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Transaction ID 66689114
Case No. 2021-0513-LWW**



IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

AMER DASTGIR, Derivatively on
Behalf of WORLD WRESTLING
ENTERTAINMENT, INC.,

Plaintiff,

v.

VINCENT K. MCMAHON,
STEPHANIE MCMAHON, PAUL
LEVESQUE, GEORGE A. BARRIOS,
MICHELLE D. WILSON, FRANK A.
RIDDICK, III, JEFFREY R. SPEED,
STUART U. GOLDFARB, LAUREEN
ONG, ROBYN W. PETERSON, MAN
JIT SINGH, ALAN M. WEXLER, and
PATRICIA A. GOTTESMAN,

Defendants,

- and -

WORLD WRESTLING
ENTERTAINMENT, INC.

Nominal Defendant.

Civil Action No. 2021-0513-LWW

VERIFIED STOCKHOLDER DERIVATIVE COMPLAINT

Plaintiff Amer Dastgir ("Plaintiff"), by and through his undersigned attorneys, alleges the following upon personal knowledge as to all allegations concerning himself, and upon information and belief as to all other allegations based, among other things, upon the investigation conducted by his attorneys, which includes a review and analysis of: (a) documents produced to Plaintiff by

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World Wrestling Entertainment, Inc. (“WWE” or the “Company”) in response to a books and records inspection demand made pursuant to Section 220 of the Delaware Corporation Law (the “Books and Records Production”); filings in various proceedings, including a class action lawsuit alleging violations of federal securities laws captioned, *City of Warren Police & Fire Ret. Sys. v. World Wrestling Entm’t Inc.*, No. 20-cv-2031 (S.D.N.Y.) (the “Securities Action”) and the decision of the District Court in that case denying defendants’ motion to dismiss in its entirety, 2020 U.S. Dist. LEXIS 140925, (the “Securities Action Opinion”); (c) WWE’s filings with the United States Securities and Exchange Commission (“SEC”); (d) WWE’s press releases, website, corporate governance documents, presentations, conference calls, and other publicly disseminated information; and (e) analyst reports, public records, and other publicly available information concerning the Company. Plaintiff believes that after a reasonable opportunity for discovery is afforded, substantial additional evidentiary support will exist for the allegations set forth herein.

NATURE OF THE ACTION

1. This shareholder derivative action is brought on behalf of WWE against certain of its former and current directors and officers for breaching their fiduciary duties of loyalty, care, and disclosure by making materially false and/or

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misleading statements and omissions, making lucrative insider sales of Company stock concurrently with these false statements and omissions, and otherwise violating the laws of the United States, including laws of the State of Delaware.

2. WWE is an entertainment company that produces and distributes scripted wrestling content across the globe. Starting in the early 2000s, the Company considerably expanded its business into international markets – a strategy that proved successful. In 2018, revenue from the Company’s international segment increased by 9% compared to 2017, with North America revenue falling 9% over the same period.

3. The Company’s international revenue stream is directly tied to its ability to execute and/or renew international media rights agreements, which permit the Company to distribute its content. The Company itself admits, “***Our failure to maintain or renew key agreements could adversely affect our ability to distribute our media content, our films and/or other of our goods and services, which could adversely affect our operating results.***” (Emphasis added). Nonetheless, the Company told investors in early 2018 that it expected to grow the revenue which it earns from international media rights agreements.

4. Chief among the Company’s key media agreements was a contract with Orbit Showcase Network (“OSN”), the exclusive provider of WWE’s Middle

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East content. Specifically, the Company and OSN had a five-year exclusive media rights deal, which provided OSN with exclusive access to WWE programming and pay-per-view events through the end of 2019 (the “OSN Agreement”).

5. However, beginning in early 2018, OSN was delinquent in making payments to WWE. By September 2018, the issue became so pronounced that WWE sent OSN a “Notice of Material Breach” of the OSN Agreement

6. In November 2018, unbeknownst to the public, OSN privately informed WWE that it was terminating the OSN Agreement nine months early, and that by March 2019, OSN would exit sports broadcasting altogether – making WWE’s plan to renew the OSN Agreement impossible. [REDACTED]

[REDACTED]

[REDACTED]

7. Nonetheless, from February 7, 2019 to February 7, 2020 (the “Relevant Period”), the Individual Defendants (defined below) made a series of false and misleading statements and failed to disclose that: (a) OSN was not generating revenue through its sports content and, as a result, was exiting the sports broadcasting business; (b) the Saudi government failed to make tens of millions of dollars in payments to WWE pursuant to the OSN Agreement prior to termination; (c) in December 2018, OSN officially terminated the broadcast of WWE

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programming effective March 31, 2019; (d) negotiations of a replacement media rights deal with the Saudi General Sports Authority (“SGSA”) had reached an impasse, and (e) as a result, WWE’s operations in the Middle East and North Africa (“MENA”) region were not expanding but rather were rapidly deteriorating.

8. For example, on February 7, 2019, the beginning of the Relevant Period, defendant George A. Barrios (“Barrios”) claimed that WWE was working on “renewals” in the MENA region. However, Barrios and the other Individual Defendants (defined below) knew “renewal” was impossible in light of OSN’s stated plan to exit the sports content business entirely.

9.

10.

[REDACTED]

[REDACTED]

11. Notwithstanding, the Company falsely informed the public a month later that a new deal would soon be reached. Specifically, on July 25, 2019, WWE held a conference call to discuss the second quarter results and Barrios finally disclosed the termination of the OSN Agreement. This came eight months after OSN notified WWE of the termination and four months after the OSN Agreement's accelerated termination date. But more importantly, rather than disclose the truth, *the Company falsely reported that a replacement media rights agreement would soon be forthcoming*. Defendant Barrios told investors: "*We believe we have agreements in principle*[]" with the [...] Saudi General Sports Authority on the broad terms for [a second large-scale event and the completion of a media rights deal in the MENA region]." (Emphasis added). The Company also assured the market that a new deal would get done "very soon," which they claimed would allow the Company to meet its full-year 2019 guidance.

12. However, no such deal was near. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED] As the Company eventually disclosed in its 2019 Form 10-K, filed on February 7, 2020

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(the “2019 10-K”), “In certain places, notably India and the Middle East, agreements that were expected to be completed have not been signed to date.” At a bare minimum, the Company and Individual Defendants knew but disregarded that negotiating a brand-new agreement with a new provider would take time and would not be completed by the end of 2019.

13. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

14. On October 31, 2019, WWE announced disappointing financial results and lowered its 2019 guidance. The Company attributed these results and guidance in part to the lack of a media rights deal in the MENA region, but continued to suggest a deal would get done. Barrios claimed that “discussions are ongoing” and the parties are “just trying to find common ground.”

15. On January 30, 2020, WWE announced that defendants Barrios and Michelle D. Wilson (“Wilson”) had abruptly left the Company.

16. The full truth about the Company’s inability to secure a media rights deal with the Saudi Arabian government and its effects on the Company’s revenues

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was not revealed until February 6, 2020, when the Company issued a press release, reporting disappointing financial results for fourth quarter 2019 and reduced guidance for full year 2020. The press release revealed that the Company had achieved just \$180 million in adjusted OIBDA for the year due to the failure to complete the MENA distribution agreement. On this news, the Company's stock price fell another \$4.50 per share, or 9.18%, to close at \$44.50 per share.

17. It was also revealed that, during the Relevant Period, when WWE stock was trading at an artificially inflated rate due the Individual Defendants' false and misleading statements described herein, certain of the Individual Defendants (identified below) utilized material, non-public information and sold over \$313 million worth of Company stock.

