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Case No. 2024-0432-JTL

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

CITY OF PONTIAC REESTABLISHED GENERAL EMPLOYEES' RETIREMENT SYSTEM, Individually and on Behalf of All Others Similarly Situated, Plaintiff, v. VINCENT K. MCMAHON, NICK KHAN, PAUL LEVESQUE, GEORGE A. BARRIOS, STEVE KOONIN, MICHELLE D. WILSON, STEVE PAMON, MICHELLE R. MCKENNA, FRANK A. RIDDICK III, WORLD WRESTLING ENTERTAINMENT, LLC, TKO GROUP HOLDINGS, INC., and ENDEAVOR GROUP HOLDINGS, INC., Defendants.	C.A. No. 2024-0432-JTL PUBLIC VERSION FILED: APRIL 29, 2024

VERIFIED STOCKHOLDER CLASS ACTION COMPLAINT

PRICKETT, JONES & ELLIOTT, P.A.
Marcus E. Montejo (#4890)
Corinne Elise Amato (#4982)
Kevin H. Davenport (#5327)
John G. Day (#6023)
Seth T. Ford (#7051)
1310 King Street
Wilmington, DE 19801
(302) 888-6500

ROBBINS GELLER RUDMAN & DOWD LLP
Christopher H. Lyons (#5493)
Tayler D. Bolton (#6640)
1521 Concord Pike, Suite 301
Wilmington, DE 19803
(302) 467-2660

Attorneys for Plaintiff

Dated: April 24, 2024

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Plaintiff City of Pontiac Reestablished General Employees' Retirement System ("Plaintiff"), on behalf of itself and all other similarly situated former stockholders of World Wrestling Entertainment, Inc. ("WWE" or the "Company") by and through its undersigned counsel, brings this Verified Stockholder Class Action Complaint (the "Complaint") against: Vincent K. McMahon ("Vince McMahon" or "McMahon"), Nick Khan ("Khan"), Paul Levesque ("Levesque"), George A. Barrios ("Barrios"), Steve Koonin ("Koonin"), Michelle D. Wilson ("Wilson"), Steve Pamon ("Pamon"), Michelle R. McKenna ("McKenna"), Frank A. Riddick III ("Riddick"), World Wrestling Entertainment, LLC ("WWE LLC"), TKO Group Holdings, Inc. ("TKO"), and Endeavor Group Holdings, Inc. ("Endeavor").

The Complaint's allegations are based upon the investigation of counsel, including the analysis of publicly available information, such as press releases, news articles, filings made with the Securities and Exchange Commission ("SEC"), Wall Street research and analyst reports, and books and records produced by the Company in response to Plaintiff's demand pursuant to 8 *Del. C.* § 220, litigation in this Court to enforce that demand (the "§ 220 Action"), and upon Plaintiff's personal knowledge as to itself and its own actions.

NATURE AND SUMMARY OF THE ACTION

1. In April 2023, McMahon and the WWE board of directors (the "Board") approved a combination with a wholly owned subsidiary of Endeavor (the "Merger"). Endeavor owned and operated the Ultimate Fighting Championship ("UFC"). Upon the Merger's close on September 12, 2023, WWE and UFC were owned by a new combined company, TKO. Pursuant to the terms of the Merger, the voting control over and economic interests in TKO were separated through the issuance of Class A (economic and voting) and Class B (voting) shares. Endeavor was issued the Class B voting shares, obtaining a 51% controlling interest in TKO, while WWE stockholders received Class A shares in exchange for their Class A WWE stock, retaining the full economic interest in TKO but only a 49% voting stake in the new company. When the Merger closed on September 12, 2023, TKO Class A shares began trading on the NYSE.

2. This case alleges breaches of the duty of loyalty in connection with the Merger by WWE's conflicted controlling shareholder, McMahon (who held 81% of WWE's pre-Merger voting power), and the rest of the WWE directors at the time of the Merger, all of whom operated under a controlled mindset, none of whom were independent of McMahon, and some of whom were additionally conflicted through the receipt of tens of millions of dollars of material financial benefits through the

Merger. The Merger therefore triggers, and Defendants cannot satisfy, the entire fairness standard of review. Plaintiff seeks damages as a result of those breaches of fiduciary duty.

3. The Merger also triggered appraisal rights under 8 *Del. C.* § 262 ("Section 262") because the Merger consideration included a cash payment to WWE stockholders. Defendants, however, prevented WWE stockholders from seeking appraisal in connection with the Merger. Plaintiff therefore alleges a violation of Section 262 and brings related claims for breach of fiduciary duty, civil conspiracy, and aiding and abetting those breaches of fiduciary duty. Plaintiff also seeks quasi-appraisal to remedy this clear violation of Delaware law.

* * *

> "[T]here's only one boss at WWE. And it ain't me." WWE CEO and Director Nick Khan, days after McMahon returned to the Company and initiated a sale process in January 2023.

4. For decades leading up to the Merger, McMahon was subject to appalling claims of sexual misconduct – some of which trickled into the public realm, most of which he was able to conceal for years. McMahon was able to conceal his misconduct through non-disclosure agreements, multi-million dollar hush money payments to his victims, and a supporting cast of WWE executives, directors, and attorneys who were willing to clean up his messes and sweep them away. Between 2006 and 2023,

McMahon's alleged victims were paid at least *$29 million* for their silence, with much of that money coming from WWE itself. McMahon concealed these payments by failing to properly record them as Company expenses.

