

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

SCHEDULE 13D

UNDER THE SECURITIES EXCHANGE ACT OF 1934
(AMENDMENT NO. _____)*

Citadel Holding Corporation

(Name of Issuer)

Common Stock, \$.01 par value per share

(Title of Class of Securities)

172862104

(CUSIP Number)

James A. Wunderle
Chief Operating Officer
Reading Company
30 South 15th Street, Suite 1300
Philadelphia, PA 19102
(215) 569-3344

(Name, Address and Telephone Number of Person Authorized to Receive Notices
and Communications)

March 28, 1996

(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box.

Check the following box if a fee is being paid with the statement. (A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7.)

NOTE: Six copies of this statement, including all exhibits, should be filed with the Commission. See Rule 13d-1(a) for other parties to whom copies are to be sent.

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter disclosures provided in a prior cover page.

The information required on the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Craig Corporation
95-1620188

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

	7	SOLE VOTING POWER
NUMBER OF		1,329,114 Shares 3% Cumulative Voting Convertible
SHARES		Preferred Stock
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		0
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		1,329,114 Shares 3% Cumulative Voting Convertible
PERSON		Preferred Stock
WITH	10	SHARED DISPOSITIVE POWER
		0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
4,424,371

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11
49.9%

14 TYPE OF REPORTING PERSON*
CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON

Reading Company 23-6000773

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Pennsylvania

NUMBER OF	7	SOLE VOTING POWER
SHARES		1,564,473
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		0
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		1,564,473
PERSON	10	SHARED DISPOSITIVE POWER
WITH		0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,564,473

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11
26.1%

14 TYPE OF REPORTING PERSON*
CO

*SEE INSTRUCTIONS BEFORE FILLING OUT!

1 NAME OF REPORTING PERSON
S.S. OR I.R.S. IDENTIFICATION NO. OF ABOVE PERSON
Reading Holdings, Inc. 51-0353118

2 CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP*
(a)
(b)

3 SEC USE ONLY

4 SOURCE OF FUNDS*
WC

5 CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO
ITEMS 2(d) OR 2(E)

6 CITIZENSHIP OR PLACE OF ORGANIZATION
Delaware

NUMBER OF	7	SOLE VOTING POWER
SHARES		1,564,473
BENEFICIALLY	8	SHARED VOTING POWER
OWNED BY		0
EACH	9	SOLE DISPOSITIVE POWER
REPORTING		1,564,473
PERSON	10	SHARED DISPOSITIVE POWER
WITH		0

11 AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON
1,564,473

12 CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES*

13 PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW 11
26.1%

14 TYPE OF REPORTING PERSON*
CO

This joint filing made by Reading Company, a Pennsylvania corporation ("Reading"), Craig Corporation, a Delaware corporation ("Craig") and Reading Holdings, Inc., a Delaware corporation ("Holdings" and collectively with Craig and Reading the "Filers") relates to the Common Stock, \$0.01 par value of Citadel Holding Corporation, a Delaware corporation ("Citadel" or the "Issuer").

With respect to Craig, this filing is Amendment No. 24, which amends and supplements the Schedule 13D, dated June 5, 1987, and Amendments thereto (collectively, the "Craig Schedule 13D") filed by Craig, relating to beneficial holdings of shares of Common Stock of Citadel. All capitalized terms used herein and not otherwise defined shall have the respective meanings assigned to such terms in the Craig Schedule 13D. The information provided below under Items 1 through 7 with respect to Craig is intended to amend the Schedule 13D information previously provided by Craig.

With respect to Reading and Holdings, this is the initial filing on Schedule 13D.

ITEM 1. SECURITY AND ISSUER.

This Schedule 13D relates to the Common Stock, \$.01 par value per share (the "Common Stock"), of Citadel, whose principal executive offices are located at 550 South Hope Street, Suite 1825, Los Angeles, California 90071.

ITEM 2. IDENTITY AND BACKGROUND.

The persons filing this Amendment No. 24 and this Initial Filing on Schedule 13D are respectively Craig Corporation, a Delaware corporation, whose principal business and office address is 550 S. Hope Street, Suite 1825, Los Angeles, California 90071, Reading Company, a Pennsylvania corporation, whose principal business and office address is 30 South 15th Street, Suite 1300, Philadelphia, Pennsylvania 19102 and Reading Holdings, Inc., a Delaware corporation whose principal business and office address is 103 Springer Building 3411 Silverside Road, Wilmington, Delaware 19810.

Craig has historically been in the retail grocery business through its interest in Stater Bros. Holdings, Inc. ("Stater"), in the real estate business through its interest in Citadel and in the beyond-the-home entertainment and real estate business through its interest in Reading and, more recently, through its interest in Reading International Cinemas, LLC (a limited liability company owned in equal parts by Craig and Reading, and formed to pursue cinema exhibition opportunities in Australia). On March 8, 1996, Stater exercised its right to convert Craig's common stock interest in that Company into preferred stock. In light of this action by Stater, Craig has determined to focus its activities going forward on the land-based entertainment industry --

particularly on the development, ownership and operation of cinemas.

