect, all of the RDI board members named as defendants herein would be materially affected, either to their benefit or detriment, by a decision of the RDI board with respect to any demand, and would be so affected in a manner not shared by the Company or its stockholders, including for the reasons alleged herein.
>
> 168. Additionally, each of the five outside directors is and would be unable to exercise independent and disinterested business judgment responding to a demand because, among other things, doing so would entail assessing their own liability, including possibly to the Company. The same is true particularly with respect to a majority of the outside directors, meaning Adams, Kane and McEachern, each of whom lack independence generally and, more particularly with respect to the decision to pick sides in a family dispute and terminate Plaintiff as President and CEO of RDI, lack disinterestedness, including for the reasons alleged herein, including but not limited to Adams' financial dependence on companies controlled or claimed to be controlled by EC and MC, Kane's quasi-familial relationship with EC and MC and McEachern's decision to protect and pursue his own personal and financial interest which, Plaintiff is informed and believes, is based upon McEachern's erroneous expectation that EC and MC ultimately will prevail and control seventy percent (70%) of the voting stock of the Company, thereby controlling McEachern's fate as a director.
>
> 169. Additionally, notwithstanding the foregoing allegations, each of Adams, Kane and McEachern lack disinterestedness and independence because each has affirmatively chosen, without any obligation to do so and in derogation of their fiduciary obligations as directors of RD I, to pick sides in a family dispute involving trust and estate litigation between Plaintiff, on one hand, and EC and MC, on the other hand, and to misuse their positions as directors in doing so. Like MC and EC, in so acting, they did not act honestly and in good faith in the best interests of RDI.

First Amended Verified Complaint, ¶¶ 166-169. As can be seen in the Amended Complaint, and despite the requirement of NRCP 23.1 that facts showing demand futility be alleged with particularity, Plaintiff did not allege any facts showing a basis for a lack of independence or interest as to four of the seven Director Defendants: Storey, Gould, Codding and Wrotniak, other than purported liability for the challenged board decisions.

The Individual Director Defendants again sought dismissal based on demand futility, pointing out, *inter alia*, that no allegations relating to Ms. Codding or Mr. Wrotniak had been asserted. Despite the lack of such allegations even as to these two directors, this Court denied the motions in an order filed March 1, 2016. The Court's Order noted that the denial was without

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prejudice. The Court similarly denied the challenge to the T2 Plaintiffs' original and amended complaints, which had demand futility allegations identical to those in Cotter, Jr.' complaints.

After the claims by the T2 Plaintiffs were voluntarily dismissed, this Court granted Cotter, Jr. leave to file a Second Amended Complaint, which again named as defendants all of the members of RDI's Board of Directors, other than himself. The demand futility allegations contained in the Second Amended Verified Complaint are:

> 169. Insofar as any or all of the claims made herein are derivative in nature, demand upon the RDI board is excused because, among other things, as to each matter complained of herein, a majority if not all members of RDI' s Board of Directors except Plaintiff (and in certain instances former director Storey) took and/or approved the complained of conduct. They therefore are unable to exercise independent and disinterested business judgment in responding to a demand, including because the actions giving rise to this action alleged herein were not undertaken honestly and in good faith in the best interests of RDI, much less the product of a valid exercise of business judgment.
>
> 170. Each and all of the RDI board members named as defendants herein would be materially affected, either to their benefit or detriment, by a decision of the RDI board with respect to any demand, and would be so affected in a manner not shared by the Company or its stockholders, including for the reasons alleged herein.
>
> 171. Additionally, as to each and all matters complained of herein, a majority if not all of the director defendants is and would be unable to exercise independent and disinterested business judgment responding to a demand because, among other things, doing so would entail assessing their own liability, including possibly to the Company. The same is true particularly with respect to the non-Cotter directors, who lack independence and lack disinterestedness, including for the reasons alleged herein, including but not limited to Adams' financial dependence on companies controlled by EC and MC, Kane's quasi-familial relationship with EC and MC, McEachern's and Gould's fiduciary breaches and Codding and Wrotniak's personal relationships with Cotter family members.
>
> 172. Additionally, notwithstanding the foregoing allegations, each of Adams, Kane and McEachern lack disinterestedness and independence because each has affirmatively chosen, without any obligation to do so and in derogation of their fiduciary obligations as directors of RDI, to pick sides in a family dispute involving trust and estate litigation between Plaintiff, on one hand, and EC and MC, on the other hand, and to misuse their positions as directors in doing so. Like MC and EC, in so acting, they did not act honestly and in good faith in the best interests of RDI. Additionally, in voting to give EC and MC positions for which they are unqualified, and corresponding compensation packages, and in failing to take steps to make an informed, good faith decision regarding the Offer to purchase all RDI stock at a premium, and instead effectively deferring to EC and/or MC, each of the director defendants, including Codding and Wrotniak, acted in derogation of the fiduciary duties they owe to RDI and its other shareholders.

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Second Amended Complaint, ¶¶ 169-172. As can be seen, the allegations regarding demand futility were not significantly modified from those in the original and amended complaint. Defendant Storey had been voluntarily dismissed from the action. No specific allegation addressing any purported lack of independence of Director Gould was made, while the allegations as to Directors Codding and Wrotniak alleged only "personal relationships" with Cotter family members. By the time the Second Amended Complaint had been filed, this Court had denied summary judgment motions addressed to the issue of a lack of independence, holding that there were material issues of fact as to the independence, and, ordering additional discovery pursuant to NRCP 56(f).

Renewal of Summary Judgment Motions

In late 2017, the Individual Defendants renewed certain of their previously filed summary judgment motions, including a motion addressing the allegations that the Director Defendants lack independence. At the hearing held December 11, 2017, this Court granted those motions as to five of the directors: Codding, Gould, Kane, McEachern, and Wrotniak. (hereafter, collectively, the "Dismissed Directors"), finding that as to those Directors, there was insufficient evidence of a lack of independence. In so ruling, this Court made clear that the evidence presented by Plaintiff was insufficient to show disinterestedness or lack of independence**.** ***See*** **Exhibit 1, Transcript, December 11, 2017, 32:21-41:12; 57:11-60:8**. The Court recognized that in the absence of the issue of director independence, the actions of these directors fell, as a matter of law, within the protection of the business judgment rule. In properly granting summary judgment in favor of the Dismissed Directors on all claims, this Court implicitly recognized that Cotter, Jr. had failed to present sufficient evidence to overcome the presumption created by the business judgment rule.

The Court's written order was issued December 28, 2017, and at the request of Plaintiff, was subsequently certified as a final judgment pursuant to NRCP 54(b). Plaintiff subsequently filed a Notice of Appeal as to that judgment. Accordingly, this Court no longer has jurisdiction to alter or amend that judgment.

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LEGAL ARGUMENT

This Matter must be dismissed, as Plaintiff cannot show that he has standing to represent RDI in this litigation. As a matter of law, he has shown himself unable to establish that at the time he filed his Second Amended Complaint, that any of the Dismissed Directors, who together constituted a majority of the Board of Directors of RDI, could not consider the claims he proposed with impartiality. Because of such inability, he lacks standing. If a plaintiff has no standing, then under Nevada law, the Court must dismiss the action.

I. PLAINTIFF HAS NO STANDING TO REPRESENT RDI BECAUSE HE CANNOT PROVE HIS DEMAND FUTILITY ALLEGATIONS.

To have standing in a derivative action, the Plaintiff must either first make demand on the Board of Directors, or he must show that such demand would be futile. The demand requirement set forth in NRCP 23.1 is a recognition that corporate governance, including vindication of purported wrongs against the corporation, lies with a company's board of directors. To permit a derivative action to proceed without demand or excuse for its failure, improperly strips such authority from the board. *In re Amerco*, 127 Nev 196, 232, 252 P.3d 681, 705-706 (2011) (Pickering, J. concurring in part and dissenting in part), *citing* 13 William Meade Fletcher, *Fletcher Cyclopedia of the Law of Private Corporations* § 5963, at 60 (West 2004) and In re Citigroup, Inc. Shareholder *964 A.2d 106, 120 (Del. Ch. 2009)*.

While Rule 23.1 sets forth a pleading requirement, the demand futility requirement for derivative actions is substantive. *Kamen v. Kemper Fin. Servs.*, 500 U.S. 90, 96-97, 16 (1991) ("[t]he function of the demand doctrine in delimiting the respective powers of the individual shareholder and of the directors to control corporate litigation clearly is a matter of "substance," not "procedure."). If demand was not, in fact, futile, then an individual shareholder has no standing to represent the corporation. *Shoen v. SAC Holding Corp.*, 122 Nev. 621, 641-642, 137 P.3d 1171, 1184-1185 (2006) (*Shoen I*). Accordingly, if a plaintiff survives a motion to dismiss based on a failure to adequately *plead* demand futility, the Plaintiff must, prior to trial on the merits, prove that demand was, in fact, futile. *Id.,* 122 Nev. at 645, 137 P.3d at 1187 (2006) (emphasis added) ("If the district court should find the pleadings provide sufficient particularized

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facts to show demand futility, it must later conduct an evidentiary hearing to determine, as a matter of law, whether the demand requirement nevertheless deprives the shareholder of his or her standing to sue."). Any determination of the demand futility must focus on the ability of the directors to impartially consider a demand at the time the complaint is filed. NRCP 23.1; *Braddock v. Zimmerman*, 906 A.2d 776, 785 (Del. 2006) ("[D]emand is excused only where particularized factual allegations create a reasonable doubt that, ***as of the time the complaint was filed***, the board of directors could have properly exercised its independent and disinterested business judgment in responding to a demand.") (emphasis added).

"Demand futility analysis is conducted on a claim-by- claim basis." *Amerco*, 127 Nev at 231, 252 P.3d at 705 (2011) (Pickering, J. concurring in part and dissenting in part), *quoting Beam ex rel. M. Stewart Living v. Stewart,* 833 A.2d 961, 977 n.48 (Del. Ch. 2003). When determining whether demand was futile, as to claims involving challenges to actions by board members, the Court must consider whether "doubt exists that the directors [were] independent and disinterested or entitled to the protections of the business judgment rule" with respect to the challenged transactions (Test 1). *Shoen*, 122 Nev. at, 644-45, 137 P.3d at 1187; *Aronson v. Lewis*, 473 A.2d 805, 814 (Del. 1984). And, as to board members who did not participate in challenged board actions, the Court must determine whether such directors "had a disqualifying interest in the matter or were otherwise unable to act on the demand with impartiality" (Test 2). *Shoen*, *supra, citing Rales v. Blasband*, 634 A.2d 927, 936 (Del. 1993). "Allegations of mere threats of liability through approval of the wrongdoing or other participation, however, do not show sufficient interestedness to excuse the demand requirement." *Shoen, 1*22 Nev. at 639-40, 137 P.3d at 1183.

Here, there is no doubt that, as to each and every decision challenged by Plaintiff, the Dismissed Directors who participated in such decisions were entitled to the protections of the business judgment rule with respect to all board decisions challenged by Plaintiff. ***This Court made an express ruling to that effect.*** *See* December 28, 2017 Order.

Nor is there any doubt that the Dismissed Directors were independent and disinterested, had no disqualifying interests, or were able to act with impartiality. Significantly, here,

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Plaintiff's substantive claims against the Dismissed Directors were premised on the theory that his sisters, Ellen and Margaret Cotter, have usurped control of RDI, and that the non-Cotter directors have supported such usurpation, based on their purported desire to retain their director positions, and purported familial relationships/friendships with the sisters or with Mary Cotter, the mother of the three Cotter siblings**.** It was on the basis of such allegations that he contended that the business judgment rule did not protect the Dismissed Directors' actions. Plaintiff relied on those *same contentions of self-interest and pandering to the interests of the Cotter sisters* as the basis for his claim that the Directors could not impartially consider any demand.