18. Soon after, purchasers of WWE stock filed the Securities Action against the Company and defendants Vincent K. McMahon ("V. McMahon"), Barrios, and Wilson (the "Securities Defendants") in the U.S. District Court for the Southern District of New York, alleging they made false and misleading public statements concerning the terminated OSN Agreement and whether the Company would secure a replacement media rights agreement in the MENA region.

19. On August 6, 2020, the court in the Securities Action issued the Securities Action Opinion, and held that the plaintiff stated a claim against each of

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the Securities Defendants under the heightened pleading standards of the PLSRA. *City of Warren Police*, 2020 U.S. Dist. LEXIS 140925, at *2. The court also found the plaintiff adequately alleged both scienter and loss causation as to misrepresentations made by the Securities Defendants during the Relevant Period.

20. On April 5, 2021, Plaintiff served WWE and the Chairman of the Board and Chief Executive Officer (“CEO”), V. McMahon, with a Demand pursuant to Section 220 of the Delaware Corporation Law (the “Demand”), requesting the Company provide documents related to the above allegations.

21. On April 12, 2021, WWE responded to the Demand by failing to address any of its substantive allegations.

22. On April 19, 2021, Plaintiff filed an action in the Delaware Court of Chancery alleging, among other things, that the Demand was “wrongfully refused” and seeking a summary order “requiring the Company to produce the demanded books and records for inspection.” *Dastgir v. World Wrestling Entertainment, Inc.*, Civil Action No. 2021-0333 (Del. Chan. Apr. 19, 2021).

23. On March 7, 2021, the court in the Securities Action granted a Stipulation of Settlement pursuant to which WWE has agreed to pay \$39,000,000 to resolve the claims in that case. (Securities Action., Dkt. No. 107, at 16).

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24. On May 28, 2021, the Company made the Books and Records Production to Plaintiff. Plaintiff's counsel has reviewed those documents and determined that they contain evidence supporting Plaintiff's claims set forth herein.

25. As a direct and proximate result of the Individual Defendants' misconduct, the Company has incurred significant losses, including the payment of \$39 million to settle the Securities Action and the costs of defending the action, as well as additional damages, including reputational harm and loss of goodwill.

PARTIES

Plaintiff

26. Plaintiff has been a continuous beneficial owner of WWE common stock since at least December 2018.

Nominal Defendant

27. Nominal Defendant WWE is a Delaware corporation with its principal executive offices located in Stamford, Connecticut.

Individual Defendants

28. Defendant V. McMahon has been the Chairman of the Board and CEO of the Company since 1980.

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29. Defendant Stephanie McMahon (“S. McMahon”) has been a director of the Company and Chief Brand Officer of the Company since 2015. S. McMahon is the daughter of V. McMahon.

30. Defendant Paul Levesque (“Levesque”), more commonly known as “Triple H,” has been a director of the Company and the EVP of Global Talent Strategy & Development since 2015. Levesque is the husband of S. McMahon and the son-in-law of V. McMahon.

31. Defendant Frank A. Riddick, III (“Riddick”) has been a director the Company since 2008. Defendant Riddick was recently replaced as Interim Chief Financial Officer (“CFO”) of the Company.

32. Defendant Stuart U. Goldfarb (“Goldfarb”) has been a director of the Company since 2011. Defendant Goldfarb is also a member of the Audit Committee and the Governance and Nominating Committee.

33. Defendant Lauren Ong (“Ong”) is a director and the Chair of the Compensation Committee and the Governance and Nominating Committee.

34. Defendant Robyn W. Peterson (“Peterson”) is a director and a member of the Governance and Nominating Committee.

35. Defendant Man Jit Singh (“Singh”) is a director and a member of the Audit Committee.

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36. Defendant Jeffrey R. Speed (“Speed”) is a director, Chair of the Audit Committee, and a member of the Compensation Committee.

37. Defendant Alan M. Wexler (“Wexler”) is a director of the Company and a member of the Compensation Committee.

38. Defendants V. McMahon, S. McMahon, Levesque, Riddick, Goldfarb, Ong, Peterson, Singh, Speed, and Wexler, are collectively hereinafter referred to as the “Director Defendants.”

39. Defendant Barrios was a Co-President of the Company, its principle financial officer, and a member of the Company’s Board. On January 30, 2020, the Company announced that Defendant Barrios had left the Company effective immediately.

40. Defendant Wilson was a Co-President of the Company and a member of the Company’s Board. On January 30, 2020, the Company announced that Defendant Wilson had left the Company effective immediately.

41. Defendant Patricia A. Gottesman (“Gottesman”) was a director of the Company and was Chair of the Governance and Nominating Committee.

42. Collectively with the Director Defendants, defendants Barrios, Wilson, and Gottesman are sometimes referred to herein as the “Individual Defendants.”

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Relevant Non-Parties

43. Non-Party Steve Pamon (“Pamon”) was appointed to the Board in or around September 2020.

44. Non-Party Erika Nardini (“Nardini”) was appointed to the Board in or around October 2020.

45. Non-Party Nick Khan (“Khan”) was appointed to the Board in or around June 2021.

46. Non-Party Steve Koonin (“Koonin”) was appointed to the Board in or around June 2021.

47. Non-Party Connor Schell (“Schell”) was appointed to the Board in or around June 2021.

48. Collectively with the Director Defendants, Non-Parties Pamon, Nardini, Khan, Koonin, and Schell are sometimes referred to herein as the “Directors.” The Directors comprise the fifteen-person Board at the time this Complaint was filed.

THE INDIVIDUAL DEFENDANTS’ FIDUCIARY DUTIES

49. By reason of their positions as officers, directors, and/or fiduciaries of WWE and because of their ability to control the business and corporate affairs of

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the Company, at all relevant times, the Individual Defendants owed WWE and its shareholders fiduciary obligations of good faith, loyalty, and disclosure, and were required to use their utmost ability to control and manage the Company in a fair, just, honest, and equitable manner.

50. The Individual Defendants were required to act in furtherance of the best interests of WWE and its shareholders so as to benefit all shareholders equally and not in furtherance of their personal interest or benefit.

51. Each director and officer of the Company owes to WWE and its shareholders a fiduciary duty to exercise good faith and diligence in the administration of the affairs of the Company and in the use and preservation of its property and assets, and the highest obligations of fair dealing.

52. The Individual Defendants, because of their positions of control and authority as directors and/or officers of WWE, were able to and did, directly and/or indirectly, exercise control over the wrongful acts complained of herein. Because of their advisory, executive, managerial, and directorial positions with WWE, each of the Individual Defendants had knowledge of material non-public information regarding the Company. To discharge their duties, the officers and directors of WWE were required to exercise reasonable and prudent supervision over the management, policies, practices and controls of the Company. By virtue of such

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duties, the officers and directors of WWE were required to, among other things:

- (a) Exercise good faith to ensure that the affairs of the Company were conducted in an efficient, business-like manner so as to make it possible to provide the highest quality performance of their business;
- (b) Exercise good faith to ensure that the Company was operated in a diligent, honest, and prudent manner and complied with all applicable district and state laws, rules, regulations and requirements, and all contractual obligations, including acting only within the scope of its legal authority;
- (c) Exercise good faith to ensure that the Company's communications with the public and with shareholders are made with due candor in a timely and complete fashion; and
- (d) When put on notice of problems with the Company's business practices and operations, exercise good faith in taking appropriate action to correct the misconduct and prevent its recurrence.

53. The Individual Defendants, because of their positions of control and authority, were able to and did, directly or indirectly, exercise control over the wrongful acts complained of herein, as well as the contents of the various public statements issued by WWE.

54. Each of the Individual Defendants breached his or her fiduciary duties as alleged herein, both individually and in concert with the other Defendants.