Reading's and Holdings' business focuses on the beyond-the-home segment of the entertainment industry at present, consists primarily of motion picture theater development and operations. Reading also engages in real estate activities through ownership, sale or development of certain real estate in Pennsylvania and participation in two real estate joint ventures. Holdings is a wholly-owned subsidiary of Reading.

Provided below is a list of officers and directors for Craig, Reading and Holdings. Also provided are the business addresses and the principal business occupation of each parties listed below.

The executive officers and directors of Craig Corporation are:

Directors

James J. Cotter
S. Craig Tompkins
William D. Gould
Edward L. Kane
Gerard P. Laheney
Ralph B. Perry III

Officers

James J. Cotter, Chairman
S. Craig Tompkins, President
Robin W. Skophammer
Chief Financial Officer

The executive officers and directors of Reading Company are:

Directors

James J. Cotter
S. Craig Tompkins
Edward L. Kane
Gerard P. Laheney
Ralph B. Perry III
John W. Sullivan
Albert J. Tahmoush

Officers

James J. Cotter, Chairman
S. Craig Tompkins, President
James A. Wunderle
Executive Vice President
Chief Operating Officer
Chief Financial Officer
& Treasurer

The executive officers and directors of Reading Holdings are:

Directors

S. Craig Tompkins
James A. Wunderle
Charles S. Groshon

Officers

S. Craig Tompkins, President
James A. Wunderle
Vice President & Treasurer
Charles S. Groshon
Vice President & Secretary

Business Address and Principal Business Occupation

James J. Cotter
Pacific Theatres
120 North Robertson Boulevard
Los Angeles, CA 90048
Tel: (310) 855-8331
Fax: (310) 855-0114
Principal Business Occupation:
Chairman of Craig, Reading and
Citadel, Executive Vice
President of Decurion (Pacific
Theatres)

S. Craig Tompkins
Craig Corporation
550 South Hope Street
Suite 1825
Los Angeles, CA 90071
Tel: (213) 239-0555
Fax: (213) 239-0548
Principal Business Occupation:
Director and President of Craig and
Reading, Vice Chairman and Principal
Accounting Officer of Citadel

William D. Gould, Esq.
Troy & Gould
1801 Century Park East
16/th/ Floor
Los Angeles, CA 90067
Tel: (310) 553-4441
Fax: (310) 201-4746
Principal Business Occupation:
Attorney

Edward L. Kane
7816 Ivanhoe Street
Suite 12
La Jolla, CA 92039
Tel: (619) 495-2950
Fax: (619) 459-2952
Principal Business Occupation:
Attorney and Business
Consultant

Gerard P. Laheney
Investment Resource Intl.
1101 Brickell Avenue
Suite 1401
Miami, FL 33131
Tel: (305) 372-0299
Fax: (305) 372-0499
Principal Business Occupation:
Investment Advisor

Ralph B. Perry III
Graven Perry Block
Brody & Qualls
Pacific Mutual Building
523 West Sixth Street
Suite 1130
Los Angeles, CA 90014
Tel: (213) 680-9770
Fax: (213) 489-1332
Principal Business Occupation:
Attorney

John W. Sullivan
Loblolly Pines
7407 S.E. Hill Terrace
Hobe Sound, FL 33455
Tel: (407) 546-8700
Fax: (407) 546-1062
Principal Business Occupation:
Private Investor and Real
Estate Developer

Albert J. Tahmoush
7231 Tory Lane
Bay Colony Shores
Naples, FL 33963
Tel: (813) 597-8085
Principal Business Occupation:
Private Investor; Director and
Deputy Chairman of UBAF Arab
American Bank.

James A. Wunderle
Reading Company
One Penn Square West
30 South Fifteenth Street,
Suite 1300
Philadelphia, PA 19102-4813
Tel: (215) 569-3344
Fax: (215) 569-2862
Principal Business Occupation:
Executive Vice President, Chief
Operating Officer, Chief
Financial Officer and Treasurer
of Reading

Robin W. Skophammer
Craig Corporation
550 South Hope Street
Suite 1825
Los Angeles, CA 90071
Tel: (213) 239-0555
Fax: (213) 239-0548
Principal Business Occupation:
Chief Financial Officer of
Craig

Charles S. Groshon
Reading Company
One Penn Square West
30 South Fifteenth Street
suite 1300
Philadelphia, PA 19102-4813
Tel: (215) 569-3344
Fax: (215) 569-2862
Principal Business Occupation:
Vice President and Assistant
Secretary of Reading

None of the filers or any of the above referenced persons has been involved in any proceeding of the type described in (d) of Item 2 to the Schedule 13D.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

The source of funds for Craig's purchase of 53,000 shares of Issuer's Common Stock is working capital. The total net consideration amounted to approximately \$119,478.