But this Court found Plaintiff's evidence insufficient to support his allegations regarding the bases for the claimed interest and lack of independence with respect to the challenged decisions. It necessarily follows that such evidence could not suffice to show the claimed interest and lack of independence that purported to preclude impartial review of his claims.[2]

To find that Plaintiff has shown that demand was futile at the time the Second Amended Complaint was filed, this Court would have to find that one of the Dismissed Directors was

[2] More specifically, here, Director Kane participated in and approved all the challenged decisions. Accordingly, test (1) would apply. This Court determined that the Kane was disinterested *and* that the business judgment rule protected all of Director Kane's decisions. Accordingly, demand cannot be excused as to Director Kane.

Director McEachern voted in favor of all the challenged decisions, except the approval of the Estate's payment for the option purchase with Class A shares. This Court determined Director McEachern was disinterested and that the business judgment rule protected all of Director McEachern's decisions. Therefore, demand to Director McEachern cannot be excused as to the challenged decisions that he approved. As to the sole decision that he had not participated in, *i.e.*, the approval of the Estate's manner of payment for the option exercise, the only proffered excuse for lack of demand is his purported lack of independence from the Cotter sisters. But this Court's judgment in favor of McEachern was based on Cotter, Jr.'s failure to prove that McEachern lacked independence. Accordingly, demand cannot be excused as to Director McEachern.

Directors Codding, Gould, and Wrotniak voted in favor of all the challenged decisions, except the termination of Cotter, Jr. and the approval of the Estate's payment for the option purchase with Class A shares (Codding also did not participate in her appointment to the board and Wrotniak also did not participate in Codding's appointment, or his own). In granting judgment in favor of these Directors, this Court determined that the business judgment rule protected each of the decisions they made. And, as with Director McEachern, the only basis for challenging the ability of these three Dismissed Directors to consider a demand as to the decisions made by other board members was their purported lack of independence from the Cotter sisters. But this Court determined that Cotter, Jr. had failed to show such lack of independence. Accordingly, demand cannot be excused as to Directors Codding, Gould, and Wrotniak.

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either unentitled to the protections of the business judgment rule as to decisions in which he or she participated, or that he or she lacked independence from Ellen and/or Margaret Cotter. But such a finding would be inconsistent with the final judgment this Court has already made on these specific issues. Accordingly, Plaintiff cannot establish that demand was futile at the time he filed his complaint.

II. IN THE ABSENCE OF A PLAINTIFF WITH STANDING, THE COMPLAINT MUST BE DISMISSED.

"Whenever it appears by suggestion of the parties or otherwise that the court lacks jurisdiction of the subject matter, the court *shall* dismiss the action." NRCP 12(h)(3) (emphasis added). Subject matter jurisdiction cannot be waived Additionally, a lack of demand futility requires dismissal for failure to state a claim. *See Shoen v. SAC Holding Corp.*, 122 Nev. 621, 634, 137 P.3d 1171, 1180 (2006) ("*Shoen I*"). In so holding in *Shoen I,* the Supreme Court cited to *Allen & Brock Const. Co., Inc. v. Ferrera*, 540 S.E.2d 761, 764 (2000), which held that a failure to adequately plead demand resulted in an insurmountable bar to bringing a derivative suit.

If a Plaintiff does not have standing to bring his claims, the matter must be dismissed. Without standing, the court lacks subject matter jurisdiction. *See, e.g.*, *Smaellie v. City of Mesquite*, 393 P.3d 660 (Nev. 2017) (upholding dismissal for lack of standing as a jurisdictional mandate); Padilla *Const. Co. v. Burley*, 65854, 2016 WL 2871829, at *7 (Nev. App. May 10, 2016) ("Whether a party has standing is a question that goes to the court's jurisdiction); *Ross v. Bonaventura*, 61430, 2013 WL 7158229, at *1 (Nev. 2013) ("Whether a party has a private right of action goes to the jurisdictional issue of standing."). This is so because, in the absence of a plaintiff with standing, there is no justiciable controversy before the Court. *Doe v. Bryan*, 102 Nev. 523, 525, 728 P.2d 443, 444 (1986) (holding that Plaintiff's lack of standing precluded the existence of a justiciable controversy, requiring dismissal). A party's standing must be maintained through the entirety of the litigation. *Gollust v. Mendell*, 501 U.S. 115, 126, (1991) (plaintiff must maintain standing throughout the course of litigation); *In re Amerco Derivative Litig.*, 252 P.3d 681, 694 (Nev. 2011) (standing is required to receive relief).

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In response to prior iterations of this Motion to Dismiss, on the merits of which this Court has declined to rule, Plaintiff has asserted that dismissal is precluded by laches, or waiver. However, the absence of jurisdiction cannot be waived. *Vaile v. Eighth Judicial Dist. Court*, 118 Nev. 262, 276, 44 P.3d 506, 515-16 (2002). Nor, logically, can the absence of a claim upon which relief may be granted be waived – if relief cannot be granted, there is nothing upon which the Court may rule.

Plaintiff has also contended that testimony of various Dismissed Directors regarding their opinion of veracity of his claims demonstrates a lack of impartiality. However, not only is such evidence beyond the scope of the allegations of his Second Amended Complaint, but it has no relevance to the ability of the Dismissed Directors to be impartial at the relevant time period – *i.e.,* the dates on which he filed the First and Second Amended Complaints.

CONCLUSION

The inevitable conclusion rising from this Court's determination that the Plaintiff had failed to present evidence sufficient to show any lack of independence on the part of the Dismissed Directors, and therefore, any basis upon which the business judgment rule would not apply to the claims against the Dismissed directors is that demand to such Dismissed Directors would not have been futile. As demand would not have been futile, Plaintiff has no standing to proceed as a derivative plaintiff. Accordingly, the Motion to Dismiss the Second Amended Complaint must be granted.

Dated this 1st day of June, 2018.

GREENBERG TRAURIG, LLP

/s/ *Tami D. Cowden*

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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 ***Motion to Dismiss Pursuant to NRCP 12(B)(2), or in the Alternative, NRCP 12(B)(5) for Lack of Standing*** to be filed and served via the Court's Odyssey eFileNV Electronic Service 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 1st day of June 2018.

/s/ Andrea Lee Rosehill
An employee of GREENBERG TRAURIG, LLP

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EXHIBIT 1

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DISTRICT COURT
CLARK COUNTY, NEVADA
* * * * *

JAMES COTTER, JR.	.	
	.	CASE NO. A-15-719860-B
Plaintiff	.	A-16-735305-B
	.	P-14-082942-E
vs.	.	
	.	DEPT. NO. XI
MARGARET COTTER, et al.	.	
	.	**Transcript of**
Defendants	.	**Proceedings**
. . . . .	.	

BEFORE THE HONORABLE ELIZABETH GONZALEZ, DISTRICT COURT JUDGE

HEARING ON MOTIONS IN LIMINE AND PRETRIAL CONFERENCE

MONDAY, DECEMBER 11, 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. STEVE L. MORRIS, ESQ. AKKE LEVIN, ESQ.
FOR THE DEFENDANTS:	H. STANLEY JOHNSON, ESQ. MARSHALL M. SEARCY, ESQ. CHRISTOPHER TAYBACK, ESQ. JAMES L. EDWARDS, ESQ. MARK E. FERRARIO, ESQ. KARA B. HENDRICKS, ESQ. EKWAN RHOW, ESQ.

MR. KRUM: Yes.

THE COURT: -- exercise of the options, the termination, the method of the CEO search. All of those are company transactions. What I'm trying to find out is, other than for Mr. Adams, is there other evidence of a lack of disinterestedness that you have other than what is included in the list of activities that relate to their work as directors which are on pages 5 and 6 of that brief in the bullet points.

MR. KRUM: Let me answer it this way, Your Honor. 5 and 6 was our effort to do what I just said. And what that is, to try to be clear, is to identify particular activities that we thought would be the subject of, as is appropriate, either instructions or interrogatories to the jury with respect to these particular matters.

So let's take Number 1 bullet point, the first bullet point, 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. That, Your Honor, from our perspective is separate from the termination which is the subject of Number 1. And on this --

THE COURT: I see that. But let me have you fall back, because I certainly understand those may be issues that you may want to submit interrogatories or just to include in jury instructions related to breaches of fiduciary duty by someone who survives this motion, who I don't grant it on

behalf of.

But my question is different. Other than these which you've argued in your brief are evidence of a lack of disinterestedness separate and apart from Mr. Adams, who you have other evidence that is presented related to a lack of disinterestedness, is there any evidence that has been attached to your various supplements and other motions related to a lack of disinterestedness for the other directors known as Mr. Kane, Mr. McEachern, Mr. Gould, Ms. Codding, and Mr. Wrotniak?

MR. KRUM: The answer is yes, Your Honor. So I'm going to try to do it a couple ways.

THE COURT: Tell me where to go. Because I looked through this whole pile of about 2 foot of paper last night trying to find it, and the only one I could find specific allegations of a lack of disinterestedness, besides the two Cotter sisters, was Mr. Adams.

MR. KRUM: Okay. Well, so, for example, with respect to Mr. Kane in the response to MSJ Number 1 and 2 we introduced evidence that showed that Kane was of the view that he knew best what James Cotter, Sr., wanted in his trust documentation.

THE COURT: I see he understood what Mr. Cotter, Sr.'s plan was. How does that make him have a lack of disinterestedness?

MR. KRUM: Well, the answer, Your Honor, is he acted on that. That was the basis on which he decided to vote to terminate the plaintiff. He -- and, for example, the evidence includes an email from Mr. Adams to Mr. Kane in April or early May 2015 in which Mr. Adams says, "This was difficult. We had to pick sides in this family dispute. But we can take comfort that Sr. would have approved our decision." And so the point from our perspective, Your Honor, is Kane, in acting as a director, in fact acted to carry out what in his judgment were the personal interests of Sr. with respect to his trust planning. And on that basis he voted to terminate Mr. Cotter. There are emails from Mr. Kane to Mr. Cotter telling him, I don't know what the sisters' settlement is but I urge you to take it. Well, we think the evidence also shows that he knew what it was, that it entailed Mr. Cotter giving up control of the issues they've been litigating.

THE COURT: Under the Shoen analysis do you believe that that contact and that information is sufficient to show that Mr. Kane is not disinterested?

MR. KRUM: Well, the answer is, yes, we do, Your Honor. And I hasten to add that the way Shoen puts it is that disinterestedness and independence are a prerequisite to having standing to invoke the business judgment rule.

THE COURT: I'm aware of that. Which is why we're having this discussion. So -- but usually we have either a

direct financial relationship, even if it's not on both sides of the transaction, or we have a very close personal or familial relationship with the people who are subject to the transaction. And simply believing you understand Sr.'s plan -- estate plan does not, I don't think, rise to that same level to show a lack of disinterestedness; but I'm waiting for you to give me a spin on that argument I may not have thought of.

MR. KRUM: Sure, Your Honor. The answer is -- and I say this because I appreciate what the finder of fact -- what the Court has to do now and what the finder of fact has to do. The evidence has to be assessed collectively, not individually. And you understand that. We've cited cases for that. The other side disputes that. There's "The complaint of acts and omissions upon which plaintiff's claims are based must be viewed and assessed collectively, not separately in isolation." That's the Ebix case that we've cited. And there are other cases for that proposition. The point, Your Honor, is "assessing whether a director was independent and in a particular instance acted independently or whether the director was disinterested as required or whether -- and made the decision based entirely on the corporate merits, not influence by personal or extraneous considerations," that was CVV Technicolor, that's the test. And so, Your Honor, in Shoen, just to go back to that, "Independence can be

challenged by showing that the directors' execution of their duties is unduly influenced." If Kane made a decision based in any respect on his view that Sr. intended for one or both of the sisters to have something and Jr. was in the way of that, that, Your Honor, at a minimum survives summary judgment so the finder of fact can make a determination after considering all the evidence whether the director acted and decided in that particular instance entirely on the corporate merits. So what is --

THE COURT: Let's skip ahead, then. Mr. McEachern. What evidence of disinterestedness do you have for Mr. McEachern? And if you could tell me where in the briefing it is, I will look at it again. But, as I've said, other than Mr. Adams I did not see evidence of disinterestedness as opposed to allegations of breach of fiduciary duty.