CONSPIRACY, AIDING AND ABETTING, AND CONCERTED ACTION

55. In committing the wrongful acts alleged herein, the Individual Defendants have pursued, or joined in the pursuit of, a common course of conduct,

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and have acted in concert with and conspired with one another in furtherance of their wrongdoing. The Individual Defendants caused the Company to conceal the true facts as alleged herein. The Individual Defendants further aided and abetted and/or assisted each other in breaching their respective duties.

56. The purpose and effect of the conspiracy, common enterprise, and/or common course of conduct was, among other things, to facilitate and disguise the Individual Defendants' violations of law, including breaches of fiduciary duty and unjust enrichment.

57. The Individual Defendants accomplished their conspiracy, common enterprise, and/or common course of conduct by causing the Company purposefully, recklessly, or negligently to conceal material facts, fail to correct such misrepresentations, and violate applicable laws.

58. In furtherance of this plan, conspiracy, and course of conduct, the Individual Defendants collectively and individually took the actions set forth herein. Because the actions described herein occurred under the authority of the Board, each of the Individual Defendants, who are directors of WWE, was a direct, necessary, and substantial participant in the conspiracy, common enterprise, and/or common course of conduct complained of herein.

59. Each of the Individual Defendants aided and abetted and rendered

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substantial assistance in the wrongs complained of herein. In taking such actions to substantially assist the commission of the wrongdoing complained of herein, each Individual Defendant acted with actual or constructive knowledge of the primary wrongdoing, either took direct part in, or substantially assisted the accomplishment of that wrongdoing, and was or should have been aware of his or her overall contribution to and furtherance of the wrongdoing.

60. At all times relevant hereto, each of the Individual Defendants was the agent of each of the other Individual Defendants and of WWE and was at all times acting within the course and scope of such agency.

WWE’S CODE OF BUSINESS CONDUCT

61. WWE’s Code of Business Conduct (the “Code of Conduct”) states, the Company “is committed to conducting its business fairly, honestly and in accordance with law.”

62. The Code of Conduct states “All officers, directors and other employees...including outside directors... should read this Code of Business Conduct [] carefully [and] will be required to sign additional acknowledgement forms that they have read and understand various Company policies.”

63. The Code of Conduct states the following with regard to the Company’s “Prohibition Against Insider Trading:”

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The term “insider trading” refers to the practice of trading in securities while in possession of material non-public information, a practice which is prohibited under federal law. Any WWE Personnel trading while in possession of material information which he or she has reason to believe is not publicly available is acting contrary to Company policy and may be held liable for insider trading. Directly or indirectly “tipping” this information to another person who trades is also a violation of this policy. Information will be deemed “material” if it would be likely to influence a reasonable investor’s decision to buy, sell or hold securities. Any information about the advances, setbacks or over-all business plan of WWE or its business partners should be considered material. “Non-public” information includes any information that has not been made available to the public through a press release or a filing with the Securities and Exchange Commission. WWE Personnel with information about WWE or its business partners should consider the information “non-public” until the second full trading day following the wide-spread disclosure of that information.

64. The Code of Conduct includes a section titled “Compliance with Laws and Company Policy” which states:

WWE Personnel must comply with all applicable laws and all Company policies, whether or not required by law. Violations will be grounds for termination. When in doubt, WWE Personnel have the responsibility of seeking clarification from their supervisors or, if necessary, the Business and Legal Affairs Department.

Any violations of law or any of the Company’s other policies must be reported, and it is a violation of Company policy not to make such reports. Reports may be written or oral; they should be clear and concise, but as detailed as is helpful to understand the issues. Reports may be made anonymously, if necessary. However, please bear in mind that anonymous reports are often more difficult to verify, and therefore may be less useful to the Company.

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Reports of violations may be made (i) to the employee's direct or indirect supervisor; (ii) to any officer(s) of the Company; (iii) to the Company's Controller; or (iv) to the Company's Audit Committee (see Annual Stockholders' Report or the Company's proxy statement for current members of the committee). Reports of violations may also be made by calling 1-866-737-6815. These reports will be monitored by appropriate internal resources as well as the Chairs of our Governance and Nominating and Audit Committees. WWE Personnel may report concerns regarding questionable accounting or auditing matters to our independent Audit Committee at 1-866-737-6815. If specifically requested, disclosure will be kept confidential to the full extent allowed by law.

Subject to any lawful condition of anonymity requested by the discloser, (x) any supervisor receiving a report pursuant to clause (i) above should notify an appropriate officer of the Company who is not a subject of the disclosure; and (y) if any such policy violation constitutes or could result in a violation of law, the Business and Legal Affairs Department should be notified immediately. Any complaints regarding accounting, internal accounting controls or auditing matters must be immediately referred to the independent Audit Committee at 1-866-737-6815.

Please note that no disciplinary action will be taken by the Company against any WWE Personnel based solely upon such WWE Personnel's reporting violations of laws or Company policies in good faith. This shield, however, does not protect any WWE Personnel (including any reporting employee) who has violated the law or the Company's policies. The Company also prohibits discrimination, harassment and/or retaliation against any WWE Personnel who provides information or otherwise assists in an investigation or proceeding regarding any conduct which he or she believes in good faith to be in violation of laws or Company policies. It is a violation of Company policy for any WWE Personnel to misuse this compliance program by knowingly or recklessly making a false report.

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65. The Code of Conduct includes a section on “Fraud and False Statements” which states:

In the course of conducting business on the Company’s behalf, WWE Personnel shall not make any false or misleading statement that the WWE Personnel knows to be false or misleading or that with reasonable diligence the WWE Personnel should have known to be false or misleading. If a WWE Personnel finds that any statement made was unintentionally false or misleading or if a WWE Personnel believes any misunderstanding has occurred, he or she should promptly correct any such statement or misunderstanding. The resulting trustworthiness is essential to good business relationships.

66. The Code of Conduct includes a section on “Use of Company Assets,” which states, “WWE Personnel should endeavor to protect the Company’s assets and ensure their efficient use. All Company assets should be used only for legitimate business purposes and should never be used for personal gain. The use of Company funds or assets for any unlawful or unethical purpose is prohibited.”

AUDIT COMMITTEE CHARTER

67. The Company’s Audit Committee Charter states in relevant part:

The Audit Committee shall provide assistance to the Directors in fulfilling their responsibility to the stockholders, potential stockholders, and investment community relating to corporate accounting, reporting practices of the Company and the quality and integrity of financial reports of the Company. In so doing, the Audit Committee shall assist the Board in overseeing:

- the accounting and financial reporting practices of the Company;

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- the audits of the Company's financial statements including without limitation the performance of the Company's internal controls and internal audit function and the independent auditor's qualifications, independence and performance;
- the integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements; and
- the Company's system of disclosure controls and system of internal controls regarding finance, accounting, legal compliance and ethics that management and the Board have established.

While certain duties and responsibilities of the Audit Committee are more specifically set forth below, the general function of the Audit Committee is oversight.

Management of the Company is responsible for the preparation, presentation and integrity of the Company's financial statements. In addition, management is responsible for maintaining appropriate accounting and financial reporting principles and policies and internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations.

Each member of the Audit Committee may rely on (i) the integrity of those persons and organizations within and outside the Company from which it receives information; and (ii) the accuracy of the financial and other information provided to the Audit Committee by such persons or organizations absent actual knowledge to the contrary (which shall promptly be reported to the Board).

As more fully described in "Responsibilities" below, the outside auditors for the Company are accountable to the Audit Committee. The outside auditors shall submit to the Audit Committee and the Company annually a formal written statement delineating all relationships between the outside auditors and the Company ("Statement as to Independence"), addressing at least the matters set forth in Independence Standard No. 1 adopted by the Independence Standards Board.