Through Holdings, Reading acquired 1,564,473 shares of Citadel Common Stock from Craig pursuant to a Stock Purchase and Sale Agreement dated March 29, 1996 between Holdings and Craig (the "Agreement"), a copy of which is attached hereto as Exhibit 1. The purchase price for such shares was \$3,324,505, which was paid by Holdings delivering its promissory note, bearing interest payable quarterly in arrears at a fluctuating rate equal to 30 day LIBOR plus 225 basis points, with principal of the note due on March 29, 2001 (the "Common Stock Purchase Note"). Holdings intends to satisfy its note obligations from working capital, which may include capital contributed by Reading. See Item 4 for a further description of the Agreement.

ITEM 4. PURPOSE OF TRANSACTION.

The Board of Directors of Reading and Craig on March 28, 1996 authorized and approved the purchase and sale, pursuant to the Agreement, of all of the shares of Citadel Common Stock owned by Craig, being 1,564,473 shares (the "Shares"), to Holdings, a wholly owned subsidiary of Reading, for \$3,324,505, approximately \$2.125 per share, such amount to be paid in the form of the Common Stock Purchase Note. That transaction closed on March 29, 1996.

In addition, as a part of the same transaction, Craig granted Holdings an option (the "Preferred Stock Option") exercisable for a period of 12 months commencing on the later of (i) the tenth business day following the next annual meeting of stockholders of Citadel and (b) July 1, 1996, to purchase all of the shares of Citadel's 3% Cumulative Voting Convertible Preferred Stock (the "Preferred Stock"), stated value \$3.95 per share, owned by Craig, being 1,329,114 shares. The exercise price is the fair market value of the Preferred Stock as determined by an investment banking firm to be mutually agreed upon and is payable in the form of a promissory note having the same terms (including the due date) and form as the Common Stock Purchase Note. If Holdings determines to acquire (the "Acquisition Transaction") enough additional shares of Citadel Common Stock to permit the consolidation of Holdings and Citadel for Federal income tax purposes, then the purchase price will be the price paid by Holdings to Citadel Common Stock stockholders and the form of the consideration will be the same form paid to such Citadel stockholders. An option fee of \$50,000 was paid by Holdings. The option fee will be credited against the exercise price if Holdings elects to exercise the Preferred Stock Option. The Preferred Stock Option can be extended for an additional 12 months by increasing the option fee to \$100,000 through the payment of an additional \$50,000.

Craig has also granted Holdings, as a part of the same transaction, an option (the "Warrant Option") exercisable in the event that Holdings determines to enter into an Acquisition Transaction to acquire Craig's warrant (the "Warrant") to purchase 666,000 shares of Citadel Common Stock at \$3.00 per share. The Warrant expires on April 11, 1997. The exercise price is a price per share equal to the price paid to Citadel stockholders in the Acquisition Transaction, less \$3.00. If Craig exercises the Warrant, the Warrant Option will apply to the underlying shares of Citadel Common Stock and the exercise price will be the same price per share and will be paid in the same manner as the consideration paid to Citadel stockholders in the Acquisition Transaction.

In the event that Holdings determines to effectuate an Acquisition Transaction, Craig can put the Preferred Stock and the Warrant (or the Common Stock underlying the Warrant) to Holdings on the same terms as if Holdings had exercised the Preferred Stock Option and the Warrant Option.

Craig owns 49% of the issued and outstanding Class A Common Stock of Reading and five of the seven members of the Board of Directors of Reading are also members of the Board of Directors of Craig. James J. Cotter and S. Craig Tompkins are respectively the Chairman of the Board and President of both Craig and Reading. Together, Craig and Reading own securities representing approximately 40% of the currently outstanding voting power of Citadel. Assuming exercise in full of the conversion feature of the Citadel Preferred Stock and the Warrant, Craig and Reading would control approximately 49.9% of such voting power.

Three of the five directors of Citadel are also directors of Craig, and of these three directors, two are also directors of Reading. The Chairman of the Board of Citadel is also the Chairman of the Board of each of Craig and Reading and the Vice Chairman of the Board and Principal Accounting Officer of Citadel is also a director and the President of each of Craig and Reading.

Reading determined to purchase the Shares as it believes that the price and terms on which such shares were offered presented an attractive opportunity for Reading and that Citadel's real estate business and expertise complements and reflects Reading's involvement in and commitment to the land-based entertainment business. The Preferred Stock Option and the Warrant Option were acquired in order to provide to Reading the ability, should it so elect, to acquire a controlling interest in Citadel. However, no determination has been made at this time to in fact increase Reading's interest to such levels, and no assurances can be given that Reading will ultimately determine to acquire a controlling or greater interest in Citadel.