5. In March 2022, multiple members of the WWE Board received emails from a whistleblower, which explicitly articulated acts of sexual misconduct perpetrated by McMahon and another WWE executive – John Laurinaitis ("Laurinaitis"), WWE's head of talent relations – on a female employee working in WWE's legal department. The "Independent Directors" of the Board began looking into the matter. Board minutes show that McMahon defrauded the Board during that investigation, when he represented at a Board meeting on June 13, 2022 as follows: "Mr. McMahon [stated] that he used his personal funds to make such payments and that funds of the Company were not used therefor." That was false.

6. On the afternoon of June 16, 2022, [redacted] The day prior, the *Wall Street Journal* had published an explosive report entitled, "WWE Board Probes Secret $3 Million Hush Pact by CEO Vince McMahon, Sources Say," describing multiple "nondisclosure agreements involving claims by former female WWE employees of misconduct by Mr. McMahon." [redacted]

[redacted]

Given McMahon's recalcitrance, [redacted]

7. [redacted] soon-to-be interim WWE CEO Stephanie McMahon, Vince McMahon's daughter, left multiple voicemails and sent emails to the directors, stating, [redacted]

8. The events of June 16, 2022 proved to be just a speed bump in Vince McMahon's ongoing steamroll over the Company. *By January 6, 2023, less than six months later, McMahon saw to it that most of those eight independent directors were gone*. Four had resigned and McMahon had personally removed another two from the Company.

9. Stephanie McMahon's [redacted]

10. During McMahon's brief hiatus, the Special Committee (including Defendants Koonin and Pamon) conducted a sham investigation of the allegations against McMahon. The Special Committee facilitated the cover-up by ensuring that they received no written materials throughout the entirety of that committee's existence. The Special Committee did not interview McMahon's victims, did not reprimand or otherwise censure McMahon, received no interview memoranda, reviewed no evidence, made no factual findings, and issued no report.

11. The Special Committee then paved the way for McMahon's return by causing WWE to issue a misleading public statement on August 15, 2022 stating that the Special Committee's investigation into McMahon's sexual misconduct was "substantially completed." This misrepresentation was again contained in the Information Statement filed with the SEC on August 22, 2023 ("Information Statement") regarding the Merger. The internal corporate record belies that assertion. The Special Committee did not provide any recommendations to the full Board until October 27, 2022 and, even then, the Special Committee merely recommended that the investigation continue under the supervision of the Audit Committee, the

Compensation Committee, and a newly created Demand Committee.[1] No investigation had been "completed" in any sense of the word. But the release provided McMahon with an opening to return.

12. By December 2022, McMahon was facing massive potential liability and incurring significant costs in connection with his sexual misconduct. The SEC and U.S. Department of Justice ("DOJ") were investigating McMahon. On December 7, 2022, President Biden signed into law the Speak Out Act, which rendered McMahon's prior confidentiality agreements unenforceable. McMahon knew that the publicly available information about his transgressions represented just a fraction of the full story.

13. Enabled by Koonin, Pamon, and the rest of the Special Committee, on December 20, 2022, McMahon sent a publicly disclosed letter to the Board that used the purported completion of the Special Committee's investigation as justification for his return and commencement of a sale process. McMahon wrote, "*[n]ow that the completion of the special committee investigation has been publicly disclosed*, … it is critical for me to rejoin the Board as Executive Chairman to work alongside our

[1] References herein to the "Compensation Committee" refer to the "Compensation and Human Capital Committee of the Board of Directors."

management team *in leading the exploration of strategic alternatives* and media rights negotiations …."

14. The Board publicly responded to McMahon by confirming its unanimous view that McMahon's return at that time "would not be prudent from a shareholder value perspective." The board cited "a variety of factors, including non-public information the Board has become aware of and the risks to the Company and its shareholders of placing a greater spotlight on these issues."

15. At that point, McMahon knew that WWE was at a critical juncture for its long-term success. WWE management had been preparing to re-negotiate the media rights deals for WWE's two biggest programs, RAW and SmackDown. WWE's failure to do so could be disastrous; the previous media rights deals contributed as much as 86% of the Company's total revenue. McMahon used the Company's sensitivity to those important contracts by threatening to undermine their renewal unless he was placed back at the Company's helm. On December 31, 2022, McMahon replied to the Board's letter by stating that "unless I have direct involvement and input as Executive Chairman from the outset, I will not be able to support or approve any media rights deals or strategic transaction." Without McMahon's support, any contemplated media rights deals would be dead on arrival.

16. On January 5, 2023, McMahon exercised his 81% majority voting power to act by "written consent" and replace three members of the Board with himself and two loyalists and longtime WWE executives, Defendants Wilson and Barrios. For the directors he chose to remove, [redacted] McMahon then issued a press release announcing a "full review of the Company's strategic alternatives." In response, two directors, Man Jit Singh ("Singh") and Ignace Lahoud ("Lahoud"), tendered their resignations, indicating that "they did not agree with Mr. McMahon's return at this time." Despite the remaining directors' previous public statement that McMahon's return "would not be prudent from a shareholder value perspective," Khan, Levesque, Koonin, Pamon, and McKenna then reversed course and enabled McMahon's pursuit of a self-interested Merger.