* * *

RESPONSIBILITIES

The Audit Committee will primarily fulfill its responsibilities by carrying out the activities enumerated in this Section below. The Audit Committee will report regularly to the Board regarding the execution of these duties and responsibilities, including, without limitation, its (i) evaluation of the independent auditors; (ii) the quality and integrity of the Company's financial statements; (iii) the Company's compliance with legal and regulatory requirements; (iv) the qualifications, performance and independence of the Company's independent auditors; and (v) the performance of the internal audit function. The Audit Committee has the authority, without seeking Board approval, to, and shall, obtain advice and assistance from outside legal, accounting and/or other advisors as deemed appropriate by the Committee to fully execute its duties and responsibilities. The Company shall provide appropriate funding, as determined by the Audit Committee, for compensation for the independent auditors for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services and for any outside legal, accounting and other advisers that the Audit Committee may choose to engage and for ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out its duties. None of the Committee's responsibilities may be delegated to any other committee of the Board.

The Audit Committee shall:

Review this Charter at least annually, and recommend to the Board any necessary amendments as conditions dictate.

Review and discuss with management and the independent auditor the Company's audited financial statements, quarterly financial statements and all internal controls reports (or summaries thereof). Review any other relevant reports or financial information submitted by the Company to any governmental body, or the public, including management certifications as required by the SarbanesOxley Act of 2002 (Sections 302 and 906) and relevant reports rendered by the independent auditors (or summaries thereof).

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Review with financial management and the independent auditor each Quarterly Report on Form 10-Q and each Annual Report on Form 10-K (including, without limitation, the Company's specific disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations") prior to its filing.

Review and discuss earnings press releases with management, including the type and presentation of information, paying particular attention to any use of "proforma", "adjusted" or other information which is not required by generally accepted accounting principles ("GAAP").

Review and discuss with management financial information and earnings guidance provided to analysts and rating agencies. Such discussions may be on general terms (i.e., discussion of the types of information to be disclosed and the type of presentation to be made) and need not be in advance of each earnings release or earnings guidance.

Review the regular internal reports (or summaries thereof) to management prepared by the internal auditing department and management's response.

Recommend to the Board whether the audited financial statements should be included in the Company's Annual Report on Form 10-K.

Obtain from the outside auditor assurance that the audit was conducted in a manner consistent with Section 10A of the Securities Exchange Act of 1934, as amended, which sets forth certain procedures to be followed in any audit of financial statements required under the Securities Exchange Act of 1934.

Have sole authority to appoint (subject to stockholder ratification), compensate, retain and oversee the work performed by the independent auditor engaged for the purpose of preparing and issuing an audit report or performing other audit, review or attest services for the Company. The Audit Committee shall have the ultimate authority to approve all audit engagement fees and terms. The Audit Committee shall have sole authority to review the performance of the independent auditor and remove the independent auditor if circumstances warrant. The independent auditor shall report directly to the Audit Committee and the Audit Committee shall oversee the resolution of any

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disagreement between management and the independent auditor in the event that any may arise.

Review with the independent auditor (without representatives of management when deemed necessary) reports or communications (and management's and/or the internal audit department's response thereto) submitted to the Audit Committee by the outside auditors required by or referred to in PCAOB AU 380 and SEC Rule 2-07 of Regulation S-X; review any problems or difficulties with an audit and management's response, including any restrictions on the scope of the independent auditor's activities or access to requested information, and any significant disagreements with management; and review and hold timely discussions with the independent auditor regarding the following:

- all critical accounting policies and practices and other major issues regarding accounting principles and financial statement presentations, including significant changes in accounting principles;
- all alternative treatments of financial information within GAAP that have been discussed with management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the independent auditor;
- other material written communications between the independent auditor and management including, but not limited to, any "management" or "internal control" letter issued, or proposed to be issued, by the independent auditor and schedule of unadjusted differences;
- the scope of the annual audit
- the audited financial statements and disclosures made in Management's Discussion and Analysis;
- significant risks and exposures, if any, and the steps taken to monitor and minimize such risks;
- any other significant matters arising from any audit or report or communication referred to in items 2 or 3 above, whether raised by management, the internal audit department or the

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outside auditor, relating to the Company's financial statements;

- review the form of opinion the outside auditor proposes to render to the Board and stockholders;
- any accounting adjustments that were noted or proposed by the independent auditor but were "passed" (as immaterial or otherwise); and
- any communications between the audit team and the audit firm's national office respecting auditing or accounting issues presented by the engagement.

At least annually, obtain and review a report by the independent auditor to allow the Committee to evaluate the independent auditor's qualifications, performance and independence. The independent auditor's report shall describe:

- the firm's internal quality control procedures, the budget, staffing and responsibilities of the internal audit department and any recommended changes in the planned scope of the internal audit;
- any material issues raised by the most recent internal quality-control review or peer review of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues;
- (to assess the auditor's independence) all relationships between the independent auditor and the Company;
- This Committee's evaluation of the independent auditor shall include the review and evaluation of the lead partner and shall take into account the opinions of management and the Company's internal auditor (or other personnel responsible for the internal audit functions). The Audit Committee shall present its conclusions with respect to the independent auditor to the full Board.

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Review audit services and approve in advance non audit services to be provided by the independent auditor, taking into consideration SEC rules regarding permissible and impermissible services by such independent auditor. This duty may be delegated to one or more designated members of the Audit Committee with any such preapproval reported to the Audit Committee at its next regularly scheduled meeting. Approval of non audit services shall be disclosed to investors in periodic reports to the extent required by Section 13(a) of the Securities Exchange Act of 1934.

Set clear hiring policies, compliant with governing laws or regulations, for employees or former employees of the independent auditor.

Review and evaluate the lead audit partner of the independent auditor.

Assure the regular rotation of the lead audit partner as required by law, and further consider whether regular rotation of the independent auditor itself is advisable to assure continuing auditor independence.

SUBSTANTIVE ALLEGATIONS

68. WWE is led by V. McMahon, a household name, and the Company's co-founder, CEO, and Chairman of the Board. V. McMahon exercises direct and immense control over WWE and the Board, and has appointed his wife, son, daughter, and son-in-law to high-ranking positions in the Company – the latter two being current directors.

69. V. McMahon is also the Company's controlling stockholder and has 92.3% of the Company's super-voting Class B stock, through which he exercises 80.5% of the Company's voting power. Combined with his Class A shares, V. McMahon owns 37.6% of WWE's economic interests.

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70. As a result of WWE's international expansion in the early 2000s, the Company's international revenues increased from \$87.6 million in 2005 to \$169.8 million in 2015, \$189 million in 2016, and \$201 million in 2017.

71. Over time, the Company's growing international revenue began to represent an increasingly large percentage of its total revenue. In 2018, the international segment increased to 34% of the Company's total revenues from 25% in 2017, with North America revenues falling to 66% from 75% in 2017.

72. As a result, international media rights agreements became central to the Company's overall success. Indeed, these agreements are so vital, the Company has itself admitted, "Our failure to maintain or renew key agreements could adversely affect our ability to distribute our media content, our films and/or other of our goods and services, which could adversely affect our operating results."

73. One of these critical agreements and business relationships was with the government of Saudi Arabia and its state-run television and press affiliates. Starting in 2014, the Company began holding live events in Saudi Arabia, which proved to be lucrative.

74. For years, OSN (an arm of the Saudi government) was the exclusive provider of the Company's Middle East content. On July 21, 2014, the Company

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and OSN entered into the OSN Agreement – a five-year exclusive media rights deal which provided OSN with exclusive access to WWE programming and pay-per-view events through 2019.

75. On February 12, 2015, the Company and OSN jointly issued a release stating they were adding WWE Network, the Company’s subscription streaming app service, to the five-year agreement as part of an expanded partnership.

76. The OSN Agreement meant that OSN subscribers would now have access to the WWE Network content independent of any WWE Network subscription. The Company’s reported WWE Network subscriber numbers were at least in part dependent on those individuals in the MENA region who had access to the WWE Network by virtue of the OSN agreement. The OSN Agreement was worth millions of dollars a year to WWE.

77. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

78. In March 2018, the Saudi Press Agency – the official state-run news agency of Saudi Arabia – announced that WWE and the SGSA had signed a 10-

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year multi-platform partnership with the Company to hold wrestling events in Saudi Arabia. The partnership was believed to be worth approximately \$500 million to WWE.

79. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

80. The *Greatest Royal Rumble* (held in April 2018) and the *Crown Jewel* (held in November 2018) together generated revenues for the Company of approximately \$70 to \$80 million. These results were significant considering that the Company announced that its “international revenue increased 58% to \$317.8 million from \$201.3 million in the prior year[.]”¹ The Company further touted the “sold out” crowd at the *Greatest Royal Rumble* and defendant Wilson was quoted

¹ The Company’s February 7, 2019 press release revealed that 2018 revenues in the media segment, the Company’s largest segment in terms of revenue, “increased by \$147.8 million, or 28%, to \$683.4 million in 2018 over the prior year, primarily driven by the \$95.8 million increase of Other media revenues, due to the addition of certain live, in-ring programming content in international markets.”

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as saying the event “*marked the successful beginning of a 10-year partnership with the Kingdom of Saudi Arabia.*” (Emphasis added).

81. [REDACTED]

82. [REDACTED]

83. Thereafter, the Company told investors that it expected to significantly grow the revenue which it earns from its media rights agreement between 2018 and 2020. In the presentation accompanying its June 27, 2018 conference call, the Company stated that it “expects [that] revenue from existing and new ‘key content agreements,’ . . . will grow to approximately \$311M in 2019 and \$462M in 2021.” The Company’s “total revenue from ‘key content agreements’ would increase to \$314M in 2019 and \$542M in 2021.”

84. On July 26, 2018, WWE issued a press release announcing “[r]ecord [r]evenue and [s]trong Q2 2018 results.” Defendant V. McMahon stated, “We’re pleased with our continued success in increasing the monetization of WWE content

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globally” and added that he attributed the Company’s success in this regard to “the development of a ten year strategic partnership with the [SGSA].”

85. Notwithstanding the Company’s material interest in maintaining and eventually renewing the OSN Agreement, OSN was failing to meet its payment obligations to WWE under the agreement. Carlo Nohra (“Nohra”), Vice President and General Manager of WWE—Middle East confirmed that, due to financial troubles at OSN and a change in its strategic direction: (1) OSN had been delinquent in making payments; (2) these delinquencies began in early 2018; and (3) *WWE sent OSN a “Notice of Material Breach” in September 2018.* Significantly, Nohra made these assertions in a declaration offered in support of the Company’s motion to dismiss the Securities Action – which of course was unsuccessful.

86. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

87.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

88.

[REDACTED]

[REDACTED]

[REDACTED]

89.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

90.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

91.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

92.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

93. On November 5, 2018, in response to the Company's Notice of Material Breach, OSN sent a letter informing the Company that OSN was examining the Company's ability to move forward under the agreement and would respond to the notice after its upcoming board of directors meeting. Later that

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month, OSN's general counsel sent WWE a settlement proposal and privately informed the Company that OSN intended to cancel the OSN Agreement, would no longer broadcast sports content, and that its existing sports coverage would conclude in early 2019.

94. Not only were WWE and the Board aware by November 2018 that OSN was terminating the OSN Agreement and would no longer broadcast sports content, but they also saw it coming. As described above, OSN had been delinquent in its payments the Company for nearly a year prior.

95. The Company and Board's knowledge of OSN's plan to exit the sports broadcasting business made subsequent statements regarding "renewal" of Middle East media rights agreements, among other statements (described below), materially false and misleading.

96. In the same month, November 2018, Individual Defendant Barrios, then-WWE Co-President and Director, entered into a trading plan that called for him to be selling his Company stock soon thereafter.

97. On November 30, 2018, Individual Defendant V. McMahon sold 306,000 WWE shares for approximately \$23 million.

98. Between November 2018 and December 18, 2018, WWE and OSN negotiated a termination and settlement agreement to formally end the OSN

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Agreement. Under the executed agreement, WWE and OSN agreed to early termination of the media rights agreements effective March 31, 2019—nine months before its original expiration date. The foregoing was confirmed by Andrew Warkman, Vice President and General Manager, WWE UK & Ireland.

99. Throughout 2019, WWE covered up OSN’s delinquent payments, the termination of the OSN Agreement, and the Company’s relationship with OSN. Indeed, for several months after learning that OSN intended to cancel its agreement early, the Company withheld this critical information from shareholders.

100.

[REDACTED]

101.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

102. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

103. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

104. [REDACTED]

[REDACTED]

[REDACTED]

105. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

107. On February 7, 2019, the beginning of the Relevant Period, the Company announced its fourth-quarter and full-year 2018 financial results. WWE also provided its full-year 2019 financial guidance, reporting in a press release that the Company expected to achieve revenue of approximately \$1.0 billion and was targeting Adjusted OIBDA of at least \$200 million. The Company informed investors that this financial outlook depended on the Company's ability to renew a number of expiring media-rights agreements, including in the Middle East.

108. On February 7, 2019, Individual Defendant Barrios claimed that WWE was working on "renewals" in the MENA region—despite OSN's plan to

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exit the business entirely, thus making a “renewal” impossible. Indeed, in the Securities Action, the court was unpersuaded by the “facial implausibility” of defendants’ argument that the word “renewal” in this context meant securing continued media rights in the region, not with a particular broadcaster. *City of Warren Police*, 2020 U.S. Dist. LEXIS 140925, at *10.

109. In a press release published the same day (the “February 7, 2019 Press Release”), the Company stated that, during 2018, WWE had successfully “[p]roduced new, large-scale international events (*Greatest Royal Rumble*, *Crown Jewel* and *Super Show-Down*) and compelling content across platforms.”

110. In the February 7, 2019 Press Release, Individual Defendant V. McMahon stated that, “[i]n 2018, WWE generated the highest level of revenue and earnings in the Company’s history by leveraging our brand strength to increase the monetization of our content worldwide.” V. McMahon added that, “[o]ur long-term growth strategy will continue to focus on content creation, digitization and international development.”

111. Individual Defendant Barrios stated in the February 7, 2019 Press Release: “We increased revenue by nearly \$130 million, and achieved a record level of Adjusted OIBDA and network subscribers. We expect to balance 2019 revenue growth with investment in strategic areas that extend the moat around our

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business, enabling us to continue our business transformation and maximize shareholder value.”

112. The February 7, 2019 Press Release further stated the Company expected to achieve an “all-time record” “Adjusted OIBDA of at least \$200 million for the year.” However, the press release failed to mention the termination of the OSN Agreement, even though that was vital to achieving Adjusted OIBDA.

113. That same day, February 7, 2019, WWE held an earnings conference call with investors and analysts, during which Individual Defendant V. McMahon stated that WWE’s “international revenue surpassed \$300 million for the first time in history ... [as] we performed large-scale record-breaking events, [including] Greatest Royal Rumble[.]” Individual Defendant Barrios similarly touted the Company’s record international revenue, stating, “in 2018, we effectively executed our strategy, leveraged our brand to increase the monetization of our content worldwide and across multiple platforms ... with international markets surpassing \$300 million for the first time in our history.” Barrios further tied the additional OIBDA projection to the Company’s continued efforts in the MENA region:

So if we’re moving revenue at a faster clip than we anticipate, we may put some additional investments in the fourth quarter but all geared towards hitting that \$200 million in OIBDA for the year. And as we talked about in the prepared remarks, it really is on those areas of continuing to drive content, especially the localization of our current content and potentially local content in some of our key international

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markets. We just think that's a big addition to the flywheel that we've built. We'll continue to invest in digital products and digitization kind of writ large, the network being kind of one of the largest manifestations of that. And we'll continue to put more people, more kind of functional roles in our key markets, in India, in the Middle East, in China, in Latin America. So that's what we're going to do. As we said again in the prepared remarks, we think there's a long tail for us in the monetization of content, both in the U.S. and outside the U.S. and we think the opportunity is one we want to make sure we take advantage of. In terms of the rights renewal process outside the U.S., obviously, there's a lot of key markets that we're still working on, U.K., India, China, Latin America, the Middle East. We'll announce those as the deals get done or shortly thereafter.