Either Craig and/or Reading may, from time to time, determine to purchase additional Citadel securities or to sell their interests in some or all of such securities depending upon a variety of factors, including, without limitation, the price at which such securities are available, the other demands upon the working capital of Craig and/or Reading, and the business prospects and opportunities available for Craig, Reading and/or Citadel.

As a consequence of the sale to Reading, Craig will recognize for its tax year ended June 30, 1996, a capital loss of approximately \$18 million, which may be carried forward for up to 5 years. For financial reporting purposes, the amount of loss or gain to Craig resulting from the sale of Citadel Common Stock will be de minimus.

Reading and Craig have determined to file as a "group" not because of any common plan, agreement or understanding between the two companies as to the voting, acquisition or disposition of the shares, but rather to reflect the fact that Craig currently owns over 49% of the Common Stock of Reading and the overlapping

composition of the boards of directors and senior management of the two companies.

The officers and directors of Craig and/or Reading who also serve as officers or directors of Citadel (the "Common Management") may from time to time have information with respect to and be involved in decision making with respect to possible transactions of the sort described in paragraphs (a) through (j) of Item 4 of Schedule 13D ("Covered Transactions"). To the extent that any Covered Transaction is developed or proposed by or on behalf of the Issuer, or jointly, rather than by Craig, Reading and/or Holdings, the Filers do not intend to make preemptive disclosure of such matters in filings on Schedule 13D based upon the knowledge or involvement of the Common Management. Given the dual capacities of the Common Management and the resulting importance of independent Craig, Reading and/or Holdings Board approval of any Covered Transaction involving the Issuer, the Filers do not believe that any plan or proposal for a Covered Transaction involving Craig, Reading and/or Holdings and the Issuer may be properly characterized as a plan or proposal of any one or more of the Filer(s) absent appropriate action of the Board of Directors of such Filer(s). Accordingly, the absence of any disclosure of possible Covered Transactions by the Filers should not be interpreted as an indication that no Covered Transaction is being considered or acted upon by the Issuer or being considered by members of Common Management at any given point in time.

The Stock Purchase and Sale Agreement was reviewed, negotiated and approved by a special committee of the Reading Board of Directors composed of independent directors unaffiliated with Craig or Citadel.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER.

(a) Craig's responses in Items 7, 9, 11 and 13 of the Cover Page of this Amendment No. 24 include (1) 1,564,473 outstanding shares of Common Stock owned beneficially by Craig, (2) 666,000 shares of Common Stock issuable upon exercise of a warrant (the "Warrant Shares") granted by the Issuer to Craig pursuant to a Conversion Deferral, Warrant and Reimbursement Agreement (the "Warrant Agreement") as described in Amendment 15 dated April 3, 1995 and (3) 2,193,898 shares of Common Stock (the "Conversion Shares") issuable upon conversion of 1,329,114 shares of 3% Cumulative Voting Convertible Preferred Stock (the "Preferred Stock"), stated value \$3.95 per share, of the Issuer, which are convertible under certain circumstances into shares of Common Stock as described in Amendments 14, 15 (dated December 7, 1994) and 15 (dated April 3, 1995) to Schedule 13D beginning February 4, 1996.

The 2,193,898 Conversion Shares would be issuable assuming Craig's optional conversion in full of the Preferred Stock at a conversion price equal to the "Market Price" per share as defined

in the Certificate of Designation of the Preferred Stock (the "Certificate of Designation"), a copy of which was included as part of Exhibit A to Amendment No. 14 to this Schedule 13D. Assuming a conversion on March 27, 1996, such Market Price would have been \$2.393. The actual number of Conversion Shares that may be acquired by Craig by reason of the Preferred Shares may vary depending upon, assuming other things, the Market Price and the number of Shares outstanding at the time of any optional conversion and is subject to other adjustments and limitations pursuant to the terms of the Certificate of Designation.

Pending any conversion of the Preferred Stock pursuant to the conversion features of the Preferred Stock, the holders of the Preferred Stock will be entitled to one vote per share of Preferred Stock on all matters submitted to the Issuer's stockholders and will vote together with the holders of the Issuer's Common Stock as a single class with respect to such matters. The Common Stock beneficially owned by Craig, as reported above, together with the Warrant Shares and Preferred Stock, represents approximately 49.9% of the aggregate combined voting power of the outstanding shares of the Issuer assuming issuance of 2,193,898 Conversion Shares and assuming the exercise in full of the Warrant.

Reading's and Holdings' responses in Items 7, 9, 11 and 13 of the Cover Page of this Schedule 13D reflect its beneficial ownership of 1,564,473 shares of Common Stock.

(b) See Items 7, 8, 9 and 10 of the Cover Pages and the information in Item 1 concerning the calculation of the combined voting power represented by the securities of the Issuer beneficially owned by Craig, Reading and Holdings.