17. The Company conceded on January 11, 2023 that, "[f]ollowing the changes to the composition to the Board [on January 5th], the Board ceased to be comprised of a majority of independent directors …." This disclosure was only partly correct. By this point, the Board consisted of eight members, *all of whom* were not independent of McMahon. The Board included McMahon; two conflicted current

WWE executives, one of whom was McMahon's son-in-law (Khan and Levesque); two former long-time WWE executives who owed their careers and livelihoods to McMahon (Barrios and Wilson); two directors who had recently covered for McMahon's sexual misconduct (Koonin and Pamon); and one ostensibly independent director (McKenna) who flip-flopped by initially stating that McMahon's return to run a sale process "would not be prudent from a shareholder value perspective," then turned around a few weeks later to enable McMahon to do exactly that.[2]

18. On the same day that McMahon publicly announced his return to the Company to run a sale process, January 5, 2023, Ari Emanuel ("Emanuel"), the CEO of Endeavor, reached out to his long-time friend. Emanuel had been McMahon's personal agent for over 23 years and the two had a longstanding and lucrative relationship. For years, Emanuel continued to do business with McMahon while McMahon was subject of claims of rape and sexual misconduct. Endeavor began due diligence on WWE shortly thereafter.

19. McMahon controlled the ensuing sale process. On January 17, 2023, less than two weeks after McMahon's return, WWE's CEO Khan remarked in an interview that McMahon had stacked the Board with loyalists specifically to avoid any

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[2] *See, e.g.*, *In re PLX Tech. Inc. S'holders Litig.*, C.A. No. 9880-VCL, at 47-48 (Del. Ch. Sept. 3, 2015) ("*PLX MTD Transcript*") (addressing allegations against flip-flopping directors).

potential special committee oversight in connection with upcoming merger negotiations. Khan explained:

> I think the way that he played it, to me, was smart, … in that he went away for five, six months, which people, meaning the audience, seems to like when somebody does that. *And he came back and took control back of his company* as a controlling shareholder. So it is a public company as in a publicly traded company. But *that controlling share gave him a lot of authority. And he used it, and I applaud him for doing so.*
>
> * * *
>
> Traditionally, so if you're looking at, [and] I'm sure you are, the News Corp/Fox potential re-merger, *you've seen that a special committee of the independent board has been assigned to oversee that process and to determine whether that's what's best for the shareholders. This is different, with the controlling shareholder, Vince is going to run that process*.
>
> *So to have board members in, who understood that with a controlling shareholder this is going to be the way it is, and people who would embrace that. I think, ultimately, that was the determining factor [for McMahon's return]*.

20. On February 7, 2023, Endeavor submitted an indication of interest to WWE, contemplating a combination of WWE and UFC that purported to value WWE at $88.43 per share. WWE granted Endeavor access to non-public due diligence just six days later.

21. McMahon's favoritism towards Endeavor harmed WWE's minority shareholders. On March 13, 2023, [redacted] submitted an indication of interest for an all-cash acquisition for $90.00-$97.50 per

share, and [redacted] submitted an indication of interest for $95.00-$100.00 per share – higher than Endeavor's then-existing $88.43 per share valuation of WWE. McMahon and his beholden management team used phony revenue synergies as justifications for declining to pursue those higher cash bids.

22. McMahon's pervasive control over the sale process and his insistence on remaining within top management resulted in a flawed and unfair process that excluded otherwise viable bidders. As McMahon confirmed when he was asked about his post-close Executive Chairman role at the combined company, "I love what I do. I've loved building WWE. All my life, it's my passion and to have an opportunity to have it grow like this exponential[ly], can't be better than that." Otherwise viable potential acquirers such as Disney and Netflix, however, would certainly not spend billions of dollars acquiring a company with the radioactive McMahon remaining at its helm. Endeavor was different. McMahon's longtime friends were unique in their willingness to grant McMahon the contractual ability to continue at the helm of the Company – Emanuel even welcomed McMahon's continued leadership. In contrast, no other bidder included McMahon's continuation as part of their buyout proposals for WWE.

23. On March 22, 2023, McMahon and Khan met with Emanuel and, with no supervision or oversight, simply agreed amongst themselves to complete a combination of WWE and UFC at the 49% (WWE) to 51% (Endeavor) ownership ratio. McMahon then successfully negotiated benefits for himself and his executive team, including McMahon's unique registration rights agreement (which he utilized to promptly liquidate $642 million in stock shortly after the close of the Merger), his new role as Executive Chairman of TKO "until his death, resignation or incapacity," post-acquisition employment for his management team, and the personal right to choose his team of WWE directors at TKO.

24. To further bolster his war chest, McMahon also insisted that the Merger include the payment of a "special dividend" of all of WWE's excess capital. This ensured McMahon would receive an additional $111 million in cash in connection with the Merger. Endeavor, on the other hand, sought to avoid appraisal rights in light of its majority ownership interest in the post-Merger entity.

25. The confidential Merger term sheets produced in response to Plaintiff's books and records demand reveal a calculated back-and-forth between Endeavor and WWE to circumvent WWE stockholders' statutory appraisal rights and disguise Merger consideration as a special dividend. Endeavor repeatedly included provisions in these term sheets dictating a misleading campaign of "investor messaging" on this

issue. But the "special dividend" was declared the same date the Merger closed, was payable only to the former WWE Class A common stockholders, and was later accounted for by TKO in public filings as "deferred consideration in the form of a dividend to former WWE shareholders." Moreover, through those term sheets, McMahon insisted on not only the dividend's payment, but also the ability to personally enforce its payment through the terms of the Merger itself.