114. Individual Defendant Barrios' comment that there were "renewal" conversations occurring in the Middle East was materially misleading because, among other reasons, on December 18, 2018, the parties to the OSN Agreement had terminated their relationship.

115. The same day, February 7, 2019, WWE filed its 2018 Form 10-K with the SEC, which was signed by Individual Defendants V. McMahon, S. McMahon, Levesque, Wilson, Goldfarb, Gottesman, Ong, Peterson, Riddick, Singh, Speed, Wexler, and Barrios. The 2018 Form 10-K noted the "important long-term partnership with the General Sports Authority of the Kingdom of Saudi Arabia for, among other things, a series of live events in that region," adding that the relationship was "expected to continue to constitute a significant percentage of [WWE's] revenues."

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116. The 2018 Form 10-K contained risk disclosures about the Company's failure to maintain or renew "key agreements." Specifically, the 2018 Form 10-K stated:

Our failure to maintain or renew key agreements could adversely affect our ability to distribute our media content, WWE Network, our films and/or other of our goods and services, which could adversely affect our operating results.

Our media content is distributed by cable, satellite and broadcast television networks and digital platforms around the globe. As detailed below, we depend on third parties for many aspects of the operation and distribution of WWE Network. Our films are generally also distributed by other, more established film companies. Because a large portion of our revenues are generated, directly and indirectly, from this distribution, any failure to maintain (such as due to a breach or alleged breach by either party) or renew arrangements with distributors and platforms, the failure of distributors or platforms to continue to provide services to us or the failure to enter into new distribution opportunities on terms favorable to us could adversely affect our financial outlook, liquidity, business and operating results. We regularly engage in negotiations relating to substantial agreements covering the distribution of our media content by carriers located in the United States and abroad.... We also have an important partnership with the General Sports Authority of the Kingdom of Saudi Arabia. These relationships are expected to continue to constitute a significant percentage of our revenues.... We have significant relationships outside the United States with distributors nearing the end of their terms, including in the United Kingdom, India, Latin America and the Middle East.... Our inability for any of the reasons set forth in these Risk Factors to maintain and/or renew or replace these agreements on terms favorable to us could adversely affect our financial outlook, liquidity, business and/or operating results.

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117. On February 26, 2019, Individual Defendant Barrios spoke at the Morgan Stanley Technology, Media and Telecom Conference in San Francisco, California, during which he stated that the negotiations on the MENA distribution rights deal were “ongoing,” with a target to “get that locked down by the middle of the year.” Barrios did not, however, disclose that the Company and OSN entered into the settlement agreement with OSN in December 2018. Individual Defendant Barrios also stated that the “Middle East is now number 2 in 2018 after the U.S.,” (in terms of gross monetization), and “important for us strategically because our distribution partners for the core content is a key part of the value creation for the business, important for us financially.”

118. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

119. On March 27, 2019, with the non-public knowledge that WWE and OSN had already terminated the OSN Agreement, Individual Defendant V. McMahon sold over 3.2 million shares of Company stock for total proceeds of over \$261 million.

120.

[REDACTED]

121.

[REDACTED]

[REDACTED]

[REDACTED]

122. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

123. On April 25, 2019, WWE issued the press release announcing the Company's financial results for the first quarter of 2019. In the press release, WWE announced lower than expected guidance for the second quarter of 2019, but still maintained its full-year guidance of "at least \$200 million" in adjusted OIBDA.

124. During an earnings conference call held the same day (April 25, 2019), when asked about "ongoing negotiations" regarding the numerous media rights deals that were then soon expiring, Individual Defendant Barrios explained that because the Company was "in the middle of these discussions" they would "stay away from commenting on them in any way, shape or form"—again failing to disclose that there were, in fact, no negotiations ongoing with OSN for media rights in the MENA region, because that deal had been terminated months before, and OSN was exiting the sports broadcasting business altogether. Thus, the

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Individual Defendants still led WWE's minority stockholders to believe that the OSN Agreement remained intact.

125.

[REDACTED]

126.

[REDACTED]

127.

[REDACTED]

128.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

129.

[REDACTED]

[REDACTED]

[REDACTED]

130.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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131.

[REDACTED]

132.

[REDACTED]

133.

[REDACTED]

134.

[REDACTED]

135.

[REDACTED]

136.

[REDACTED]

137. On July 25, 2019, WWE issued the press release announcing the Company's financial results for the second quarter of 2019. The Company stated in the press release that it "continued to demonstrate success in staging large-scale, action packed events for its fans," including an event called "Super ShowDown in Jeddah, Saudi Arabia." The press release quoted Defendant Barrios as reiterating the Company's earlier full year 2020 guidance and again maintained its full-year guidance of "at least \$200 million" in adjusted OIBDA.

138. Individual Defendant Barrios stated in the July 25, 2019 press release that WWE's guidance was contingent on continued success in MENA, including completion of a media rights deal:

In the quarter, our earnings exceeded guidance, however we anticipate a portion of this to reverse and we continue to target full-year Adjusted OIBDA of at least \$200 million. The guidance presupposes the staging of a second large scale international event and the completion of a media rights deal in the MENA region.

139. Individual Defendant V. McMahon also stated in the press release that "[d]uring the quarter, we made progress on key strategic initiatives," and "[w]e completed content distribution agreements in key international markets."

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140. That same day, July 25, 2019, WWE held a conference call to discuss the second quarter results and Individual Defendant Barrios finally disclosed the termination of the OSN Agreement. He stated “[i]n the Middle East, our pay TV agreement has been terminated, but our free-to-air agreement continues to be in place.” This came eight months after OSN’s notification to WWE and four months after the agreement’s termination date. However, the Company falsely reported that a replacement media rights agreement would soon be forthcoming with an entity controlled by the Kingdom of Saudi Arabia. Individual Defendant Barrios told investors: “We believe we have agreements in principle[] with the [...] Saudi General Sports Authority on the broad terms for [a second large-scale event and the completion of a media rights deal in the MENA region].” The Company also assured the market that a new deal would get done “very soon,” which they claimed would allow the Company to meet its full-year 2019 guidance.

141. However, no such deal was near. As the Company eventually disclosed in its 2019 10-K, “In certain places, notably India and the Middle East, agreements that were expected to be completed have not been signed to date.” The Company and its representatives knew but disregarded that negotiating a brand new agreement with a new provider would take time and would not be completed

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by the end of 2019—as the Company and its representatives had assured the market.

142. Information from the ongoing Securities Action indicates that WWE may have known all along that an agreement in the MENA region was not realistically expected under the circumstances. Among other things, confidential witness statements therein reflect that although WWE was negotiating with the Saudi government, the parties were not close to a media rights agreement. The witnesses claim that WWE and the Saudis were far apart in their negotiating positions and that WWE had “wildly unreasonable expectations of the revenue it expected from a potential broadcast partner.”

143. As a result of the announcement that a new media rights agreement was being negotiated and would close in 2019, the Company’s shares rose \$1.31 per share, or about 1.75%, to close at \$75.99 per share on July 26, 2019.