(c) Craig has engaged in the following transactions in Common Stock of the Issuer since the filing of Amendment No. 23 to this Schedule 13D, all of which were effectuated on the American Stock Exchange.

Date ----	Shares Purchased -----	Price Per Share -----
12/18/95	5,500	\$2.25
12/29/95	47,500	\$2.25

Reading and Holdings have engaged in the transactions described above under Items 3 and 4 above.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH

 RESPECT TO SECURITIES OF THE ISSUER.

See Item 4 above for a description of the Stock Purchase and

Sale Agreement between Craig and Holdings pursuant to which Craig sold its shares of the Issuer's Common Stock to Holdings and granted Holdings an option to purchase Craig's shares of the Issuer's Preferred Stock and Craig's Warrant to purchase 666,000 shares of Issuer's Common Stock.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

Exhibit 1 - Stock Purchase and Sale Agreement dated as of March 29, 1996 by and between Craig Corporation and Reading Holdings, Inc.

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, the undersigned certifies that the information set forth in this Statement is true, complete and correct.

Dated: April 5, 1996

CRAIG CORPORATION,
a Delaware corporation

By:/s/ Craig Tompkins

S. Craig Tompkins
President

Dated: April 5, 1996

READING COMPANY,
a Pennsylvania corporation

By:/s/ Craig Tompkins

S. Craig Tompkins
President

Dated: April 5, 1996

READING HOLDINGS, INC.
a Pennsylvania corporation

By:/s/ S. Craig Tompkins

S. Craig Tompkins

STOCK PURCHASE AND SALE AGREEMENT

This STOCK PURCHASE AND SALE AGREEMENT is entered into as of this 29th day of March, 1996 by and between Craig Corporation, a Delaware corporation ("Seller") and Reading Holdings, Inc., a Delaware corporation ("Purchaser"), at Purchaser's corporate headquarters located in Wilmington, Delaware and with reference to the following facts:

WHEREAS, Seller is the owner of the following securities, issued by Citadel Holding Corporation, a Delaware corporation ("Citadel"):

A. One Million Five Hundred Sixty Four Thousand Four Hundred Seventy Three (1,564,473) shares (the "Common Shares") of common stock, par value \$.01 per share (the "Common Stock");

B. One Million Three Hundred Twenty Nine Thousand One Hundred Fourteen (1,329,114) shares (the "Preferred Shares") of 3% Cumulative Convertible Preferred Stock, stated value \$3.95 per share (the "Preferred Stock"); and

C. Warrants to purchase Six Hundred Sixty Six Thousand (666,000) shares of Common Stock at an exercise price of \$3.00 per share, expiring April 11, 1997 (the "Warrants"); and

WHEREAS, the closing price for Shares of Common Stock on the American Stock Exchange as of the date immediately preceding the date hereof was \$2.250; and

WHEREAS, Purchaser desires to purchase and Seller desires to sell the Common Shares;

WHEREAS, Purchaser desires to acquire and Seller desires to grant options to acquire the Preferred Shares and the Warrants on the terms set forth hereinbelow:

THE PARTIES HERETO in consideration of the above stated premises, the terms and conditions hereinbelow set forth, and other good and valid consideration, the receipt and sufficiency of which is hereby acknowledged, do hereby agree as follows:

1. The Common Stock.

1.1 Purchase Price. The purchase price of the Common Shares will be

Three Million Three Hundred Twenty Four Thousand Five Hundred Five Dollars (\$3,324,505), representing a purchase price of slightly less than \$2.125 per share.

1.2 Form of Payment. The Purchase Price will be paid at the Closing

(as defined in Section 5) in the form of Purchaser's promissory note in the amount of the purchase price (the "Note"). The Note will have a term of five (5) years, bear interest at that fluctuating rate equal from time to time to thirty (30) day LIBOR plus two hundred twenty-five (225) basis points payable quarterly in arrears, and otherwise be on the terms set forth in Exhibit 1, hereto.

2. The Preferred Stock.

2.1 Preferred Purchase Option. Effective at the Closing, Seller

hereby grants to the purchaser an option (the "Preferred Purchase Option") exercisable for a period of twelve (12) months, commencing upon the later of (a) the tenth (10th) business day following the next annual meeting of the stockholders of Citadel and (b) July 1, 1996 to purchase all, but not less than all, of the Preferred Shares or such securities into which such Preferred Shares may have been converted (the "Preferred Securities"). Seller will use commercially reasonable efforts to have the conversion feature of the Preferred Stock considered by the shareholders of Citadel at the next meeting of such Shareholders.

2.2 Exercise Price. The exercise price will be equal to the fair

market value on the Preferred Securities on the date of exercise, as determined by an investment banking firm mutually and reasonably agreeable to Purchaser and Seller; provided, however, that in the event that (i) Purchaser has determined to enter into an Acquisition Transaction (as such term is defined in Section 3.1, below) and (ii) Seller has, prior to the closing of any transfer following exercise of the Preferred Purchase Option, exercised its right to convert the Preferred Shares into Common Stock, then the exercise price with respect to such Common Stock shall be the same price and the form of payment will be in the same form as paid to third party shareholders of Citadel Common Stock (the "Independent Shareholders") in such Acquisition Transaction.