26. McMahon was not done. In the final days before the approval of the Merger, at the same time that he was obtaining personal benefits from Endeavor, McMahon caused the WWE Board to grant him and his executive team Merger-related benefits as well. At McMahon's personal request, and with no negotiation or back-and-forth, on March 28, 2023 (four days before Board approval of the Merger), the WWE Compensation Committee (Defendants Koonin and Wilson) approved a new pay package for McMahon, gifted McMahon the rights to his "life story and related intellectual property," and awarded $40 million in "sale bonuses" to five executive officers, including $15 million to CEO Khan. McMahon's new "life story and related intellectual property" benefits represented a significant windfall to McMahon personally, one that he and other executives had previously been unable to secure from WWE.

27. On April 1, 2023, the Board approved the Merger. That next day, McMahon exercised his majority voting power over WWE and approved the Merger by written consent. On April 3, 2023, the companies publicly announced the Merger.

28. The Company issued an Information Statement on August 22, 2023, which included multiple material misrepresentations and omissions. In addition to the Information Statement's failure to inform stockholders of their appraisal rights, it also concealed that WWE management had prepared a set of reasonable, reliable, and achievable standalone operating projections, which WWE's President and CFO (Riddick) calculated – returned a valuation of WWE at [redacted] *per share*, representing [redacted] above the value Defendants placed on WWE in the Merger.

29. The Merger closed on September 12, 2023. On that day, TKO stock began publicly trading. The same day, TKO declared the special cash dividend, putting $111 million into McMahon's pocket.

30. On November 14, 2023, McMahon utilized the registration rights agreement he had negotiated in the Merger to sell approximately 8.4 million shares, which amounts to another $642 million for McMahon in Merger-related benefits. Endeavor caused TKO to purchase $100 million of McMahon's shares, funded by additional debt. McMahon's sale represented insider trading. When registering and

selling that stock, McMahon was privy to significant non-public information regarding the full extent of the allegations against him and the Company's ongoing negotiations on media rights deals. The last trading day before McMahon's sale was announced, TKO stock closed at $84.90 per share. One month later, it had dropped to $72.33 per share. McMahon, however, obtained expanded indemnification rights through the Merger, including a generous indemnification from TKO for material omissions in connection with McMahon's stock sales.

31. On January 25, 2024, one of McMahon's victims filed a federal lawsuit alleging sex trafficking in the District of Connecticut against McMahon, Laurinaitis, and WWE. The horrific details exposed in that complaint and the impending DOJ investigation for sex trafficking were too much for even McMahon to survive – and Emanuel could not save him. By that point, TKO/WWE had just announced a significant TV rights deal with Netflix and major sponsors were applying immense financial pressure. On January 27, 2024, McMahon resigned from his role at TKO, stating, "I stand by my prior statement that Ms. Grant's lawsuit is replete with lies, obscene made-up instances that never occurred, and is a vindictive distortion of the

truth." A few days later, it was widely reported that the DOJ had expanded its investigation of McMahon to include sex trafficking crimes.[3]

32. The Merger triggers, and Defendants cannot satisfy, the entire fairness standard of review. WWE's controlling stockholder pushed through an unfair and undervalued Merger for his own unique conflicts of interest. McMahon misused his controlling stake in the Company to lead an unfair sale process that was motivated by McMahon's pursuit and retention of personal benefits, including: (a) a contractual right to continue to as Executive Chairman of the post-Merger entity until death, resignation, or incapacity; (b) the contractual right to personally ensure the declaration of the special cash dividend; (c) the contractual ability to register and liquidate significant amounts of McMahon's holdings post-Merger; (d) a grant to McMahon, rather than WWE, rights to his "life story and related intellectual property"; and (e) the extinguishment of McMahon's derivative liability to WWE and expanded indemnification rights. The rest of WWE's controlled and beholden directors not only acquiesced, but also enabled McMahon's pursuit of personal benefits in connection

[3] McMahon's inability to survive the fallout from sex trafficking allegations does not negate his conflict in obtaining a post-close role with Endeavor to continue at the helm of WWE. "Humans do not always achieve the ends we seek. Failure does not imply that we did not pursue the means." *In re Rural Metro Corp.*, 88 A.3d 54, 100 (Del. Ch. 2014), *aff'd sub nom. RBC Cap. Markets, LLC v. Jervis*, 129 A.3d 816 (Del. 2015).

with the Merger. This action seeks damages as a result of the unfair Merger, as well as quasi-appraisal to remedy violations of Delaware law.

PARTIES

33. Plaintiff was a beneficial owner of WWE Class A common stock before the Merger and, in exchange, received TKO Class A common stock upon close of the Merger.

34. Defendant McMahon was WWE's controlling stockholder and Executive Chairman during the Merger. At the time of the Merger, McMahon held 28,682,948 shares of WWE Class B common stock and 69,157 shares of WWE Class A common stock for an approximate aggregate voting power of 81%. Following the Merger, McMahon continued to serve as Executive Chairman of TKO until he resigned on January 26, 2024, after a former WWE employee filed a federal sex trafficking complaint in the United States District Court of Connecticut.