MR. KRUM: Mr. McEachern attempted to extort Mr. Cotter. Along with Mr. Kane and Mr. Adams he told Mr. Cotter, you need to go resolve your disputes with your sisters and we're going to reconvene at 6:00 o'clock and if you don't you'll be terminated. Now, there's no dispute about that. We have in evidence the testimony --

THE COURT: I understand that that's one of your claims of breach of fiduciary duty. But I'm trying to determine if there was any additional evidence, other than those items that are those bullet points you put in the brief,

which are on pages 5 and 6 of your supplemental opposition, that goes to Mr. McEachern. And then I'm going to ask you the same question for Mr. Gould and Ms. Codding and Mr. Wrotniak.

MR. KRUM: Your Honor, as a threshold matter, the presumption can be rebutted by showing conduct in derogation of the presumption. It's not simply a interest or disinterested phenomenon, cite Shoen. Let me be clear. I don't want to talk past you. The other side argues there are only two circumstances in which interestedness matters. Well, that's belied by Shoen. It says, "Business judgment rule pertains only to directors whose conduct falls within its protections. Thus, it applies only in the context of a valid interested director transaction --" that's 138 -- 78.140, excuse me "-- or the valid exercise of business judgment by disinterested director in light of their fiduciary duties." And to be a valid exercise, Your Honor, it has to be made in the interest of the corporation.

So Mr. McEachern -- let me go through the list mentally. He attempted to extort Mr. Cotter to resolve the trust disputes in favor of the sisters, he voted to terminate -- he decided not to terminate after he understood an agreement had been reached to resolve those disputes. And when that didn't come to pass he voted to terminate. He, along with Mr. Gould, chose the wishes of the controlling shareholders. Rather than to complete the process he had set

up, they aborted the CEO search. So, Your Honor, that's squarely within the Shoen language of manifesting a direction of corporate conduct in such a way as to comport with the wishes or interests of the person doing the controlling.

Now, I heard you. You view that as a fiduciary breach.

THE COURT: An allegation of a fiduciary duty breach.

MR. KRUM: Allegation of fiduciary duty breach, right. But that's -- if proven, that rebuts the presumption, and off we go.

I skipped over Mr. McEachern's role in involuntarily retiring Mr. Storey. Mr. McEachern, together with Mr. Adams and Mr. Kane, in October and November -- September or October I guess it was of 2015 comprised the ad hoc first time one time special nominating committee. That committee had two roles. One was to tell noncompliant director Timothy Storey that he wasn't going to be renominated, and they explained to him that the sisters, who controlled the vote, had told him they weren't going to vote to elect him so he could either resign and get a year's benefits of some sort or just be left off.

What else did that committee do? They approved Judy Codding and Michael Wrotniak. Did they undertake to search for candidates? No. Did they do anything that one would do

as a director of a nominating committee to identify and recruit directorial candidates? No. What did they do? They did what they were asked and told. Ellen Cotter gave them Judy Codding, good friend of Mary Ellen Cotter, the mother, with whom Ellen Cotter lives, and Michael Wrotniak, husband of Patricia Wrotniak, one of Margaret Cotter's few good friends. And they obviously did virtually nothing, because promptly after the company announced Ms. Codding had been added to board a shareholder brought to their attention there were lots of Google articles that raised questions about Ms. Codding's relationship with her prior employer and the prior employer's conduct.

So on the nominating issue, Your Honor, on the board stacking our view is that all evidences loyalty to the controlling shareholders. And that, Your Honor, would be somewhere in the range of lack of independence or disinterestedness.

THE COURT: So, Mr. Krum, if we're going to get through all the motions this morning I need you to wrap up. Because I think I have all the information I need on Motion for Summary Judgment Number 1.

MR. KRUM: Okay. Certainly, Your Honor.

So just to finish the bullet points which you brought to my attention, these directors, Kane, Adams, McEachern, they're all on record dating back to the fall of

2014 that, yes, we should find a position for Margaret Cotter at the company so she can have health insurance, but, no, she can't be running our real estate. Well -- that's in the emails we have in the evidence actually, Your Honor, the first time around. And there's some more from Mr. Gould or McEachern. We had some additional testimony that we added this time. And so what happens? Ellen Cotter is made CEO after the aborted CEO search, she says, I want Margaret to the have the senior executive position, for which she has no prior experience and no qualifications. And what do these people do as committee members and board members? They say, where do we sign.

So, Your Honor, it's an ongoing, recurring, pervasive lack of independence or disinterestedness. And the conclusion of that, Your Honor, of course, was by what they did in response to the offer -- and I've sort of wrapped up the whole thing without talking about the law I intended to discuss -- and that is they ascertained what the controlling shareholders wanted to do and they did it in an hour-and-twenty-five-minute telephonic board meeting.

I didn't discuss what I intended to discuss, but I tried to answer your questions.

THE COURT: I understand, Mr. Krum. But the briefing was very thorough, which is why I tried to hit the questions --

MR. KRUM: Understood.

THE COURT: -- because I had some questions after reading it.

So Motion for Partial Summary Judgment Number 1 is granted in part. It is granted with respect to Edward Kane, Douglas McEachern, William Gould, Judy Codding, and Michael Wrotniak.

It is denied as to Margaret Cotter, Ellen Cotter, and Guy Adams because there are genuine issues of material fact related to the disinterestedness of each of those individuals. As a result, they cannot at this point rely upon the business judgment rule.

MR. TAYBACK: Your Honor, is there a ruling on the aspect of the motion that goes to inability to hold the individuals personally liable for this claim?

THE COURT: For the three that I didn't grant the business judgment?

MR. TAYBACK: Correct.

THE COURT: No, you do not get a ruling to that effect.

Did you want to go to your next motion for summary judgment?

MR. TAYBACK: Yes, Your Honor.

THE COURT: And I'm trying to be consistent with the decision I made in the Wynn based upon the facts that seem to

didn't have an opportunity to prepare a Gould brief, but we didn't want to be accused of doing nothing. And some of the evidence in those motions in our view did relate to Gould, and we therefore put him on there.

That said, he filed two pieces of paper, they asked me if we could have the hearing today. I told them no, I wanted to respond. So -- but let me try to answer your question with respect to Mr. Gould. So we start, Your Honor, as we do, with the threat to terminate and the termination. And I respectfully submit --

THE COURT: I will tell you that on your Mr. Gould you've got the same list that we've already talked about. What I'm trying to find out is -- and I understand the threat is part of what you've alleged related to Mr. Gould along with the other six or seven bullet points that are on pages 5 and 6 of the opposition. Is there something else related to Mr. Gould, something like you have with Mr. Adams that would establish a lack of disinterestedness?

MR. KRUM: Let me answer, and then you'll decide.

THE COURT: Yeah. That's what I'm trying to pull out of you.

MR. KRUM: So, for example, with respect to the termination Mr. Cotter raised the question of Mr. Adams's independence before a vote was taken, and Mr. Gould asked Mr. Adams, well, can you tell us about that. And Mr. Adams got

mad and said in words or substance, no. And Mr. Gould said, okay. That, Your Honor, is a perfect example of a failure to act in the face of a known duty to act. We're not talking about someone who is unfamiliar with fiduciary obligations here. Mr. Gould is a corporate lawyer.

So we get to the -- we get to the executive committee, same meeting, June 12. Ellen Cotter says, I want to repopulate the executive committee, Mr. Gould, would you like to be on it. His testimony, his deposition testimony was that he declined because he knew that it would take a lot of time. Now, if he knew that it would take a lot of time, Your Honor, how is it that it didn't occur to him that this was what the sisters were doing in October of 2014 when they were trying to circumvent the board?

THE COURT: These are all on your list of bullet points.

MR. KRUM: Okay.

THE COURT: What I'm trying to find out is if there's anything that's not on the list of bullet points that are on pages 5 and 6 of your supplemental opposition that relate to Mr. Gould. Because when I made my ruling I was including Mr. Gould as someone because I specifically excluded Mr. Adams and the two Ms. Cotters.

MR. KRUM: Bear with me. I'm mentally working.

THE COURT: I'm watching you. I'm watching him

work.

MR. KRUM: So I don't think we had the executive committee there, but I just said that.

So then, Your Honor, the composition of the board. So Mr. Gould was not a member of the nominating committee. His testimony was that, on a Friday Ellen Cotter called me and asked me if she could come to my office and she and Craig Tompkins came to my office and showed me Judy Codding's resume and said we were going to have a board meeting on Monday to put Ms. Codding on the board. And Bill Gould said, this isn't sufficient time, I can't do my job. But he voted for her nonetheless. That, Your Honor, is the same thing that happens over and over and over again with Mr. Gould. That is, in the face of a known duty to act he chooses not to do so. That is intentional misconduct. Your Honor, you've denied the motion with respect to the CEO search. That is Mr. Gould. It is Mr. Gould and Mr. McEachern who are the ones who together with Margaret Cotter aborted the CEO search. Literally the last time they spoke to Korn Ferry was the day Ellen Cotter declared her candidacy. After the what did they do? They told Craig Tompkins to tell Korn Ferry to do no more work. And Mr. Gould, he was the one whose name was on a press release saying, Ellen Cotter was made CEO following a thorough search. She was not made CEO as a result of that search. She was made CEO in spite of that search.

THE COURT: Okay. So all of those are issues that I'm aware of considered when I had previously included Mr. Gould in the granting of the summary judgment related to the business judgment rule. The fact that I am denying certain issues related to other summary judgments does not diminish the fact that the directors that I found there was not evidence of a lack of disinterestedness have the protection the statute provides to them.

Okay. So let's go back to Mr. Cotter's Motion Number 3. This is related to the coach.

MS. LEVIN: Your Honor, this motion should be denied because the hiring of High Point, that's post hoc --

THE COURT: It's your motion. You wanted it granted.

MS. LEVIN: I'm sorry. You know, the Court -- I'm sorry. The Court should exclude the after-acquired evidence on the -- in the form of any testimony or documents relating to the hiring of High Point, because the breach of fiduciary duty claims, they are -- they concern what the directors did and knew at the time that they decided to fire the plaintiff. So we cited the Smith versus Van Gorkom case, which holds post hoc data is not relevant to the decision.

So at the time that they made this decision they did not have nor did they rely on the High Point evidence. So therefore the after-acquired evidence cannot be as a matter of

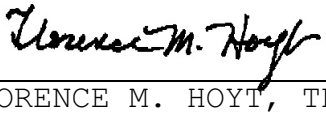
CERTIFICATION

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

AFFIRMATION

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

FLORENCE HOYT
Las Vegas, Nevada 89146



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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 **REPLY IN SUPPORT OF MOTION TO DISMISS** **Hearing Date: June 19, 2018** **Hearing Time: 8:30**
In the Matter of the Estate of JAMES J. COTTER, Deceased.	

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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.

Nominal Defendant Reading International, Inc. ("RDI"), a Nevada corporation, by and through its undersigned counsel of record, hereby submits its Reply in Support of its Motion for Leave to File a Dispositive Motion, and Motion to Dismiss this action for lack of subject matter jurisdiction ("Motion"). This Reply is based upon the files and records in this matter, the attached memorandum of authorities, and any argument allowed at the time of hearing.

MEMORANDUM OF POINTS AND AUTHORITIES

Cotter, Jr., remains in denial. He is in denial about his inability to prove his allegations of a lack of independence or disinterestedness on the part of Directors Codding, Gould, Kane, McEachern and Wrotniak. He is in denial that under applicable Nevada law, by failing to prove his allegations regarding lack of independence and lack of disinterestedness, he likewise failed to prove his allegations that demand would have been futile. He is in denial about the irrelevance of the December 29, 2017 ratification as it relates to his inability to prove that demand was futile when he filed his complaint. He is in denial as to the placement of the burden of proof on a Plaintiff to establish standing in Nevada. He is even in denial that a Motion to Dismiss based on a lack of standing remains a motion to dismiss under NRCP 12(b)(1), and *not* a Motion under NRCP 56.