The cost and expense of any such investment banker will be shared equally between the Purchaser and the Seller.

2.3 Form of Payment. The Exercise Price will be paid upon the

closing of the sale of such Preferred Shares in the form of a further note (the "2nd Note") issued by Purchaser in the amount of the Exercise Price (less the amount of any fees paid under Section 2.5, below), which 2nd Note will be in the same form as the Note, carry interest at the same rate as specified in the Note, and have a term co-terminus with the Note.

2.4 Notice and Closing. Purchaser shall give to

Seller not less than forty-five (45) days notice of its determination to exercise the Preferred Purchase Option. Purchaser and Seller shall thereafter work in good faith to designate a mutually acceptable investment banker, so as to permit a timely closing of the sale.

2.5 Option Fee. Purchaser will pay to the Seller at the Closing an

Option Fee of Fifty Thousand Dollars (\$50,000) which amount will be credited against the Exercise Price in the event of the exercise by Purchaser of the Preferred Purchase Option. In the event that Purchaser wishes to extend the Preferred Purchase Option so that the total option term is two years rather than one year, Purchaser may do so at any time prior to the expiration of the Preferred Purchase Option by increasing the Option Fee paid to Seller to One Hundred Thousand Dollars (\$100,000) by delivery to Seller on or before the expiration of the Preferred Purchase Option the sum of an additional Fifty Thousand Dollars (\$50,000).

2.6 Assignment. This Preferred Purchase Option is personal to the

Purchaser and may not be transferred to any other Person or entity without the approval of Seller, which may be withheld or granted in the sole discretion of the Seller; provided, however, that the Preferred Purchase Option may be assigned to any wholly owned subsidiary of the Purchaser without any such approval, provided that (a) the Common Shares and the Warrant Purchase Option (as defined below) are simultaneously transferred to and retained by such affiliate and (b) such affiliate executes and delivers to Seller its written agreement to be bound by the terms of this Agreement (an "Approved Transfer"). The Preferred Purchase Option will immediately terminate upon any transfer of the Common Shares by the Purchaser, other than an Approved Transfer.

3. The Warrants.

3.1 The Warrant Purchase Option. Effective at the Closing, Seller

hereby grants to Purchaser an option (the "Warrant Purchase Option") exercisable in the event that the Purchaser determines, by a resolution duly adopted by its Board of Directors, to proceed with an acquisition (through merger, asset purchase, tender offer or otherwise) of an equity interest in Citadel sufficient to permit the consolidation of Citadel and the Purchaser for Federal Income Tax purposes (an "Acquisition Transaction"), to acquire the Warrants simultaneously with the consummation of such transaction. It is understood that Seller will have no obligation to exercise the Warrants or to acquire the underlying Common Stock.

3.2 Exercise Price. The exercise price for the Warrant Purchase

Option will be that amount equal to the

difference between \$3.00 per share and the price per share being paid to Independent Shareholders in the Acquisition Transaction. Seller may elect to receive such consideration either in cash or, if Independent Shareholders are being paid in whole or in part in securities in the form of such securities. In the event that, as of the time of the closing of the Acquisition Transaction, Seller has exercised the Warrants, in whole or in part, and paid the purchase price for the underlying Common Stock, then to such extent such underlying Common Stock, and not the Warrants, will be the subject of this Warrant Purchase Option, and the exercise price with respect to such shares of Common Stock will be the same consideration as paid to Independent Shareholders.

3.3 Exercise and Closing. The Warrant Purchase Option may be

exercised at any time on not less than twenty (20) days written notice from the Purchaser to the Seller. The closing will be simultaneous with the closing of the Acquisition Transaction, and the closing of the Acquisition Transaction will be a condition precedent to the obligation of the Seller to sell and of the Purchaser to purchase.

3.4 Term. The term of the Warrant Purchase Option is the same as the

Preferred Purchase Option as modified by Section 3.3.

3.5 Assignment. The Warrant Purchase Option is subject to the

provisions of Section 2.6.

4. Seller's Put Option. In the event that Purchaser determines, by a

resolution duly adopted by its Board of Directors, to proceed with an Acquisition Transaction, then Seller will have the right to put to Purchaser the Preferred Securities, the Warrants and/or the Common Stock underlying such Warrants, as the case may be, to the Purchaser on the same terms as if the Purchaser had exercised the Preferred Purchase Option and/or the Warrant Purchase Option.

5. The Closing. The Closing will be held at 1:00 p.m., Wilmington local

time, on March 29, 1996, at the offices of the Purchaser in Wilmington, Delaware, or at such other location as the parties hereto may determine.