35. Defendant Khan was WWE's Chief Executive Officer and a director at the time of the Merger. Between 2017 and 2018, Khan, in his role as an agent at Creative Artists Agency, represented WWE in its negotiations of the RAW and SmackDown media rights deals. In connection with those deals, Khan boasted that he successfully assisted WWE in increasing the value it received from those media rights by 360%. His media business acumen paid off. In 2020, McMahon hired Khan as

WWE's President and Chief Revenue Officer. On July 22, 2022, Khan was named co-CEO, along with Stephanie McMahon. When McMahon returned to the Company in January 2023, Khan was named sole CEO, while McMahon appointed himself Executive Chairman.

36. Khan's controlled mindset is exemplified by his glowing public praise of McMahon, including regarding McMahon's removal of multiple of Khan's fellow directors and McMahon's handling of sexual misconduct allegations. Khan made numerous public statements about how he "applauds" McMahon for utilizing his controlling voting power to effectuate a coup at WWE. As reasoned by Khan, "[WWE is McMahon's] company. So to me, WWE is Vince, Vince is WWE, and we're going to do the best we can to keep building the company." In addition, in a January 17, 2023 interview, Khan was asked if he was "worried about more revelations coming out about Vince that will be unflattering." Despite the Board (including Khan) issuing a press release just one month earlier stating that it had become "aware" of significant "non-public information" regarding McMahon's "conduct," and despite McMahon's misrepresentations to the Board, Khan replied as follows: "It feels like whatever happened, happened and it's out there. And people know I've always found him [McMahon] to be a very honest broker with this stuff. So even when the process started last summer, there was nothing that he hid, there was

nothing that he covered up. I think he was very honest about it and I appreciated that, and I think a lot of other folks did too."

37. In connection with the Merger, Khan was rewarded by McMahon for his loyalty. Khan became the President of post-close WWE, now a subsidiary of TKO. At McMahon's request, Khan received a $15 million cash "Sale Bonus" upon the close of the Merger. As also described in further detail herein, Khan repeatedly placed his loyalty to McMahon and McMahon's wishes above Khan's obligations to act in the best interest of WWE stockholders.

38. Defendant Levesque was WWE's Chief Content Officer and a director at the time of the Merger. Levesque joined WWE as a wrestler in 1995, under the stage name "Hunter Hearst Helmsley," or "Triple H." In 2010, Levesque joined the corporate side of WWE's business as the senior vice-president of Talent Development and was quickly promoted in 2011 to head of the Talent Development department. In 2019, Levesque – a five-time Intercontinental Champion and two-time Royal Rumble match winner – was inducted into the WWE Hall of Fame.

39. Levesque is Vince McMahon's son-in-law by way of Levesque's marriage to Stephanie McMahon. Levesque and Stephanie McMahon married in 2003 and have three children together. Levesque has amassed very significant wealth due to gifts from Vince McMahon. As of the time of the Merger, Levesque and Stephanie

McMahon held 1,849,393 Class B shares that were gifted from Vince McMahon to a 2008 trust called the "Stephanie McMahon Levesque Trust u/a Vincent K. McMahon Irrevocable Trust dtd. 12/23/2008." As of January 6, 2023, those shares had a market value of over *$155 million*. Levesque was also personally rewarded by McMahon for his loyalty. In connection with the Merger, at McMahon's request, Levesque received a "Sale Bonus" of $5 million. Levesque also obtained a post-Merger role at WWE/TKO as "Chief Content Officer." As also described in further detail herein, Levesque repeatedly placed his loyalty to McMahon and McMahon's wishes above Levesque's obligations to act in the best interest of WWE stockholders.

40. Defendant Barrios was a director of WWE at the time of Merger. Barrios was one of the three hand-selected directors that McMahon placed on the Board on January 5, 2023. Barrios previously served as an executive and at times, a director, of WWE between March 2008 to January 2020. During this time, Barrios received approximately $32 million in total compensation from WWE. Between January 2020 and January 5, 2023, Barrios Co-founded Isos Capital Management with Wilson. As described in further detail herein, Barrios repeatedly placed his loyalty to McMahon and McMahon's wishes above Barrios' obligations to act in the best interest of WWE stockholders.

41. Defendant Koonin was WWE's "Lead Independent Director" and the Chair of the Compensation Committee. As described in further detail herein, Koonin repeatedly placed his loyalty to McMahon and McMahon's wishes above Koonin's obligations to act in the best interest of WWE stockholders. McMahon rewarded Koonin for his loyalty by selecting him as a director of TKO. Koonin is currently TKO's Lead Independent Director.

42. Defendant Wilson was a director of WWE at the time of Merger. Wilson was one of the three hand-selected directors that McMahon placed on the Board on January 5, 2023. In the year 2000, McMahon named Wilson as Vice President of Marketing for the original XFL (a football league founded and controlled by McMahon). Wilson previously served as an executive of WWE between February 2009 to January 2020, where she received at least $24.6 million in total compensation from WWE.[4] Between January 2020 and January 5, 2023, Wilson Co-founded Isos Capital Management with Barrios. As described in further detail herein, Wilson repeatedly placed her loyalty to McMahon and McMahon's wishes above Wilson's obligations to act in the best interest of WWE stockholders.