Perhaps because of this intentional state of denial, Cotter, Jr. once again has taken a great deal of energy to avoid responding to the actual issues raised in RDI's motion to dismiss. He doubles down on his insistence that RDI's Motion is for summary judgment, apparently deliberately oblivious to the fact that his errors as to the burden of proof on standing make the

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distinction between the nature of this dispositive motion irrelevant. He once again devotes page after page of his opposition to events relating to the recent ratification of two 2015 decisions by members of RDI's Board of Directors ("BOD"), even though RDI does not rely in any way upon those ratifications in bringing this Motion. And, he once again condemns the Motion to Dismiss as a "litigation strategy," as though it were somehow both astounding and offensive that a motion to dismiss a complaint might be a "litigation strategy" employed by a defendant.

What the Opposition does *not* do is present any evidence to show support for the allegations made in his complaint that the Independent Directors lacked independence at the time the complaint was filed. But the issue before this Court is whether Cotter, Jr. has shown that, at the time the Second Amended Complaint was filed, there was, in fact, anything that prevented any of the Dismissed Directors from making an objective decision regarding whether or how the claims raised by Cotter, Jr. should be pursued. Cotter, Jr has failed to offer anything to support his position on either question. Accordingly, the Motion should be granted.

I. WHILE THE MOTION PROPERLY REQUESTS DISMISSAL, NOT SUMMARY JUDGMENT, THE DISTINCTION IS IRRELEVANT FOR PURPOSES OF COTTER, JR'S ABILITY TO OVERCOME IT.

Cotter, Jr. insists on labeling the subject Motion to Dismiss as a Motion for Summary Judgment. He is wrong on this issue, as dismissal for lack of standing is not a judgment on the merits. See, NRCP 12(b)(1); *see also See Fulbright & Jaworski Ltd. Liab. P'ship v. Eighth Judicial Dist. Court*, 342 P.3d 997, 1001 (Nev. 2015) ("[I]n order to overcome petitioners' motion to dismiss, Verano needed to make a prima facie showing of either general or specific personal jurisdiction by produc[ing] some evidence in support of all facts necessary for a finding of personal jurisdiction. ") (citations and internal quotation omitted); *see Brereton v. Bountiful City Corp.*, 434 F.3d 1213, 1216 (10th Cir. 2006) (observing that "standing is a jurisdictional mandate" and concluding that a dismissal for lack of standing should be without prejudice because it is not an adjudication of the merits*), cited with approval* by *Smaellie v. City of Mesquite,* 393 P.3d 660 (Nev. 2017) (NSOP).

Cotter, Jr. suggests that *all* motions brought under NRCP 12(b) require the Court to presume the facts in the complaint are accurate, and that presentation of evidence transforms the

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motion into one for summary judgment. However, NRCP 12(b) limits such transformation to motions seeking dismissal for failure to state a claim. See NRCP 12(b) ("If, on a motion asserting the defense numbered (5) . . . matters outside the pleading are presented to and not excluded by the court, the motion shall be treated as one for summary judgment . . ."). And, while the Nevada Supreme Court has previously asserted that dismissal for lack of demand futility was akin to a motion to dismiss for failure to state a claim, *See Shoen v. SAC Holding Corp.*, 122 Nev. 621, 634, 137 P.3d 1171, 1180 (2006) (*Shoen* I), more recent decisions from Nevada's appellate courts have noted that standing is a jurisdictional issue. *See Smaellie v. City of Mesquite*, 393 P.3d 660 (Nev. 2017) (holding that dismissal for lack of standing should have been without prejudice, because standing is a jurisdictional mandate); *Padilla Const. Co. v. Burley*, 65854, 2016 WL 2871829, at *7 (Nev. App. May 10, 2016) ("Whether a party has standing is a question that goes to the court's jurisdiction, and questions of jurisdiction are never waived and may be raised at any time, even *sua sponte* by the court on appeal."); *Schettler v. Ralron Capital Corp.*, 66725, 2016 WL 2853438, at *1 (Nev. May 12, 2016)(entertaining an argument that the district court lacked subject matter jurisdiction due to lack of standing, rejecting such argument on the grounds that the Respondent was the real party in interest, and thus *had* standing); *Ross v. Bonaventura*, 61430, 2013 WL 7158229, at *1 (Nev. 2013) ("Whether a party has a private right of action goes to the jurisdictional issue of standing, and questions of jurisdiction are never waived."). Accordingly, this Motion was primarily brought as a jurisdictional motion, with the argument that there has been a failure to state a claim made in the alternative.[1]

At any rate, Cotter, Jr.'s insistence that RDI's Motion must be deemed to seek summary judgment appears to be made simply so that Cotter, Jr. can argue that RDI failed to satisfy the requirements of NRCP 56, by failing to present evidence showing a lack of material dispute on the issue of standing. But this argument is simply wrong, because RDI does not bear the burden of proof on the issue of standing. It is the Plaintiff who bears the burden of presenting evidence

[1] Given that dismissal for failure to state a cause could be, unlike a dismissal for lack of jurisdiction, made with prejudice, RDI would be happy to have the dismissal based on NRCP 12(b)(5), should the Court so prefer.

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to show that he has standing. *See Heller v. Legislature of the State of Nevada,* 120 Nev. 456, 460, 93 P.3d 746, 749 (Nev. 2004) (finding that the Secretary of State has failed to show he had standing to seek the requested relief). And any doubts that this general rule applies in derivative actions is put to rest by *In Re Amerco Derivative Lit., 127 Nev. Adv. Op. No. 17, 51629 (2011)*, 252 P.3d 681, 6 (Nev. 2011) (*Shoen* II) ("We conclude that appellants adequately pleaded demand futility, but the district court must now conduct a proper evidentiary hearing regarding ***whether the evidence supports appellants' allegations***.") (Emphasis added). Indeed, if a plaintiff could avoid having to prove his demand futility allegations, NRCP 23.1's requirement for particularized pleading of *facts* showing demand futility would be nothing more than an obligation to plead fantasies showing demand futility.

Significantly, the only authority offered by Plaintiffs to support his placement of the burden of proof are two Delaware decisions that merely address the procedural question of whether evidence outside the complaint can be considered on a motion to dismiss for lack of demand futility. See Opposition, p. 16, *citing Kahn v. Tremont Corp.*, Civil Action No. 12339, 1992 Del. Ch. LEXIS 165, at *7 n.2 (Ch. Aug. 21, 1992) (Motion challenging demand futility can be "decided on the complaint, or on affidavits."); *Avacus Partners, L.P. v. Brian*, Civil Action No. 11001, 1990 Del. Ch. LEXIS 178, at *24 n.12 (Ch. Oct. 24, 1990). Neither case purported to relieve the plaintiff of the burden of *proving* his allegations.

Because it is Plaintiff who bears the burden of proving both this Court's jurisdiction, and his own standing, even if the subject Motion were for summary judgment, RDI has no obligation to present evidence challenging standing. While a party seeking summary judgment does bear the initial burden of showing the absence of any genuine issue of material fact, a party who does not bear the burden of proof on the issue can satisfy that burden by simply asserting that the nonmoving party cannot prove his allegations. *Cuzze v. Univ. & Cmty. Coll. Sys. of Nevada*, 123 Nev. 598, 602,172 P.3d 131, 134 (2007) ("But if the nonmoving party will bear the burden of persuasion at trial, the party moving for summary judgment may satisfy the burden of production by pointing out . . . that there is an absence of evidence to support the nonmoving party's case."). That is precisely what RDI did by pointing out 1) that this Court's December 2017 ruling showed

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that Cotter, Jr. had failed to show that the Independent Directors lacks independence as to the merits of his claims, and 2) that his allegations of interest that purported to make demand futile were based on the very same allegations with respect to interest that he had been unable to prove as to the merits of the claim.

Accordingly, to the extent this Court chooses to view this Motion as one seeking to dismiss under NRCP 12(b)(5), then it would be appropriate to apply the summary judgment standard as RDI satisfied its obligations to seek the requested relief. Accordingly, the Motion should be granted.

II. LACHES AND COMPLAINTS AS TO DELAY ARE NOT APPLICABLE TO MOTIONS TO DISMISS DUE TO LACK OF STANDING.

Cotter, Jr. maintains that RDI is guilty of "laches" and "undue delay" for failing to request an evidentiary hearing.[2] Cotter, Jr. has failed to address the fact that a lack of jurisdiction *cannot be waived*, and may be raised at any time, *even post judgment*. *Vaile v. Eighth Judicial Dist. Court*, 118 Nev. 262, 276, 44 P.3d 506, 515-16 (2002); see also, *Nelson v. Anderson*, 84 Cal. Rptr. 2d 753, 761 (1999), *as modified on denial of reh'g* (June 14, 1999) (dismissing case, post-jury trial, for failure to plead demand futility), cited with approval in *Shoen v. SAC Holding Corp.*, 122 Nev. 621, 634, 137 P.3d 1171, 1180 (2006) (*Shoen I*). Furthermore, even if the Motion were considered to be brought under NRCP 12(b)(5), such a motion may also be raised, even *during trial*. NRCP 12(h)(2); *Clark County Sch. Dist. v. Richardson Const., Inc.*, 123 Nev. 382, 395, 168 P.3d 87, 95 (2007). Motions that Nevada's Supreme Court has said may be brought during or after trial obviously are not subject to pre-trial motions deadlines. And indeed, since motions of this type are based on a court's inability to grant relief, either due to lack of jurisdiction, or because the requested relief cannot be granted in the case, it logically follows that neither is a waivable issue.

[2] Cotter, Jr. does not cite any authority for his position that the duty to conduct an evidentiary hearing is dependent upon the request for such a hearing. Both Shoen I and Shoen II make clear "[i]f the district court should find the pleadings provide sufficient particularized facts to show demand futility, it must later conduct an evidentiary hearing to determine, as a matter of law, whether the demand requirement nevertheless deprives the shareholder of his or her standing to sue." *In Re Amerco Derivative Lit., 127 Nev. Adv. Op. No. 17,* 252 P.3d 681, 30 (Nev. 2011) (Shoen II, quoting *Shoen I,* 122 Nev. at 645, 137 P.3d at 1187.

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III. COTTER JR's FAILURE TO PROVE HIS ALLEGATIONS THAT RDI'S DIRECTORS LACK INDEPENDENCE ESTABLISHES THAT COTTER, JR. CANNOT PROVE HIS DEMAND FUTILITY

Cotter, Jr.'s failure to raise to this Court any triable issue that Directors Codding, Gould, Kane, McEachern, and Wrotniak were not independent or not disinterested with respect to the decisions cited in the Second Amended Complaint is also a failure on his part to raise to this Court any triable issue that demand would have been futile. This Court, after offering Cotter, Jr., every opportunity to conduct discovery and to prove his allegations, found that Cotter, Jr.'s evidence was insufficient, as a matter of law, to sustain a finding that the directors lacked independence or lack of disinterestedness for any of the reasons alleged or argued by Cotter, Jr., including the purported friendships with either the Cotter sisters or their parents, or any desire to continue as directors of the RDI.

Cotter, Jr. also claimed that the Directors could not independently assess a demand because they would be assessing their own liability for making decisions that were allegedly not in the best interests of the company, and because they had taken sides in a family dispute to serve their own personal interests. See, Complaint dated 6/12/2015, ¶¶ 107-110; First Amended Verified Complaint, ¶¶ 166-169, Second Amended Complaint, ¶¶ 169-172. More specifically, he alleged a lack of independence due to:

> Kane's quasi-familial relationship with EC and MC, McEachern's and Gould's fiduciary breaches and Codding and Wrotniak's personal relationships with Cotter family members

Second Amended Complaint, ¶¶ 171. However, such allegations do not provide a basis to deny the relief requested by RDI.

A. RDI has Properly Stated that Tests Applicable to Determining Demand Futility.

The December 2017 decision resolved the issues that must be considered under the *Aronson/Rales* test adopted by *Shoen I*. Understanding that it is an extraordinary act to take litigation decision-making out of the hands of the Board, that test requires that demand be excused only:

(1) in those cases in which the directors approved the challenged transactions, a

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> reasonable doubt that the directors were disinterested or that the business judgment rule otherwise protects the challenged decisions; or (2) in those cases in which the challenged transactions did not involve board action or the board of directors has changed since the transactions, a reasonable doubt that the board can impartially consider a demand.