144. On August 8, 2019, soon after these false statements, Individual Defendant Wilson sold over 158,000 shares of her WWE stock at inflated prices, reaping almost \$11 million in proceeds. During this same period, Individual Defendant Gottesman sold approximately \$600,000 worth of stock as well.

145. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

146. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

147. [REDACTED]

[REDACTED]

[REDACTED]

148. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

149. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

150. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

151. On October 31, 2019, WWE announced its third quarter results for 2019, held a conference call, and once again concealed the full truth. After announcing disappointing financial results and lowering its 2019 guidance, which the Company attributed in part to the lack of a media rights deal in the MENA region, WWE continued to suggest a deal would get done. Analysts voiced concerns about the status of an agreement, but Barrios claimed that “discussions are ongoing” and “it’s similar to all discussions, you’re just trying to find common ground.” Barrios also downplayed certain late payments from the Saudis

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pertaining to an event held earlier in 2019, dismissing it as a mere “cash flow” issue.

152. The same day, the Company’s stock price fell \$10.40 per share, or 15.65%, to close at \$56.04 per share, which reflected the importance of this situation to shareholders. Nevertheless, the public continued to believe a deal was forthcoming because WWE consistently guided the market to that false conclusion.

153.

[REDACTED]

154.

[REDACTED]

155. [REDACTED]

[REDACTED]

[REDACTED]

156. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The Truth Emerges

157. On January 30, 2020, WWE announced that Individual Defendants Barrios and Wilson had abruptly left the Company.

158. Analysts and market commentators reacted with shock at the sudden departure of two key Company figures. *Forbes* described the exits as a “bloodbath” that had caused “[p]anic and uncertainty” throughout the Company’s corporate offices. The same day, the Company also preannounced its fourth quarter results for 2019, which revealed for the first time that it “expects its full year 2019 Adjusted OIBDA to be approximately \$180 million” which was at the lower end of guidance of \$180 million to \$190 million provided by the Company on October 31, 2019.

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159. On this news, the Company's stock price fell \$13.42 per share, or 21.54%, to close at \$48.88 per share on January 31, 2020.

160. The full truth about the Company's inability to secure a media rights deal with the Saudi Arabian government and its effects on the Company's revenues would not be revealed until February 6, 2020, when the Company issued a press release, reporting disappointing financial results for fourth quarter 2019 and reduced guidance for full year 2020. The press release revealed that the Company had achieved just \$180 million in adjusted OIBDA for the year due to the failure to complete the MENA distribution agreement with the Saudis. This news reflected that the OSN Agreement had terminated earlier that year, meaning the Company lost WWE Network subscribers who previously had accessed it for free as OSN subscribers when the OSN Agreement was still in place.

161. On this news, the Company's stock price fell another \$4.50 per share, or 9.18%, to close at \$44.50 per share on February 6, 2020.

162. As described above, these revelations led purchasers of WWE stock to file multiple lawsuits against the Company and certain of its executives for violating multiple provisions of the Securities Exchange Act of 1934, including the Securities Action. In addition to the costs of defending, and potential class wide

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liability in, the Securities Action, the wrongful conduct described herein has also exposed the Company to massive reputational harm and loss of goodwill.

Insider Sales

163. During the Relevant Period, when WWE stock was trading at an artificially inflated rate due the false and misleading statements described above, Individual Defendants V. McMahon, Barrios, Wilson, and Gottesman utilized material, non-public information and sold over \$313 million worth of Company stock between November 2018 and February 2018.

164. As a key member to the Company's management, V. McMahon was privy to material, nonpublic information regarding the Company's key contracts, business metrics, and financial prospects in the MENA region. While in possession of this material, nonpublic information, V. McMahon sold 3,510,427 shares of WWE for proceeds of \$283,867,102.86.

165. As a key member to the Company's management, Barrios was privy to material, nonpublic information regarding the Company's key contracts, business metrics, and financial prospects in the MENA region. While in possession of this material, nonpublic information, Barrios sold 249,678 shares of WWE for proceeds of \$18,559,813.32.

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166. As a key member to the Company's management, Wilson was privy to material, nonpublic information regarding the Company's key contracts, business metrics, and financial prospects in the MENA region. While in possession of this material, nonpublic information, Wilson sold 158,134 shares of WWE for proceeds of \$10,958,686.20.

167. As a key member to the Company's management, Gottesman was privy to material, nonpublic information regarding the Company's key contracts, business metrics, and financial prospects in the MENA region. While in possession of this material, nonpublic information, Gottesman sold 8,235 shares of WWE stock for proceeds of \$576,170.50.

DAMAGE TO WWE

168. As a direct and proximate result of the Individual Defendants' actions, WWE has expended, and will continue to expend, significant sums of money. This includes the costs of defending and paying class wide liability in the Securities Action, costs incurred from compensating the Individual Defendants, and irreparable reputational harm and loss of goodwill.

169. Further, Individual Defendants V. McMahon, Barrios, Wilson, and Gottesman improperly utilized their material nonpublic knowledge of WWE's business and finance to dispose of personally held WWE stock prior to its decline

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in value. As described below, WWE is entitled to disgorge those profits back to the Company.

DERIVATIVE AND DEMAND FUTILITY ALLEGATIONS

170. Plaintiff brings this action derivatively for the benefit of WWE to redress injuries suffered and to be suffered as a proximate result of the Individual Defendants' breaches of fiduciary duties and other violations of law.

171. Plaintiff will adequately and fairly represent the interests of WWE and its stockholders in enforcing and prosecuting its rights.

172. Plaintiff has been a continuous beneficial owner of WWE common stock since at least December 2018.

Demand Futility

173. Demand here is futile, and therefore excused, because a majority of the Board faces a substantial likelihood of liability for their misconduct.

174. The Board is currently comprised of fifteen individuals – the Director Defendants (V. McMahon, S. McMahon, Riddick, Levesque, Peterson, Goldfarb, Ong, Singh, Speed, and Wexler) and Non-Parties Pamon, Nardini, Koonin, Khan, and Schell. Plaintiff is only required to show that a majority of the Directors (*i.e.*, eight) cannot exercise independent objective judgment about whether to bring this action or whether to vigorously prosecute this action.

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175. While Plaintiff maintains that demand upon all fifteen Directors is futile and should therefore be excused, at a bare minimum, demand is futile as to the *ten* Director Defendants, because, among other reasons, each Director Defendant participated in the wrongdoing alleged herein, and each face a substantial likelihood of liability. The Director Defendants will not sue themselves, and as a result, demand is futile and therefore excused.

176. The Director Defendants approved and/or permitted the wrongs alleged herein to have occurred, and participated in efforts to conceal or disguise those wrongs from the Company's stockholders or recklessly and/or with gross negligence disregarded the wrongs complained of herein and are therefore not disinterested parties.

177. The Director Defendants authorized and/or permitted the false statements to be disseminated directly to the public and made available and distributed to shareholders, authorized and/or permitted the issuance of various false and misleading statements, and are principal beneficiaries of the wrongdoing alleged herein, and thus, could not fairly and fully prosecute such a suit even if they instituted it.

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178. Additionally, the Director Defendants received payments, benefits, stock options, and other emoluments by virtue of their membership on the Board and their control of the Company.

179. On February 7, 2019, WWE filed its 2018 Form 10-K with the SEC, *which was signed by each of the ten Director Defendants*. The 2018 Form 10-K noted the “important long-term partnership with the General Sports Authority of the Kingdom of Saudi Arabia for, among other things, a series of live events in that region,” adding that the relationship was “expected to continue to constitute a significant percentage of [WWE’s] revenues.” The 2018 Form 10-K also contained risk disclosures about the Company’s failure to maintain or renew “key agreements.” These statements were materially false and misleading because, among other things, OSN terminated the OSN Agreement and renewal was impossible. Indeed, in the Securities Action, U.S. District Court Judge Rakoff held these statements in the Company’s 2018 Form 10-K, which were approved by the Director Defendants, were false and misleading. Because the Director Defendants each face a substantial likelihood of liability and cannot objectively evaluate the benefits of bringing a suit on behalf of the Company, including because they will not elect to initiate a lawsuit against themselves, demand is futile and therefore excused as to each.