[4] Although Wilson was an executive of WWE in 2009, 2010, 2013, 2014, and parts of 2020, Wilson's compensation during those years was not disclosed in the Company's annual proxy statements.

43. Defendant Pamon was a director of WWE at the time of Merger. Pamon was elected to the Board on September 1, 2020. He was a member of the Audit Committee and the Chair of the Governance and Nominating Committee. Pamon was also a member of the Special Committee that failed to meaningfully investigate the allegations against McMahon. As described in further detail herein, Pamon repeatedly placed his loyalty to McMahon and McMahon's wishes above Pamon's obligations to act in the best interest of WWE stockholders.

44. Defendant McKenna was a director of WWE at the time of the Merger. According to the Company's April 7, 2023 Proxy Statement, McKenna is "a senior advisor at Evercore." McKenna works in "Evercore's strategic advisory business with a focus on technology, entertainment and sports." McKenna began her tenure as a director of WWE on September 15, 2022, following the resignation of two Special Committee members during the course of the Board's investigation into McMahon's sexual misconduct. As described in further detail herein, McKenna repeatedly placed her loyalty to McMahon and McMahon's wishes above McKenna's obligations to act in the best interest of WWE stockholders.

45. Defendant Riddick was the Company's President and CFO at the time of the Merger. In connection with the Merger, Riddick received a $5 million Sale Bonus. As described in detail herein, Riddick breached his fiduciary duties in

multiple respects and placed his loyalty to McMahon above his obligations to WWE stockholders.

46. Defendants WWE LLC and TKO: WWE LLC was formerly known as WWE and was converted to WWE LLC after it was merged with and into Whale Merger Sub Inc. (referred to as "Merger Sub") and became a wholly owned subsidiary of TKO, which was called New Whale Inc. or "New PubCo" at the time. WWE, now a direct wholly owned subsidiary of TKO, is an entertainment company that was incorporated in Delaware and headquartered in Stamford, Connecticut.

47. Defendant Endeavor is a Delaware corporation headquartered in Beverly Hills, California. Endeavor has four segments: (i) Owned Sports Properties; (ii) Events, Experiences & Rights; (iii) Representation; and (iv) Sports Data & Technology.

48. Endeavor is a controlled company. At the time of the Merger, Endeavor's controller, private equity fund Silver Lake Partners, L.P. ("Silver Lake"), held 70.9% of the voting power. On April 2, 2024, Endeavor and Silver Lake agreed to an acquisition, whereby Silver Lake will acquire the shares of Endeavor that it does not already own for $27.50 per share. As discussed below, Endeavor's CEO, Emanuel, has maintained both a personal and professional relationship with McMahon for over twenty years, including acting as McMahon's agent for over 23 years.

SUBSTANTIVE ALLEGATIONS

I. BACKGROUND OF THE COMPANY

49. WWE is an entertainment, media and professional-wrestling promotion company. It holds live wrestling events, distributes wrestling content, sells pay-per-view programs, and sells consumer products, among other things.

50. WWE's controlling stockholder, McMahon, is a third generation wrestling entertainment promoter. Between the 1920s and 1954, Vince's grandfather, Jess McMahon, promoted wrestling matches at Madison Square Garden through an entity named Capitol Wrestling Corporation. In 1954, Vince's father, Vincent James McMahon ("Vince Sr."), took over Capitol Wrestling Corporation. In 1964, Vince Sr. began promoting events under the moniker the World Wide Wrestling Federation.

51. In 1969, Vince Sr. offered his son, Defendant McMahon, a position as a ring announcer for World Wide Wrestling Federation (later called World Wrestling Federation and eventually WWE). In 1982, Vince Sr. sold WWE to his son, Defendant Vince McMahon.

52. On October 19, 1999, WWE conducted an initial public offering. Since that time, McMahon's wife, Linda McMahon, and McMahon's children, Stephanie McMahon and Shane McMahon, have at times served as executives and wrestling performers for WWE.

53. WWE's two flagship programs are RAW and SmackDown, which are filmed wrestling programs. At the time of the Merger, RAW was a three-hour program that aired on Mondays on USA Network, while SmackDown was a two-hour primetime program that aired on Fridays on Fox Network. The Company also produces a wrestling program called NXT. At the time of the Merger, NXT was a two-hour live primetime program that aired on Tuesday on USA Network. RAW, SmackDown, and NXT are WWE's core revenue producing content.

54. WWE's primary source of revenue comes from the media rights deals for this core content. According to the Company's annual report for the year ended 2022, "[m]edia net revenues were $1,033.9 million, $936.2 million and $868.2 million, representing 80%, 85% and 89% of total net revenues in 2022, 2021 and 2020, respectively."

55. WWE also generates revenue from live showings of the core content. According to the Company's annual report for the year ended 2022, revenue from live events, "were $123.1 million, $57.8 million and $19.9 million, representing 10%, 5% and 2% of total net revenues in 2022, 2021 and 2020, respectively."

56. Another significant source of revenue for WWE is derived from the sale of consumer products such as merchandising and video game licensing. According to the Company's annual report for the year ended 2022, revenue from "[c]onsumer

[p]roducts were $134.5 million, $101.2 million and $86.1 million, representing 10%, 9% and 9% of total net revenues in 2022, 2021 and 2020, respectively."