Shoen I, 122 Nev. at 641-642, 137 P.3d at 1184-1185. As can be seen, if a director approved the challenged decisions, then test (1) applies. If a director did not approve the challenged decisions or if the composition of the board had changed between the time of the alleged violation of fiduciary duty and the filing of the applicable pleading, then test (2) applies. In its Motion, RDI carefully recounted the test applicable to each decision, as to each of the Independent Directors. *See* Motion, fn. 2.

When determining whether demand was futile, the Court must consider whether such demand would have been futile at the time the complaint was filed—indeed, NRCP 23.1 requires that the reason demand is futile be pleaded in the complaint with particularity. What's more, even Delaware agrees that the relevant time period is when the complaint is filed. *See Braddock v. Zimmerman*, 906 A.2d 776, 785 (Del. 2006) ("[D]emand is excused only where particularized factual allegations create a reasonable doubt that, ***as of the time the complaint was filed***, the board of directors could have properly exercised its independent and disinterested business judgment in responding to a demand.") (emphasis added). It follows, therefore, that evidence of opinion of the merits of the purported derivative case made *after* the conclusion of discovery, and after the directors queried have themselves been dismissed could not be relevant.

Cotter, Jr. has obviously abandoned any claim that his allegations as to demand futility, which had been based on theories that the Independent Directors wanted to remain directors or were in thrall to the Cotter sisters, were truthful. Instead, he makes the astonishing argument that the Independent Board members could not have exercised their independent judgment with respect to a demand because they have shown a pattern of considering the advice of counsel.

In support of this bizarre theory, Cotter, Jr. recites the transactions he challenges, and notes that various board members had testified to having considered the advice of counsel. He then cites Delaware caselaw involving special committees charged with determining various "entire fairness" issues, and a Northern District of California decision, interpreting Delaware,

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law, involving approval of settlement of a combined class and derivative action, in which inhouse and outside counsel both jointly represented both the corporation and the individual defendants. *See Opposition*, 19:3-20:2, citing *Gesoff v. IIC Indus.*, 902 A.2d 1130, 1147 (Del. Ch. 2006) (finding merger process and buyout price unfair where special committee charged with determining the fairness of the price had relied on the same financial and legal advisors who prepared the formulated merger and buyout proposals); *In Re Tele-Communications, Inc. Shareholders Litigation,* 2005 Lexis Del. Ch 260 (Del Ch. 1986) (denying summary judgment for defendants on entire fairness issue for multiple reasons, one of which was that the financial and legal advisors used by the special committee were themselves beneficiaries of the proposed merger to the tune of $40 million); and *In re Oracle Litig,* 820 F. Supp. 1176, N.D. Cal. 1993)(disapproving settlement approved by board of directors who received on the issue from counsel, including in house counsel, who represented the defendants in court appearances and pleadings). The relevance of the above case law to the issue of whether Cotter, Jr. can prove the allegations he made regarding demand futility is wholly lacking.

Cotter Jr. also contends that the Independent Directors' opinions of this litigation, expressed some months after this Court had determined Cotter, Jr. could not prove any of his allegations as to any of them, is relevant to the issue of demand futility. However, as stated in *Shoen* II, this Court must determine whether "the evidence supports the allegations in the complaint" as to demand futility. Directors' opinions of the merits of litigation, informed after that litigation has been ongoing for three years, and expressed after they had not only themselves been granted summary judgment because of the plaintiff's inability to prove his claims, but also expressed their concerns about what the litigation is costing the company,[3] obviously have no bearing on their ability to be impartial if presented with a demand at the outset. Moreover, the

[3] *See* **Ex. A, Gould Depo, 546:11-16** (stating this his view of the derivative action was that "it's been a bad thing or the company, expensive, time consuming."); **Ex. B, Codding Deposition, 228:8-14** ("[T]he money that is being spent on this is outrageous."); **Ex. C, McEachern Deposition**, **526:23-527:2; 527:24-528:1** (explaining his vote as ratification as being, *inter alia*, "[b]ecause I think it's – it's cost an awful lot of money and I don't think anything has been proven."); **Ex. D, Wrotniak Deposition, 76:9-21** (expressing the view that the litigation is "quite expensive.").

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fact that such opinions were themselves the product of thoughtful consideration, is best evidenced by Director Kane's explanation of why he would vote terminate the litigation:

> **Q. If you were afforded the opportunity today to vote on whether this derivative lawsuit should proceed or be terminated how would you vote?**
>
> A. Terminate it tomorrow, please, sir.
>
> **Q. And why?**
>
> A. And why? We had -- that, as you well know, sir, that derivative suit was joined by an independent investor in Reading, T-2. They put a lot of money into it. They were present at one or more of my depositions. And they came to the conclusion that the company was well run. And they were laudatory as to how it is run and they pulled out. They didn't receive anything for pulling out. Their expenses were their expenses.
>
> If someone with that sophistication and their own money in it said the company is well run, without Mr. Cotter, Jr., then I cannot foresee why there even is a derivative action. Never made much sense to me. And I'm not criticizing you, sir. You're his counsel. But to me it's a total waste of time and money of all parties.
>
> And if the directors of a company who are operating, as I was and what I thought, in the best interest of the company and thought it was in the best interest of the company that Mr. Cotter step down from his role, how else can I think, other than there shouldn't have been a derivative suit and it's a waste of his money and our money

Ex. E, Kane Deposition, 690:6:691:7.

The facts that Cotter, Jr. cited as the basis of his opinion are precisely the sort of impartial consideration of the merits of the claims made in a demand that should be made in response to a demand. The fact that these directors already have the relevant information they would need to make such a decision does not indicate that they could not be impartial before they had so much information about the validity of the claims.

IV. COTTER, JR. IS NOT ENTITLED TO RELIEF UNDER NRCP 56(F).

For the reasons stated in RDI's Combined Opposition to Cotter, Jr.'s Motion to Compel, and Motion for Relief, incorporated as though set forth herein in its entirety, Cotter, Jr. is not entitled to relief pursuant to NRCP 56(f). Moreover, all the discovery that Cotter, Jr. has demanded is related to the ratification of prior board actions that occurred on December 29, 2017. However, that ratification has no bearing on the issue of demand futility, and RDI's Motion to Dismiss does not rely in any way on ratification to support dismissal.

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CONCLUSION

Cotter, Jr. has failed to substantiate or support his accusations regarding the independence or disinterestedness of Directors Codding, Gould, Kane, McEachern and Wrotniak. He has, accordingly, failed to prove that demand would have been futile. Ultimately, this is/was a determination that the Court was required to make. In so doing and based upon the evidence, this Court found Cotter, Jr.'s evidence insufficient to prove his allegations. Because standing is a component of subject matter jurisdiction, this Court has no jurisdiction to continue this matter. Accordingly, the case must by dismissed.

DATED this 18th day of June 2018.

GREENBERG TRAURIG, LLP

/s/ Tami D. Cowden

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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 ***Reply in Support of Motion to Dismiss*** to be filed and served via the Court's Odyssey eFileNV Electronic Service 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 18th day of June, 2018.

/s/ Andrea Lee Rosehill
An employee of GREENBERG TRAURIG, LLP

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EXHIBIT A

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 3 Pages 496 to 578

VIDEOTAPED DEPOSITION OF

WILLIAM GOULD

Thursday, April 5, 2018

9:32 A.M. TO 11:34 A.M.

Century City, California

Job No. 461424

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to anybody else on those things, or the people you mentioned.

But I think on the day of the board meeting, during the early parts of the board meeting, there were conversations going on about this, but they were very fleeting.

They were not -- we were sitting in a room and Jim, Jr., was either on the phone or there, so the conversations were obviously not totally candid.

Q. When you say they obviously were not totally candid, that's because Jim was there?

A. Well, because it was an adversarial lawsuit, and so we weren't like we were all on the same team.

Q. Well, what difference did that make to this particular subject, ratification?

A. Because -- because the ratification might be a litigation strategy.

Q. Did you have any discussions with Judy Codding about the termination of Jim Cotter, including any and all of the matters referenced in the May 21 and 29, and June 12, 2015 board minutes, in this time frame from mid December up to December 29 board meeting?

A. No. Judy -- Judy made it clear that she

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had done a pretty good diligence review of what had happened, and seemed to be pretty much up to speed on what had occurred. So she and I never had a conversation about the details of what went on during that period back in 2015.

Q. When she said -- when you said she made it clear, was this comments that she made at the December 29 board meeting?

A. No, comments at the Special Committee meeting.

Q. What did she say that she had done?

A. She didn't say what she had done, but it was clear from her -- the extent of her comments at that meeting that she was very well aware of what had happened, how it happened, read the minutes, and felt very comfortable that she knew what the facts were.

Q. What did she say that -- from which you draw the conclusion that you just described?

A. She said I looked into this and I feel I'm comfortable that I understand what happened at that time. Words to that effect.

It's not a direct quote, obviously.

Q. Prior to the December 29, 2017 board meeting, had you had any conversations with Michael

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Wrotniak about the termination of Jim Cotter, Jr.?

A. I don't believe I had, no.

Q. Did you have any communications with Ellen Cotter about ratification, being either the concept or notion generally, or ratifications that were the subject of the December 29 board meeting, other than what -- the conversation you've already described this morning, at any time prior to the board meeting on December 29?

A. No.

Q. Did you have any conversations with Margaret Cotter about ratification, either generally, conceptually or particularly as raised on the 29th of December, prior to the December 29th board meeting?

A. No.

Q. Why did you vote to ratify item 1 on Exhibit 527?

A. Because I thought it was in the best interest of the company to do so.

Q. As of December 29, 2017?

A. Yes.

Q. Why?

A. Well, going back to -- you know, I feel sort of like I could be called John Cary, because I

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voted against it before I voted for it.

But you remember that, back in 2015, I was one of two directors who voted against the termination of Jim Cotter, Jr.

And things had changed, in my mind, from that date to the date, December -- whenever it was -- December 29, '17, where my decision was now made on a whole different set of assumptions and factors that weighed into the equation.

Q. Was one of those factors the decision by the Los Angeles Superior Court in validating the 2014 trust documentation?

A. No.

Q. Was one of those factors the effect that the ratification might have on the pending derivative lawsuit?

A. No -- well, let me take that back. I'm sure it had some bearing in my mind, but that was not one of the key factors.

Q. What were the key factors?

A. The key factors, in my mind, were at the time, back in 2015, you recall that Jim, Jr., was terminated when -- at a time when we were -- I thought, in my opinion, we gave him a period of time to have his performance monitored, and then there

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would be an evaluation by the board.
The actual termination occurred maybe a month before that.
I viewed that as a mistake, first of all, because I thought we had kind of had a schedule, I didn't see any reason to change that schedule.
And, secondly, at the time, I was worried that if we did that, it would cause a very strong emotional reaction in Jim, Jr., feeling he had been -- he would feel he had been wronged by this process, and that would lead to extensive, expensive litigation, which turned out to be the case.
So looking at it a few years later, that's already happened, the litigation has occurred. So I can take that factor out of my equation, because what I was fearful of at that point back in '15, has then since ensued.
The other thing that bothered me was, in Jim, Jr.'s handling of this litigation -- I'm not meant to be, you know, getting into litigation strategies or things like that.
I felt that, in my mind, he was actually putting his own interests -- personal interests above those of the company, and needlessly causing the company to spend a lot of money on the legal

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fees, and really distracting a number of members of management from what they should be doing in operating the company.
I think that this was a litigation strategy he employed that disappointed me.
Q. Did you just describe your view of this derivative lawsuit?
A. Did I just describe it?
Q. Yeah.
A. In some respects, yes.
Q. So I'll let you -- I'll ask the question, then: What's your view of this derivative lawsuit?
MR. HELPERN: Object to form.
A. Well, you know, I think it's a -- it's been a bad thing for the company, expensive, time-consuming.
I'm not so sure -- and I'm a lawyer, I'm not trying to lay -- trying to play lawyer here -- but I'm not so sure that Jim's termination is actually a derivative claim.
And I'd be interested to see what the Nevada Supreme Court says about it, if it already hasn't spoken to that, because I can't imagine a person getting fired, claiming there's a derivative going. Seems like it's a personal claim to me.