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180. Further, Individual Defendants V. McMahon, Barrios, Wilson, and Gottesman improperly utilized their material nonpublic knowledge of WWE's business and finance to dispose of personally held WWE stock prior to its decline in value. Accordingly, these Individual Defendants face a substantial likelihood of liability for breaching their duty of loyalty to the Company. Individual Defendant V. McMahon, as the controlling founder, director, and officer of the Company, possessed material, nonpublic WWE information and used that information to benefit himself. Accordingly, Individual Defendant V. McMahon faces a substantial likelihood of liability, and any demand upon defendant V. McMahon is futile. Individual Defendant V. McMahon would not institute a lawsuit against Barrios, Wilson, and Gottesman, based upon on the same allegations asserted against him in this Complaint.

181. Likewise, none of the Directors would institute a lawsuit against Barrios, Wilson, and Gottesman, because such a decision would implicate V. McMahon, to whom each is beholden.

182. Individual Defendant V. McMahon is WWE's founder, CEO, and Chairman. Due to the dual stock classes, V. McMahon also controls a majority of the voting power of the Company. V. McMahon is the face and has become

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synonymous with WWE. The Board has admitted as much in WWE's latest Proxy Statement, stating:

Mr. McMahon serves as both our Chairman and Chief Executive Officer. The Board believes that the unique blend of creativity, entrepreneurship and management skills required to act as Chief Executive Officer at the Company would make filling this position extremely difficult. As a practical matter, Mr. McMahon's combined role as Chairman and Chief Executive Officer reflects the larger reality that as the owner of a majority of the Company's voting power, management of the Company is within his ultimate control.

183. Individual Defendant V. McMahon has elevated his daughter, S. McMahon, and son-in-law, Levesque, to executive and director roles at WWE. V. McMahon's son, Shane McMahon, was a former top executive of the Company, serving as WWE's Executive Vice President of Global Media, and V. McMahon's wife, Linda McMahon, was the former President and CEO of the Company.

184. Individual Defendants S. McMahon and Levesque will not vote to initiate litigation against V. McMahon, their father/father-in-law. Individual Defendant S. McMahon is V. McMahon's daughter. Individual Defendant Levesque is S. McMahon's husband and V. McMahon's son-in-law.

185. Individual Defendant Levesque – also known as Triple H – has been employed by V. McMahon in some capacity for over twenty-five years.

186. Individual Defendants S. McMahon, Levesque, and Riddick's principal occupations are executive officers of WWE, pursuant to which they have

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received millions of dollars in compensation and stand to gain millions more. They will not vote to initiate litigation against V. McMahon and risk this income.

187. The Company's most recent Proxy Statement admits that Individual Defendants V. McMahon, S. McMahon, Levesque, and Riddick are not independent.

188. Individual Defendants also admit that because "[a] substantial majority of the issued and outstanding shares of Class B common stock is owned beneficially by [Defendant V.] McMahon," "he controls a majority of the voting power of [WWE] common stock and can effectively exercise control over [WWE's] affairs." As such, each of the Directors, including Non-Parties Nardini, Pamon, Koonin, Khan, and Schell, are not independent and owe their appointments to the Board to Individual Defendant V. McMahon who is the controlling shareholder of the Company.

COUNT I
Breach of Fiduciary Duty
Against the Individual Defendants

189. Plaintiff hereby incorporates the allegations in the foregoing paragraphs as if fully set forth herein.

190. The Individual Defendants owe the Company fiduciary obligations. By reason of their fiduciary relationships, the Individual Defendants owed and owe

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the Company the highest obligations of good faith, fair dealing, loyalty, and due care.

191. Moreover, the Individual Defendants willfully ignored the obvious problems with the Company's internal controls, practices, and procedures and failed to make a good faith effort to correct the problems or prevent their recurrence.

192. The Individual Defendants, together and individually, violated and breached their fiduciary duties of disclosure, good faith, and loyalty. Specifically, the Individual Defendants made materially false and misleading statements and failed to disclose that: (a) OSN was not generating revenue through its sports content and, as a result, was reconsidering the OSN Agreement and its relationship with WWE; (b) the Saudi government failed to make tens of millions of dollars in payments to the Company; (c) in December 2018, OSN terminated the broadcast of WWE programming effective March 31, 2019; (d) negotiations of a replacement media rights deal with the Saudi General Sports Authority had reached an impasse, and (e) as a result, WWE's operations in the MENA region were not expanding but rather were rapidly deteriorating.

193. The Individual Defendants further breached their fiduciary duties to Company shareholders by failing to take remedial action against the other

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Individual Defendants and by concealing the other Individual Defendants' fraudulent statements and material omissions.

194. As a direct and proximate result of the Individual Defendants' breaches of their fiduciary obligations, WWE has sustained significant damages, as alleged herein. As a result of the misconduct alleged herein, the Individual Defendants are liable to the Company.

195. Plaintiff, on behalf of WWE, has no adequate remedy at law.

COUNT II
Unjust Enrichment Against Individual Defendants
V. McMahon, Barrios, Wilson, and Gottesman

196. Plaintiff hereby incorporates the allegations in the foregoing paragraphs as if fully set forth herein.

197. Individual Defendants V. McMahon, Barrios, Wilson, and Gottesman owe the Company fiduciary obligations. By reason of their fiduciary relationships, these Individual Defendants owed and owe the Company the highest obligations of good faith, fair dealing, loyalty, and due care.

198. Individual Defendants V. McMahon, Barrios, Wilson, and Gottesman violated a breached their fiduciary duties by utilizing material, non-public information to sell over \$313 million worth of Company stock between November 2018 and February 2018.

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199. As a direct and proximate result of Individual Defendants V. McMahon, Barrios, Wilson, and Gottesman's breaches of their fiduciary duties, WWE has sustained significant damages.

200. As a result of the misconduct alleged herein, Individual Defendants V. McMahon, Barrios, Wilson, and Gottesman are liable to WWE, and must disgorge all profits from insider sales during the Relevant Period.

201. Plaintiff, on behalf of WWE, has no adequate remedy at law.

COUNT III
Aiding and Abetting Breach of Fiduciary Duty
Against the Individual Defendants

202. Plaintiff hereby incorporates the allegations in the foregoing paragraphs as if fully set forth herein.

203. By encouraging and accomplishing the illegal and improper transactions alleged herein and concealing them from the public, the Individual Defendants have each encouraged, facilitated and advanced their breaches of their fiduciary duties. In so doing, the Individual Defendants have each aided and abetted, conspired and schemed with one another to breach their fiduciary duties, waste the Company's corporate assets and engage in the ultra vires and illegal conduct complained of herein.

204. Plaintiff, on behalf of WWE, has no adequate remedy at law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment as follows:

A. Awarding money damages against all Individual Defendants, jointly and severally, for all losses and damages suffered as a result of the acts and transactions complained of herein, together with pre-judgment interest, molded in a fashion to ensure the Individual Defendants do not participate therein or benefit thereby;

B. Directing all Individual Defendants to account for all damages caused by them and all profits and special benefits and unjust enrichment they have obtained as a result of their unlawful conduct, including all salaries, bonuses, fees, stock awards, options and common stock sale proceeds, and imposing a constructive trust thereon;

C. Awarding punitive damages;

D. Awarding costs and disbursements of this action, including reasonable attorneys', accountants', and experts' fees; and

E. Granting such other and further relief as this Court may deem just and proper.

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