6. Representations and Warranties.

6.1 Due Authority. Each party hereby represents, subject to the

receipt of appropriate Board approvals, that it has all necessary corporate power and authority and that it has taken all necessary corporate action required to perform its obligations under this Agreement.

6.2 Good Title. Seller hereby represents that it has

good and marketable title to the Common Stock, the Preferred Stock and the Warrants, and that it is permitted to and will transfer such securities free and clear of all liens, claims or other encumbrances.

6.3 Unregistered Securities. Purchaser acknowledges that Seller is

an affiliate of Citadel, and that the Preferred Stock and the Warrants have not been registered with any state or federal authority and that the Preferred Stock and Warrants are not traded on any securities exchange. Accordingly, Purchaser represents that it is acquiring the Common Stock, the Preferred Purchase Option and the Warrant Purchase Option in a privately negotiated transaction, with an intention to hold such securities for the indefinite future, and without any intention to engage in a public distribution of such securities.

7. Board Approval. The obligations of the Purchaser and the Seller are

subject to the approval of this agreement on or before 1:00 p.m., Wilmington local time, on March 29, 1996.

8. Miscellaneous Provisions.

8.1 Integrated Agreement. This Agreement sets forth all of the

agreements of the parties with respect to the subject matter hereof.

8.2 Choice of Law. This Agreement will be interpreted in accordance

with the laws of the State of Delaware, as such laws govern contracts to be made and performed within such State. Any dispute between the parties with respect to this agreement will be adjudicated solely in the state or federal courts sitting in Wilmington, Delaware, and both parties consent to the jurisdiction of such court.

8.3 Notices. Any notice required or permitted by this Agreement

shall be deemed delivered when personally delivered or on the fourth (4th) business day after deposit in the U.S. Mail, postage paid, registered or certified mail and addressed to the recipient at its corporate headquarters address.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be entered into as of the date first set forth above.

CRAIG CORPORATION

READING HOLDINGS, INC.

By: _____

By: _____

Its: _____

Its: _____

EXHIBIT 1

FORM OF PROMISSORY NOTE

\$3,324,505 March 29, 1996

FOR VALUE RECEIVED, READING HOLDINGS, INC., a Delaware corporation (the "Maker") hereby promises to pay to the order of CRAIG CORPORATION, a Delaware corporation (the "Payee") the principal sum of Three Million, Three Hundred Twenty-Four Thousand, Five Hundred Five Dollars (\$3,324,505) according to the terms hereof.

1. Defined Terms. All terms capitalized herein but not defined shall

have the meanings ascribed to them in that certain Stock Purchase and Sale Agreement dated the date hereof between Payee and Maker.

2. Payment of Principal and Interest. Interest shall accrue on the

outstanding principal amount hereunder at an annual rate of LIBOR plus 2.25%, and shall be paid to Payee quarterly in arrears commencing July 1, 1996 and on each October 1, January 1, April 1 and July 1 thereafter, with a final payment of all accrued and unpaid interest being made on the date on which all outstanding principal hereof is paid in full. For purposes of this Promissory Note ("Note") "LIBOR" shall mean the London Interbank Offered Rate for thirty-day deposits as published in The Wall Street Journal three business days prior to the first day of each month. The principal amount due hereunder shall be due and payable on March 29, 2001. This Note may be prepaid in whole or in part at any time without penalty or prepayment charge.

3. Place of Payment. All amounts payable by the Maker to the Payee

hereunder shall be paid directly to the Payee at its address as set forth in paragraph 11 hereof, or at such other address of which the Payee shall give written notice to the Maker.

4. Representations and Warranties of Maker. The Maker represents and

warrants that as of the date hereof:

(a) Maker is a corporation duly incorporated and organized in accordance with the laws of the State of Delaware with all necessary powers to own its properties and operate its business as now owned and operated by it;

(b) Maker has full power and authority to enter into this Note and Maker has taken or caused to be taken all actions required to authorize the approval, execution and consummation of the transactions contemplated by this Note. This Note is a valid and binding obligation of Maker, enforceable against Maker in

accordance with its terms, except (i) as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws now or hereafter in effect relating to creditors, rights and (ii) that the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefore may be brought; and

(c) Neither the execution and delivery of this Note, nor the consummation of the transactions contemplated hereby, will (i) violate any provision of the Certificate of Incorporation or Bylaws of Maker, (ii) violate, or be in conflict with, or constitute a default under, or permit the termination of, or cause the acceleration of the maturity of any debt or obligation of Maker, (iii) require the consent of any other party, or result in the creation or imposition of any security interest, lien or other encumbrance upon any property or assets of Maker under any agreement or commitment to which Maker is a party or by which Maker is bound, or (iv) violate any statute or law or any judgment, decree, order, regulation or rule of any court or governmental authority to which Maker is subject.