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And I think the company was very willing to try to find a way to settle it out without having a lot of costs and expense.
So that's my view of the derivative litigation.
BY MR. KRUM:
Q. Well, you understand there are other matters raised in the case?
A. Yes.
Q. Do those factor in, in terms of your view of the case?
A. I think they could factor in. I can see how it's a legitimate question that can be raised.
But, to me, I always looked at the termination as being the key thing that started the litigation, and that's what I've been focusing on.
Q. So if you were to vote for the derivative case to go forward or be terminated, what would your vote be?
MS. HENDRICKS: Object to form. Calls for speculation, beyond the scope of this deposition.
MS. BANNETT: I was --
MR. KRUM: Well, it's not --
MS. BANNETT: I was going to ask how that relates to the ratification.

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MR. KRUM: It relates to demand futility.
MS. BANNETT: But what does that have to do with the rati -- I understand that --
(SIMULTANEOUS SPEAKING)
MS. BANNETT: -- of these particular decisions.
MR. KRUM: It doesn't. Well, maybe it does. I don't know. But it doesn't matter. I'm entitled to ask about matters relating to demand futility as well.
MR. HELPERN: Demand futility with relation to what demand?
MR. KRUM: Demand futility rising from -- well, I didn't frame it. Greenberg Traurig filed the motion. Recall that was one of two motions that were denied with respect to which discovery was allowed, the other one being a ratification motion.
BY MR. KRUM:
Q. Okay. So let me ask the court reporter to read the question back, Mr. Gould.
(REPORTER READ FROM THE RECORD)
A. My vote would be to terminate, to terminate the derivative action.
Q. Are the reasons any different than what you just said? And if so, would you say them?

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A. Well, if I'm a defendant in the case and you're asking me, would I like that suit against me to be terminated or go forward, what can I say? I mean, there's no other answer.

Q. Directing your attention, Mr. Gould, back to the subject of the exercise of the 100,000 share option, did you ever have any communications with Judy Codding and/or Michael Wrotniak about the subject of the -- of what entity or person owned or held the 100,000 share option?

A. No, I didn't have that conversation.

Q. Did you ever have any communications about that with Doug McEachern?

A. I don't believe I did, no.

Q. Did you ever have any communications with Judy Codding and/or Michael Wrotniak about the events of May 29, 2015 that we discussed earlier today, by which I'm referencing what Jim Cotter was told when the first session of that meeting adjourned about what would happen or might happen when it reconvened at -- telephonically at 6:00?

A. I didn't have any conversations about that aspect of it with any one of those persons.

Q. Did you ever have any conversations with either Judy Codding or Michael Wrotniak or both,

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about whether any or all of, Ed Kane, Guy Adams and Doug McEachern, had decided and agreed prior to the May 21, 2015 meeting, to vote to terminate Jim Cotter, Jr., as president and CEO?

A. I might have early on, explaining my position about why I opposed the termination of Jim Cotter, Jr.

Q. Early on, meaning --

A. Like, maybe when they first came on the board.

MR. KRUM: Mr. Gould, I show you what has been marked as Exhibit 530. It's a document that bears the production number WG0000506.

THE WITNESS: Yes.

(DEPOSITION EXHIBIT 530 MARKED FOR IDENTIFICATION)

BY MR. KRUM:

Q. Do you recognize this document?

A. Yes.

Q. What is it?

A. It's an e-mail from Doug McEachern to me, asking me if we're going to have a -- a telephonic meeting of the Special Committee.

Q. Was there one on or about December 1?

A. There wasn't one on that date, I don't

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believe. I believe what happened there is that I was trying to set up a call with some advisors, and we just ended up not pulling it together for that particular day.

But I think there was a call later, but there were no advisors on the line. It was not -- it ended up being a non-event.

Q. Did that call have anything to do with ratification?

A. You know something, I don't think it did.

It might have, but I don't remember that. I remember some other topic we were considering.

(DEPOSITION EXHIBIT 531 MARKED FOR IDENTIFICATION)

MR. KRUM: Mr. Gould, I show you what has been marked as Exhibit 531.

Among other things at the top it says: "Gould's Privileged Log dated March 29, 2018."

A. (Perusing document)

BY MR. KRUM:

Q. Have you seen this document previously?

A. No.

Q. And without having the documents that are listed on it in front of you to reference, can you figure out what any of them are here?

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A. Very difficult. These look like my conversations -- conversations I may have had with Mark Ferrario or Mike Bonner concerning the Special Committee, but it's difficult to tell what it is.

Q. Okay. Then I'm going to ask you to focus on the last two, which I understand to indicate an e-mail from you to McEachern -- I understand each of them to indicate an e-mail from you to McEachern on December 27th. And the description is: "Forwarding attorney-client e-mail regarding a director conference call."

Can you recall -- can you tell what that is?

A. Not with total certainty, but I think it refers to the -- what I would call the notice, or the request for special meeting. I think that's what it refers to.

Q. Exhibit 527?

A. Yeah ...

Q. I'll show it to you. Here. (Indicating)

A. Yes, Exhibit 527.

MR. KRUM: Let's take a break.

THE WITNESS: Okay.

THE VIDEO OPERATOR: And we're off the record at 10:38 A.M.

A. Correct.
Q. I direct your attention to the middle of the Ed Kane e-mail at the top. There's a sentence that reads as follows: "Bill suggested we ask Ellen to seek judicial approval for the exercise."
Do you see that?
A. I do.
Q. Does that refresh your recollection?
A. A little bit, yes.
Q. And how so? What do you now recall?
A. Well, again, as I said, I do remember quite clearly when I did talk to Ed, he first was just calling me because I have had experience with this area as a lawyer. And I told him that I would -- I didn't see a problem with it, but that to be safe here, given the litigation -- or the controversies -- that he should have counsel -- independent counsel give him an opinion on it.
Q. Well --
A. But I also -- I might have mentioned if it was possible -- practical to get approval, that it would be obviously the best way to go, and that would eliminate any question.
Q. Did you ever have any communications with any or all of -- well, strike that.

Did you ever have any communications with Judy Codding and/or Michael Wrotniak about either the notion of obtaining a legal opinion, as you just described, or the notion of obtaining a court order as you just described, with respect to the exercise of the 100,000 share option?
A. I don't believe I ever had a conversation with either one of them about that.
Q. Did you ever have a conversation of that nature with Doug McEachern?
A. I might have, yes.
Q. Okay.
As you sit here today, what's your best recollection? Did you?
A. I don't have any -- my best recollection is I somehow believe that I did, but I don't recall anything, when it was, or what was said.
I do remember specifically the conversation with Ed Kane.
Q. Okay.
MR. KRUM: I don't have any further questions at this time.
Mr. Gould, thank you for your time.
THE WITNESS: Thank you.
MR. KRUM: So we can go off the record?

Kara?
MS. HENDRICKS: Okay with me.
THE VIDEO OPERATOR: This concludes the deposition of William Gould, volume 3, on April 5th, 2018.
Off the video record at 11:34 A.M.
(Off video record)
THE REPORTER: Did you have a stipulation from before?
MS. HENDRICKS: 'Bye, everybody.
THE REPORTER: Do you have a stipulation that you would like to use from a prior deposition for this witness?
MR. KRUM: Yes, the same as we've been doing.

(DEPOSITION OF WILLIAM GOULD,
SIGNATURE NOT WAIVED,
CONCLUDED AT 11:34 A.M.)

REPORTER'S CERTIFICATION

I, Lori Byrd, Registered Professional Reporter, Certified Realtime Reporter, Certified LiveNote Reporter, Realtime Systems Administrator, Kansas Certified Court Reporter 1681, Oklahoma Certified Shorthand Reporter 1981, and Certified Shorthand Reporter 13023 in and for the State of California, do hereby certify:

That the foregoing witness was by me duly sworn; that the deposition was then taken before me at the time and place herein set forth; that the testimony and proceedings were reported stenographically by me and later transcribed into typewriting under my direction; that the foregoing is a true record of the testimony and proceedings taken at that time.

IN WITNESS WHEREOF, I have subscribed my name on this date: April 19th, 2018

Lori Byrd

Lori Byrd, CSR 13023

EXHIBIT B

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 Volume II

(Caption continued on next page.)

VIDEOTAPED DEPOSITION OF JUDY CODDING

Wednesday, February 28, 2018

Los Angeles, California

REPORTED BY:

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

FILE NO.: 453340-B

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A. I covered that in the last deposition about my conversations with Ellen, Margaret, and Jim in hopes that we could find a way to resolve it.

Q. And you have not had any additional conversations since your last deposition?

A. On that issue -- I've had many conversations since that last issue [sic]. On that particular issue, I'm constantly asking Ellen and Margaret. I've even asked Jim at different board meetings if there was any way that they could find a way to settle all their issues and have a family.

I come from a family where my father and his two brothers ran a business, and they ran it together. And they got along beautifully and business prospered and grew. I've seen it work. And I'm -- I was very hopeful that Ellen and Margaret and Jim could find a way to take the asset that their father had started and grow it in ways that they would all be proud of.

Q. Other than what you just said, including with respect to your personal family's business, are there any other reasons why you've continued to ask -- to raise this issue with Ellen, Margaret, and Jim?

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A. Yes, because it's in the best interest of Reading and its stockholders. That goes, to me, without saying that that's -- it -- it could be a win-win for everyone, a win for the Cotter family and a win for Reading and its stockholders. And I don't quite understand all of these lawsuits, why they're necessary.

Q. How do you -- how do you anticipate that it would be a win for Reading stockholders?

A. Because I think it would put all of the -- these issues aside. I think the money that is being spent on this is outrageous, and I think having an end to disagreements is always beneficial.

Q. Directing your attention back to the May 21, 29, and June 12, 2015, minutes that is part of Exhibit 525, you do not know what, if anything, is omitted from those minutes because you weren't there; right?

A. Right. And I also understand that minutes are not a verbatim, but they capture the essence of what happens in meeting. And so I would expect that the major issues that were dealt with would be reflected in the minutes.

Q. Accurately?

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A. Accurately.

Q. I direct your attention, Ms. Codding, to the page of Exhibit 525 that ends in production number 7193. You'll see that is the third page of the May 29, 2015 --

A. Uh-huh.

Q. -- minutes.

Do you have that?

A. I do.

Q. At the end of the last full paragraph on that page, it reads as follows: "The meeting went into recess at approximately 2:00 p.m. to permit Mr. Cotter and Madams Ellen Cotter and Margaret Cotter to continue their discussion of settlement terms," close quote.

Do you see that?

A. I do.

Q. Do you know if that's accurate?

A. I don't know.

Q. Did you ever hear or learn or were you ever told that Jim Cotter, Jr., was told, in words or substance, "We're going to reconvene this meeting telephonically at 6 o'clock, and if you do not resolve your differences with your sisters by then, we're going to proceed with the termination

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vote"?

A. I didn't hear that.

Q. Have you read any of the deposition transcripts in this case?

A. No. My own.

Q. Have you looked at any of the documents marked as deposition exhibits other than those in your own deposition?

A. No.

Q. What is it exactly that you understand that you voted to ratify with respect to the termination of Jim Cotter, Jr.?

A. That we would not hire Jim Cotter, Jr., as the CEO.

MR. TAYBACK: You're asking for her recollection, not what's written in the --

MR. KRUM: Right.

MR. TAYBACK: -- minutes?

MR. KRUM: Yeah.

A. To ratify that the vote that was taken to not have him as a CEO, that we concurred with.

BY MR. KRUM:

Q. Ms. Codding, to your right there are two other documents that have been marked previously. I'd ask that you take a look at the one that has

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

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

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

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

That the dismantling, unsealing, or unbinding of the original transcript will render the reporter's certificate null and void.

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

In witness whereof, I have hereunto subscribed my name.