II. MCMAHON CONTROLLED WWE

57. WWE maintained two classes of common stock: Class A common stock, which was entitled to one vote per share, and Class B common stock, which was entitled to ten votes per share. McMahon held 92.2% of the Company's Class B common stock and his wife and daughter held the remaining 7.8%.

58. According to NYSE Listing Standards, WWE was a "controlled company" by virtue of McMahon's ownership of approximately 81% of the voting power of its common stock and 38.6% ownership of WWE's outstanding equity. WWE conceded in its most recent Form 10-K before the Merger (filed on February 2, 2023) that McMahon "has a controlling interest in the Company due to his ownership of a substantial majority of our Class B common stock and [his] interests could conflict with those of our Class A common stockholders."

59. McMahon was also Chair of the WWE Executive Committee. Under the Company's Amended and Restated By-Laws dated January 5, 2023, McMahon granted his Executive Committee with expansive powers:

> **Section 3.02 <u>Powers</u>**. During the intervals between the meetings of the Board of Directors, the Executive Committee, except as otherwise provided by applicable provisions of the General Corporation Law of the State of Delaware, shall have and may exercise all the powers and

> authority of the Board of Directors in the management of the property, affairs and business of the Corporation....

60. At every available opportunity, Khan would further confirm that McMahon yielded full control over the Company's affairs. As Khan stated in an interview in January 2023, "You know, my thought has always been, there's only one boss at WWE. And it ain't me." Similarly, when Khan was asked by Stephen A. Smith of ESPN on March 30, 2023 the following question about Khan's career trajectory, "obviously you transitioned from [being an agent] to running the WWE, why did you decide to leave the agent business and take that role?", Khan immediately corrected Smith: "Well, just one note on that, *I don't run the WWE, there's only one person who actually runs the WWE, Vince McMahon*."

III. A CONFLUENCE OF SEXUAL MISCONDUCT CLAIMS TEMPORARILY DISLODGES MCMAHON AT WWE

A. McMahon Engages in Appalling Sexual Misconduct While at the Helm of WWE

61. The DOJ has been investigating McMahon regarding years of unlawful sexual misconduct directed at WWE employees and contractors. The *Wall Street Journal* has reported on a recent grand jury subpoena that described a series of victims as follows:

> The other women named in the grand jury subpoena include a WWE contractor whom McMahon allegedly sent unsolicited nude photos and sexually harassed; a former WWE wrestler who said McMahon coerced her into giving him oral sex; former WWE referee Rita Chatterton, who

> publicly accused McMahon of raping her; a spa manager who said McMahon assaulted her at a Southern California resort; and a former WWE employee who alleged the head of talent relations at the company at the time, John Laurinaitis, demoted her after she broke off an affair with him.

62. McMahon was able to conceal his misconduct through non-disclosure agreements, multi-million-dollar hush money payments, and the efforts of multiple WWE executives, directors, and attorneys who were willing to assist him. Between 2006 and 2023, McMahon paid at least *$29 million* to silence his alleged victims, at least some of which he used Company funds to pay.

63. According to claims made by one of his victims, Janel Grant ("Grant"): "On February 4, 2022, Ms. Grant was wired $1,000,000 as the first installment of the NDA," which was "sent with originator described as 'Vincent K. McMahon C/O WWF…', and originator address '1241 EAST MAIN STREET, STAMFORD, CONNECTICUT, 06902 UNITED STATES.'" WWE's corporate headquarters exist at that same address.

64. McMahon's misconduct at WWE was further described in appalling detail in Grant's January 25, 2024, sex trafficking complaint against McMahon, Laurinaitis, and WWE. In her complaint, Grant alleged that "McMahon and Laurinaitis recruited, enticed, obtained, provided, maintained, supervised, or otherwise solicited Ms. Grant to engage in sexual conduct with the assurance that Plaintiff would

be given a position at WWE, job security within the WWE, and advancement within the WWE." According to Grant's complaint, she was "coerced into signing [an] NDA" in return for $3 million to be paid out in three installments.

65. Grant's detailed claims were corroborated by the ensuing fallout as a result of her lawsuit. McMahon resigned from his position the day after Grant's complaint was filed. The next week, the *Wall Street Journal* reported that "Federal authorities have been investigating sexual assault and sex trafficking allegations against WWE co-founder Vince McMahon, according to people familiar with the investigation."

66. Grant alleged in her complaint that "WWE employees, executives, and Board Members were aware of McMahon's exploits involving Plaintiff." She alleged, "WWE employees benefited financially in helping to assist support and facilitate the commercial sex act of McMahon in that WWE's culture revolved around trust relationships, increased status with McMahon and prioritizing the protection of the company."

67. Grant also identified Khan as a specific example of "the numerous executive level and board members who were privy to McMahon's involvement with Ms. Grant, as well as his prior incidents involving sexual misconduct." Grant's complaint originally referred to Khan as "WWE Corporate Officer No. 1," but after an

article in *TheStreet* reported as to Khan's likely identity, Grant's attorney confirmed that "WWE Corporate Officer No. 1" was indeed Khan.

68. According to Grant's complaint, "McMahon had met privately with [Khan] and WWE Corporate Officer No. 2 and advised these individuals of McMahon's connection to Ms. Grant.… McMahon continued this conversation by detailing to Ms. Grant that they [Khan and another executive] had expressed concern but were ultimately supportive."