5. Events of Default; Remedies. If any of the following events of

default ("Events of Default") shall occur and be continuing for any reason whatsoever (and whether it shall be voluntary or involuntary or occur or be affected by operation of law or otherwise):

(a) the Maker fails to make any payment when due of any principal or interest or other sum payable under this Note, which failure remains uncured for a period of five days after written notice thereof from Payee;

(b) the Maker shall (i) file, or consent by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy, for liquidation or to take advantage of any bankruptcy or insolvency law of any jurisdiction, (ii) make an assignment for the benefit of its creditors, (iii) consent to the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, (iv) be adjudicated insolvent or be liquidated, or (v) take appropriate action for the purpose of any of the foregoing; or

(c) a court or governmental authority of competent jurisdiction shall enter an order appointing, without consent by the maker, a custodian, receiver, trustee or other officer with similar powers with respect to it or with respect to any substantial part of its property, or if an order for relief shall be entered in any case or proceeding for liquidation or

reorganization or otherwise to take advantage of any bankruptcy or insolvency law of any jurisdiction, or ordering the dissolution, winding-up or liquidation of the Maker, or if any petition for any such relief shall be filed against the Maker, and such order or petition shall not be dismissed within sixty (60) days; then, automatically upon the occurrence of an Event of Default described in subparagraph (b) or (c), or in the sole discretion of the Payee upon the occurrence of an Event of Default described in subparagraph (a), the unpaid principal amount of, and the unpaid interest on, this Note shall become immediately due and payable, without presentment, demand, protest or other requirements of any kind, all of which are hereby expressly waived by the Maker.

6. Additional Remedies. If any Event of Default shall have occurred

and be continuing, the Payee may proceed to protect and enforce its rights under this Note by exercising such remedies as are available to the Payee in respect thereof under applicable law, either by suit in equity or by action at law, or both, whether for specific performance of any agreement contained in this Note or in aid of the exercise of any power granted in this Note. No remedy is intended to be exclusive and each such remedy shall be cumulative.

7. No Waiver. Neither the failure of the Payee nor any delay on the

part of the Payee in the exercise of any right, power or privilege under this Note shall operate as a waiver thereof, nor shall any single or partial exercise by the Payee of any right, power, or privilege preclude any other or further exercise of that or any other right, power or privilege.

8. Expenses. The Maker shall reimburse the Payee promptly for all

reasonable counsel fees, costs and other expenses incurred by the Payee in connection with the enforcement and collection of this Note.

9. Payment Due on Holidays. If the principal of or interest on this

Note or any fee due hereunder falls due on a Saturday, Sunday or legal holiday at the place of payment, such payment shall be made on the next succeeding business day and such extended time shall be included in computing interest.

10. Applicable Law. The construction, interpretation and enforcement

of this Note shall be governed by the laws of the State of Delaware.

11. Notices. Every notice and communication under this Note shall be

in writing and shall be given by either (i) hand delivery, (ii) first class mail (postage prepaid), (iii) reliable overnight commercial courier (charges prepaid), or (iv) telecopy or other means of electronic transmission, if confirmed promptly by any of the methods specified in clauses (i), (ii) and (iii) of

this sentence, to the following addresses:

If to the Maker:

Reading Holdings, Inc.
103 Springer Building
3411 Silverside Road
Wilmington, DE 19810

If to the Payee:

Craig Corporation
550 South Hope Street
Suite 1825
Los Angeles, CA 90071

Notice given by telecopy or other means of electronic transmission shall be deemed to have been given and received when sent. Notice by overnight courier shall be deemed to have been given and received on the date scheduled for delivery. Notice by mail shall be deemed to have been given and received three (3) calendar days after the date first deposited in the United States Mail. Notice by hand delivery shall be deemed to have been given and received upon delivery.

A party may change its address by giving written notice to the other party as specified herein.

12. Severability. If any provision in this Note shall be held invalid

under any applicable law, such invalidity shall not effect any other provision of this Note that can be given effect without the invalid provision and, to this end, the provisions hereof are severable.

13. Successors and Assigns. This Note shall be binding upon the Maker and

its successors and assigns, and shall inure to the benefit of the Payee and its successors and assigns, provided that Maker may not assign any of its rights or obligations hereunder or any interest herein without the written consent of Payee. Payee may assign this Note or any interest herein without restriction, and upon written notice being given to Maker of such assignment, the assignee shall be deemed to be the Payee for all purposes hereunder.

14. Waiver of Demand, Presentment, etc. The Maker waives the requirements

of demand, presentment, protest, notice of protest and dishonor and all other demands or notices of any kind in connection with the delivery, acceptance, performance, default, dishonor or enforcement of this Note.

IN WITNESS WHEREOF, and intending to be legally bound hereby, Reading Holdings, Inc. has caused this Note to be executed and delivered by its proper and duly authorized officer as of the date first above written.

READING HOLDINGS, INC.

By: _____