Dated. March 14, 2018

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

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ERRATA SHEET

I declare under penalty of perjury that I have read the foregoing _____ pages of my testimony, taken on _____ (date) at _____(city), _____(state),

and that the same is a true record of the testimony given by me at the time and place herein above set forth, with the following exceptions:

Page	Line	Should read:	Reason for Change:
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ERRATA SHEET

Page	Line	Should read:	Reason for Change:
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		_____	_____

Date: _____ _____
Signature of Witness

_____
Name Typed or Printed

EXHIBIT C

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 Volume 4

(Caption continued on next page.)

VIDEOTAPED DEPOSITION OF DOUGLAS McEACHERN

Wednesday, February 28, 2018

Los Angeles, California

REPORTED BY:

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

JOB NO.: 453340-A

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MR. SEARCY: I can't answer for you on that.

A. I don't know the answer. I just don't know if we approved the minutes.

BY MR. KRUM:

Q. Let me direct your attention to page 5 of Exhibit 526 and, in particular, Mr. McEachern, the subhead B in the middle of the page. Let me know when you've reviewed subhead B.

A. Uh-huh. Subhead B continues until the "Adjournment" comment?

Q. Sure. Go ahead.

A. Yes. It's a pretty good summary of what took place in that discussion.

Q. Okay. And you are referring to subhead B and the text that follows down to "Adjournment"?

A. Yes, I am.

Q. Does it comport with your recollection that what was ratified, what you voted to ratify in December 29, the compensation committee decision to permit use of Class A nonvoting stock as the means of payment for the exercise of the 100,000 share option?

A. Yes.

Q. Now, you see here, in both the subhead B

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itself and the paragraph that follows, it refers to the estate being the entity that exercised the option?

A. Okay.

Q. With that having been brought to your attention, was there any discussion at the December 29, 2017, board meeting of whether it was the estate or the trust or any other entity or person that held or owned the option?

MR. SEARCY: Objection. Vague.

A. Not that I recall.

BY MR. KRUM:

Q. The bottom of page 5, top of page 6, the document reads as follows: Director McEachern also noted his view that the allegations made by Mr. Cotter in this regard had caused a waste of company's resources, as it was perfectly clear that neither the Cotter Estate nor Ellen and Margaret Cotter would gain an advantage from the transaction, given that the Cotter Estate could have sold Class A shares in the market and used the cash to exercise the option in question, close quote.

Do you see that?

A. Yes, I do.

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Q. Does that fairly describe the comment or comments you made?

A. Generally describes what I said. Whether I said "Cotter Estate" or not, I don't recall, but the entity that exercised it, yes, I -- I'm in concurrence with this.

Q. When you say -- did you use words to the effect of "wasted company resources"?

A. Absolutely.

Q. So was it one of the reasons you voted to ratify the compensation committee's September 2015 decision to authorize the exercise of the 100,000 share option, your view of this derivative lawsuit, in any respect?

MR. SEARCY: Objection. Vague.

A. I don't think it had anything to do with the derivative lawsuit. It had to -- had to do with whether this was an issue, and I didn't see an issue. I saw this as a perfectly normal transaction that would be executed by a company.

BY MR. KRUM:

Q. What is your view of this derivative lawsuit?

A. Of the derivative lawsuit?

Q. Yes.

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A. I'm baffled.

Q. What does that mean?

A. What does that mean?

Q. Why are you baffled? Why do you say you are baffled?

A. I don't understand the issues being raised by Jim Cotter, Jr.

Q. If you were to vote on whether this derivative lawsuit should proceed, how would you vote?

A. Against the company?

Q. As framed.

A. Huh?

Q. So if -- if you were, as a member of the RDI board of directors, given an opportunity to vote on whether the derivative lawsuit is presently pending, should continue or not, how would you vote?

A. Absent somebody presenting some other additional information to me, which I'm not unaware of, I would vote to dismiss the lawsuit.

Q. Why?

A. As I understand this derivative lawsuit, Jim Cotter, Jr., wants to be reinstated as CEO of the company and believes that the company was

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damaged as a result of our termination of him as the CEO. I don't believe the company was damaged.

Q. Are there any other reasons why you would vote to dismiss the lawsuit absent somebody presenting other information than which you are presently unaware?

MR. SEARCY: Objection. Vague.

A. I -- I guess I don't understand the question. I'm sorry.

BY MR. KRUM:

Q. Well, I asked --

A. I thought I answered.

Q. I asked why you -- you answered the way you did.

A. Uh-huh.

Q. And then you described your understanding of what Jim Cotter seeks to do by way of this lawsuit.

A. Uh-huh.

Q. And so I'll just ask a follow-on -- a simple follow-on question. Anything else?

A. To why I would vote to dismiss the case?

Q. Right.

A. Because I think it's -- it's cost an awful lot of money, and I don't think anything has been

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proven.

Q. When did you develop the view that you just described?

A. About the money?

Q. About the lawsuit.

A. I couldn't -- I couldn't tell you when I reached a conclusion. It's -- everything evolves over a period of time, you find out more information.

Q. What was your view at the time you first learned of the derivative lawsuit?

A. I don't know that it was called a derivative lawsuit originally. But Jim Cotter, Jr., threatened me with litigation should I vote to terminate him in the May -- late April, May 2015 time frame. There was much -- many -- that was raised a number of times.

And I think you showed up sometime in May -- I have to get the minutes out -- and said that if we voted to terminate Jim, you would file a lawsuit. So I don't know that it was called a derivative suit at that time. But a lawsuit was filed, I believe, the day after we terminated Mr. Cotter.

Q. Any time, since then, have you held a view

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different than the one you hold today?

A. Which view was that?

Q. The view that you would vote to dismiss the lawsuit if you were afforded an opportunity to do so.

A. I was a defendant in the lawsuit. Did I think that the lawsuit had merit from the outset? No.

Q. Directing your attention back to Exhibit 525, you see it on the first page, Mr. McEachern, it indicates that it was transmitted at 5:30 p.m., on Wednesday December 27th?

A. I see that.

Q. Is that when you received this board package?

A. Sometime after that. It could have been an hour or two hours later, sometime that evening.

Q. Did you review the board package?

A. I believe I did, yes.

Q. Did you review the entirety of the board package prior to the December 29, 2017, telephonic board meeting?

A. I scanned things. I may not have read in-depth the 1999 stock option plan of Reading International as distributed, and I'm trying to see

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what this MSA is all about. Oh, the High Point Associates document, I read the minutes that were there. I scanned it enough to be familiar with it, yes.

Q. How much time did you spend looking at Exhibit 525?

A. Probably a couple of hours.

Q. Directing your attention, Mr. McEachern, to the subject of the December 29 board meeting with respect to the ratification of certain actions regarding the termination of Jim Cotter. Do you have that mind?

A. Jim Cotter, Jr.?

Q. Jim Cotter, Jr.; right.

Other than what you just described in terms of scanning Exhibit 525, did you review any documents for taking any other steps with respect to your decision to vote in favor of ratifying the termination of Jim Cotter, Jr., as president and CEO as such actions are outlined in the board minutes of May 21, May 29, and June 12, 2015?

A. I was present and lived with this decision until we made the decision to fire Jim Cotter, Jr. And I'm not sure I can tell you documents, Mr. Krum, but I've lived with Jim on the board of

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A. Not that I -- no.
Q. And do you recall anybody else discussing them, the minutes or the contents of these minutes, in your presence either in anticipation of the December 29, 2017, board meeting or at it?
MR. SEARCY: Objection. Vague.
A. I don't recall discussion at the meeting, but I would have to check the minutes. And I don't recall having had a discussion with anyone beforehand, although Ed Kane and I may have had an offhand discussion about them.
BY MR. KRUM:
Q. And do you recall that you did or you just recall that there may have been?
A. It might have been.
Q. Did you travel together? Is there breakfast or lunch about that time frame?
A. We lunched on Monday at Rockies.
Q. Yeah.
A. And we see each other socially. We don't date, but we see each other.
Q. In particular, have you ever discussed these minutes of the May 21 and 29, 2015, board meeting and June 12, 2015, board meeting with Judy Codding or Michael Wrotniak?

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A. Not that I have any recollection of.
Q. Mr. McEachern, were you ever party or privy to any communications to which Judy Codding or Michael Wrotniak also were party or privy regarding the time frame over which -- strike that.
Were you ever a party to any communications to which either --
(Reporter clarification.)
BY MR. KRUM:
Q. Were you ever a party to any communications to which either or both Judy Codding and Michael Wrotniak were a party in which the subject of the request to authorize the exercise of the 100,000 share option was raised, excluding the December 29, 2017, board meeting?
A. Not that I recollect.
Q. Okay. Let's go off the record for a minute.
THE VIDEOGRAPHER: We are off the record at 12:45 p.m.
(Recess taken from 12:45 p.m. to 12:51 p.m.)
MR. KRUM: Okay. So I don't have any further questions of Mr. McEachern at this time. If you guys could follow through on that document

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or the documents about which I inquired, perhaps produce those so we can use them with Ms. Codding, that would make progress. Reserve my rights, whatever they are, and we do, too. Let's adjourn and move on.
MR. SEARCY: We will look into your requests and reserve our rights, too.
MR. FERRARIO: I don't think I actually can quote it off the top of my head about that.
MR. KRUM: I understand.
MR. FERRARIO: On the other one, I'm pretty sure what happened: Rather than call a special board meeting to approve those minutes, just going to let it happen in the ordinary course, but, obviously, if there's any changes, you'll get those, but I suspect there won't be.
MR. KRUM: All right.
MR. FERRARIO: That's why those were drafts.
MR. KRUM: Let's go off the record.
(Discussion held off the record.)
(Proceedings adjourned at 12:52 p.m.)

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

I, GRACE CHUNG, RMR, CRR, CSR No. 6246, a Certified Shorthand Reporter in and for the County of Los Angeles, the State of California, do hereby certify:
That, prior to being examined, the witness named in the foregoing deposition was by me duly sworn to testify the truth, the whole truth, and nothing but the truth;
That said deposition was taken down by me in shorthand at the time and place therein named, and thereafter reduced to typewriting by computer-aided transcription under my direction;
That the dismantling, unsealing, or unbinding of the original transcript will render the reporter's certificate null and void.
I further certify that I am not interested in the event of the action.
In witness whereof, I have hereunto subscribed my name.
Dated: March 14, 2018

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

EXHIBIT D

DISTRICT COURT
CLARK COUNTY, NEVADA

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

PLAINTIFF,

Case No: A-15-719860-B
DEPT. NO. XI

-against-

Consolidated with

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

Case No: P-14-082942-E
DEPT. NO. XI

DEFENDANTS.

DATE: March 6, 2018

TIME: 9:17 A.M.

VIDEOTAPED DEPOSITION of the Non-Party Witness, MICHAEL WROTNIAK, taken by the Plaintiff, pursuant to a Notice and to the Federal Rules of Civil Procedure, held at the offices of Lowey, Dannenberg, Bemporad & Selinger, PC, 44 South Broadway, White Plains, New York 10601, before Suzanne Pastor, RPR, a Notary Public of the State of New York.

JOB NO.: 455310

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A. I see that.
Q. Prior to reading that or hearing a question from me about it, have you ever heard about that before?
MR. SEARCY: Objection; vague, lacks foundation.
A. No.
Q. Directing your attention back to deposition Exhibit 525, and I see you still have it open, and to those three sets of purported board minutes from May 21, 2015, May 29, 2015 and June 12, 2015 found on pages bearing production numbers DM 00007187 through 99, you don't have any independent information that would enable you to determine whether those minutes fairly and accurately depicted what actually transpired, correct?
A. I relied on the minutes as were placed in the minute book.
Q. But you don't have any independent basis upon which to determine whether they're accurate or fairly depict what transpired, do you?
A. I do not.
Q. Did you ever hear or learn or were you ever told anything to the effect that Jim Cotter, Jr. had been told that he needed to resolve his disputes

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with his sisters, failing which a vote to terminate him as president and CEO would occur?
MR. SEARCY: Objection. Asked and answered and lacks foundation, calls for speculation. It's argumentative.
Q. Go ahead.
A. No.
Q. Have you ever expressed the view that the Cotter siblings should resolve their disputes?
A. I don't recall.
Q. Was your decision to vote in favor of ratification of either of the matters with respect to which you voted affirmatively on December 29, 2017 based in any part on your view of this derivative lawsuit?
MR. SEARCY: Objection; vague.
A. Can you clarify that, please?
Q. Okay. Well, you voted in favor -- strike that.
On December 29, 2017 you voted in favor of ratifying the prior decision to terminate Jim Cotter as president and CEO of RDI, right?
A. Yes.
Q. And you also voted in favor of a prior compensation committee meeting decision with respect to accepting Class A non-voting stock as consideration for

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the exercise of the so-called 100,000 share option, right?
A. Yes.
Q. With respect to either or both of those decisions, was your view of this derivative lawsuit part of your decision-making?
MR. SEARCY: Again, object as vague.
A. I don't know.
Q. Well, do you have a view of this derivative lawsuit?
A. Yes.
Q. What is it?
A. That the board had a right to terminate Jim Cotter and made an informed decision and took it.
Q. Do you have any other views of this derivative lawsuit? Including whether it should proceed or be dismissed.
A. Nothing that I can --
Q. Nothing beyond what you just told me?
A. Yes. Other than the fact that it's quite expensive.
Q. And when you say the board had a right to terminate Jim Cotter and made an informed decision and took it, that view is based on your review of the May 21 and 29 and June 12, 2015 meeting minutes and

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Mr. Cotter's employment contract, right?
A. Yes.
Q. Some of these questions help us move the process forward.
What difference, if any, did the -- well, strike that.
Do you recall that Exhibit 525, the board package, has some information regarding a company called Highpoint Associates?
A. Yes.
Q. What did you understand that information to be? What difference, if any, did it make?
A. I believe that Highpoint was a consultant hired by Reading.
Q. What's the basis for that understanding?
A. I reviewed the invoice.
Q. That's part of Exhibit 525?
A. Yes.
Q. What difference did the hiring of Highpoint make, if any, to your decision to vote in favor of ratifying the decision to terminate Jim Cotter, Jr. as president and CEO of RDI?
A. I don't recall.
Q. Who said what, if anything, at the December 29 board meeting about Highpoint?

MR. KRUM: I believe that was, yes.
MR. SEARCY: I'll follow up with him on that.
MR. KRUM: I don't think there's any reason to take Mr. Wrotniak's time about that.
MR. SEARCY: He's not even part of that committee, so.
MR. KRUM: I don't have any further questions. All rights are reserved.
Thank you, sir, for your time and off we go to the next one I guess.
MR. SEARCY: Thank you. No questions from me.
THE VIDEOGRAPHER: This concludes today's deposition of Michael Wrotniak. We are now off the record at 12:25 p.m.
(Whereupon, at 12:25 P.M., the Examination of this witness was concluded.)

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D E C L A R A T I O N

I hereby certify that having been first duly sworn to testify to the truth, I gave the above testimony.

I FURTHER CERTIFY that the foregoing transcript is a true and correct transcript of the testimony given by me at the time and place specified hereinbefore.

_____
MICHAEL WROTNIAK

Subscribed and sworn to before me
this _____ day of _____ 20___.

_____
NOTARY PUBLIC

E X H I B I T S

(None)

I N D E X

EXAMINATION BY PAGE
MR. KRUM 5

INFORMATION AND/OR DOCUMENTS REQUESTED
(None)

QUESTIONS MARKED FOR RULINGS
(None)

C E R T I F I C A T E

STATE OF NEW YORK)
: SS.:
COUNTY OF WESTCHESTER)

I, SUZANNE PASTOR, a Notary Public for and within the State of New York, do hereby certify:
That the witness whose examination is hereinbefore set forth was duly sworn and that such examination is a true record of the testimony given by that witness.
I further certify that I am not related to any of the parties to this action by blood or by marriage and that I am in no way interested in the outcome of this matter.
IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of March 2018.

Suzanne Pastor
_____
SUZANNE PASTOR

EXHIBIT E

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 Volume II

(Caption continued on next page.)

VIDEOTAPED DEPOSITION OF JUDY CODDING

Wednesday, February 28, 2018

Los Angeles, California

REPORTED BY:

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

FILE NO.: 453340-B

individually?

A. Yes.

Q. And you understand that they represent -- represented you in connection with this derivative lawsuit; right?

A. Yes.

Q. And you understand Mr. Tayback and any of his colleagues or anyone else at Quinn Emanuel to represent you in any context or for any purpose other than this derivative lawsuit?

A. I think that's what they represent us for.

MR. KRUM: So you weren't here this morning, Chris. I asked the minutes for this meeting be produced. And I don't know what Marshall and Mark have done, but that request stands.

Q. What did you do, Ms. Codding, if anything, other than review Exhibit 525 to prepare yourself for the December 29, 2017, board meeting?

A. For that specific meeting?

Q. Right.

A. Nothing.

Q. Now, directing your attention to the ratification decision you've identified earlier concerning the termination of Jim Cotter, Jr., as

president and CEO, you have that in mind?

A. Yes.

Q. You voted to ratify that decision; correct?

A. I did.

Q. And on what basis did you do so, meaning what information did you consider?

A. I considered the two years that I've spent on the board with interacting with Jim Cotter, Jr. I considered the documents that I've read. I've considered the conversations that I've had with Jim Cotter, Jr., and myself. I've considered conversations that I've had with other directors, and came to my own conclusion about what would be in the best interests of all shareholders of Reading.

Q. As of the date you voted?

A. Yes.

Q. Did you come to the conclusion as to what was the appropriate decision as of the time it was made in 2015?

A. The only thing that I had to go on, since I was not a part of those decisions, was certainly reading the minutes. I spoke with the independent board members about it over a period of time as to

why Jim Cotter, Jr., was removed. Understood the thinking and rationale for that decision.

Q. So you've now twice referred to communications with other board members. With which board members did you have such communications?

MR. TAYBACK: Object to the premise of the question about how many times she's referenced it.

You can answer the question, who you spoke to.

A. I spoke to Bill Gould, Doug McEachern, Ed Kane, Guy Adams, Mike Wrotniak, although he wasn't there either, but we spoke about what our understandings have been. I spoke with Jim Cotter, Jr., Margaret Cotter, and Ellen Cotter.

Q. Were any of those conversations in December of 2017?

A. They've gone on for a long period of time, so I -- I can't tell you whether they were or not.

Q. Well, prior to December of 2017, and excluding your prior deposition in this case, on what occasion, if any, in 2017, did you have to consider the subject of termination of Jim Cotter, Jr.?

A. I didn't have to consider it until

indicates that you said you had extensive knowledge about the board's reason for the termination of Mr. Cotter, Jr.

Do you see that?

A. Yes, I had knowledge. I thought -- think it's extensive. My opinion is, because I tried to find out from, as I've told you, from the other board members why they took the positions that they took, and then I've read the minutes of the meetings.

But I've also stated I wasn't present during this period of time.

Q. And other than what you've described or referenced in your prior testimony, both in your prior deposition and today, do you have any source of information or knowledge regarding the termination of Mr. Cotter or the reasons for it?

A. I think -- I -- I think I understood the lack of experience, the inadequate knowledge and background before the deposition. I also had seen issues of temperament, but since the deposition, I have found Jim to -- to be angrier and to be more upset, to be less prepared for meetings, to be not understanding and not listening like you would expect a director to -- to vote against almost

every measure that came up, and, to me, much more focused on process than on content, to not have an understanding of the strategy, and seeing behavior on his part that has been upsetting.

Q. When you say in that last answer, Ms. Codding, "since the deposition," you're referring to your deposition a year ago?

A. Yes.

Q. When you referred to Mr. Cotter being more focused on process than content, are you referring to complaints he makes about board packages not being delivered far in advance for him --

A. Oh, that --

Q. -- to review it?

A. That is just one example. And that I found that he has not read a lot of the material, and, therefore, he asks questions that are answered in the materials over and over again.

Q. You also referred to strategy.

What are you referencing by "strategy"?

A. The business strategy, because we're constantly looking at where we are in relation to the business strategy and where we are in meeting the targets division by division. Every head of the division gives us a major report on what has

happened.

Q. And by "division," are you referring to cinema on the one hand and non-cinema on the other?

A. I'm referring to a breakdown between the U.S. cinema operations, the real estate operations, and the U.S. Australia and New Zealand, and within those each of the properties.

Q. Without repeating anything you've said at the prior deposition or for that matter today, what discussions did you have with Doug McEachern about the termination of Jim Cotter, Jr., as president and CEO or the reasons for it?

A. I think I've told you I spoke to all of the directors.

Q. Okay. So if I ask you that same question with respect to each of them, your answer would be you've already told me?

A. Yes.

MR. KRUM: Okay. I'm not trying to repeat anything, nor am I trying to --

MR. TAYBACK: Sure.

MR. KRUM: -- anything.

MR. TAYBACK: Okay. I get it.

BY MR. KRUM:

Q. What did Michael Wrotniak say, if

discussions did you have with respect to the subject of the termination of Jim Cotter, Jr., and the reasons for it?

A. I think we just mainly talked about the understanding that -- that we had gotten as to why the directors thought it was in the best interests of Reading that Jim not be the CEO, and it had to do with what we've already talked about.

Q. So there's nothing that you have to add to that?

A. No.

Q. Directing your attention to the second ratification decision, I'm going to ask for your independent recollection --

A. Okay.

Q. -- before we start slogging through --

A. All right.

Q. -- the documents.

What's your recollection of what it is you voted to ratify on December 29, 2017, in terms of the 100,000 share option?

A. It was that both Margaret and Ellen could take their A shares and get the B shares.

Q. So what you ratified was the use of Class A nonvoting stock to pay for the exercise of an

option to acquire 100,000 shares of Class B voting stock?

A. In general.

Q. What did you do, other than review the board package, which is Exhibit 525, to inform yourself to make the decision to vote in favor of that ratification?

A. I asked our attorney whether this was legal in his opinion.

Q. And --

A. And we had --

MR. TAYBACK: And I'm just going to interpose an admonition that -- not to disclose the advice that was given, but you can certainly say that you sought legal with counsel.

A. And sought legal counsel --

(Speakers talking simultaneously.)

A. And had a -- and had a discussion about it.

MR. TAYBACK: Very good.

BY MR. KRUM:

Q. The attorney in question is who?

A. I think it was multiple attorneys. I think it was definitely with Mike Bonner because he's present at all of our special committee

meetings, but I think Mark might have been part of that discussion. But I'm not sure.

Q. "Mark" meaning Mark Ferrario?

A. Yes.

Q. What was your understanding of who was seeking to exercise the 100,000 share option?

A. I would have to look at it specifically because Ellen was exercising one set and Margaret was doing another, so I'd have to look specifically at it. But the intent, I felt, was both the same. It was...

Q. Well, all of my questions, Ms. Codding, are confined to the exercise of the 100,000 share option --

A. Do you mind if I look at it?

Q. You can look, sure. I'm not asking about any exercise --

A. Oh, wait. I --

Q. -- options held --

A. -- this thing --

Q. -- individually by Margaret or Ellen.

(Miscellaneous comments.)

BY MR. KRUM:

Q. Okay. So the question was: What was your understanding of whose exercise of the 100,000

share option it was that the compensation of the stock option --

A. It was for the estate.

Q. For the estate?

A. Uh-huh.

Q. And did your ratification decision ratify anything other than the use of Class A nonvoting stock as consideration for the exercise of the 100,000 share option?

MR. TAYBACK: Objection. Calls for a legal conclusion.

You can answer.

A. Well, it went back to the 2015 meeting to permit the estate to use Class A. That's what I understood that we voted on, the resolution. Since I was not -- maybe it's something I'm volunteering, but since I was not present, I was interested in why Jim objected to it, not understanding it. And he didn't really want to discuss it, so I don't really thoroughly understand his objection.

BY MR. KRUM:

Q. And when you -- when you say he didn't want to discuss it, are you referring to the December 29, 2017, meeting?

A. Yes.

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

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

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

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

That the dismantling, unsealing, or unbinding of the original transcript will render the reporter's certificate null and void.

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

In witness whereof, I have hereunto subscribed my name.

Dated. March 14, 2018

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

RA173 – RA421

FILED UNDER SEAL