B. The March 2022 Emails Finally Prompt a Board Investigation

69. Multiple members of the Board received a series of emails describing McMahon's misconduct in March 2022. According to a *Wall Street Journal* report, the March 2022 emails told the story of a former WWE paralegal (likely Grant) whose salary was doubled after beginning a relationship with McMahon.

70. Approximately a month after the March 2022 emails were shared with the Board, on April 19, 2022, the Board finally began an investigation. Over the next two months, a group of purportedly independent directors composed of Koonin, Pamon, Singh, Erika Nardini, Lahoud, Connor Schell, Jeffrey Speed, and Alan Wexler (described by the Company as the "Independent Directors") met with legal advisors from Simpson Thacher & Bartlett LLP ("Simpson Thacher") to discuss the March 2022 emails.

71. On June 13, 2022, the Independent Directors held a meeting with McMahon in attendance for part of the meeting. As reflected in the meeting minutes, McMahon made the following statement:



72. This italicized language was false. As described above, McMahon caused WWE to make some of those payments, even causing cash to be wired to Grant from WWE's corporate headquarters.

73. Indeed, WWE later publicly disclosed in a filing on July 25, 2022, "[t]he Company has made a preliminary determination that certain payments that Vince McMahon agreed to make during the period from 2006 through 2022 (including amounts paid and payable in the future), and that were not recorded in the WWE consolidated financial statements, *should have been recorded as expenses in the quarters in which those agreements were made*."

74. There is no record that the Independent Directors, or the eventual Special Committee, took any action to reprimand or otherwise censure McMahon for making materially false statements during the course of their investigation.

75. There is no record that the Independent Directors asked for documents directly from McMahon during their investigation. There is no record that they contacted or interviewed any of McMahon's victims. They received no written materials in connection with their meetings.[5] The record does not reflect that the Independent Directors (including Koonin and Pamon) did anything at all, other than hold a few meetings where McMahon showed up and lied to them without repercussion.

C. The *Wall Street Journal*'s Spotlight on McMahon's Sexual Misconduct Forces McMahon Out of WWE

76. On June 15, 2022, the *Wall Street Journal* published its article titled "WWE Board Probes Secret $3 million Hush Pact by CEO Vince McMahon, Sources Say." The article posed a serious problem for McMahon and the WWE directors. Sponsors, media rights partners, and the general public were now aware of specific details concerning the allegations. This spotlight levied pressure on the Independent Directors to create a public perception that they were taking action.

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[5] In Plaintiff's § 220 Action, the Company agreed in writing that it "will produce all non-privileged presentations, materials, or written reports provided to directors in connection with, or during, Board or Committee meetings related to the Board's and/or Committee's investigation into any alleged sexual misconduct by Vince McMahon, as well as the minutes for such meetings." The Company produced *zero* Board-level "presentations, materials, or written reports" from April 2022 through June 2022. The Company's privilege log contains no entries reflecting any such written materials during that time period.

77. The day the *Wall Street Journal* article became public, the Board – including McMahon – met and created a new "Special Committee," composed of the eight Independent Directors already purporting to investigate McMahon (including Koonin and Pamon). The Board formed the Special Committee because it had "recently received specific information substantiating aspects of [McMahon's sexual misconduct]." McMahon sat in on the Board meeting establishing the special committee to investigate his misconduct.

78. As noted above, the next day, June 16, 2022, [redacted]



79. In response, Stephanie McMahon [redacted]

[redacted]

80. At the late-night Special Committee meeting on June 16, 2022, representatives from Simpson Thacher shared a press release [redacted] The draft press release officially announced their investigation into Vince McMahon's sexual misconduct, his temporary resignation as CEO and Chairman of the Board, his continued involvement in WWE's creative content, and Stephanie McMahon's ascension to interim CEO and Chair of the Board. The press release included a quote from Vince McMahon: "I have pledged my complete cooperation to the investigation by the Special Committee, and I will do everything possible to support the investigation. I have also pledged to accept the findings and outcome of the investigation, whatever they are[.]" On June 17, 2022, WWE and the Board filed the press release.

D. The Special Committee's "Investigation" Continues

81. As with that of the Independent Directors, the Special Committee's "investigation" of McMahon was listless. The Special Committee was formally granted the "full power and authority of the Board, to the fullest extent permitted by

law, to investigate [McMahon's misconduct], including, without limitation, by making requests for and procuring and reviewing all documents and materials in connection therewith and engaging in interviews of directors, officers, employees or agents of the Corporation or other persons who are the subject of, and who otherwise involved in, [McMahon's misconduct]."

82. Yet, through the course of its "investigation," there is no record that the Special Committee contacted or interviewed any of McMahon's victims. They received no written materials in connection with their meetings. They issued no written report. They were given no evidence to review at any meeting. They received no interview memoranda. They made no formal findings. With respect to McMahon, there is no record that they did anything of consequence at all. The Special Committee (including Koonin and Pamon) facilitated a cover-up for McMahon by ensuring that there was no substantive record of *anything* they actually did in connection with their "investigation."[6]

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[6] Again, in Plaintiff's § 220 Action, the Company agreed in writing that it what it "will produce all non-privileged presentations, materials, or written reports provided to directors in connection with, or during, Board or Committee meetings related to the Board's and/or Committee's investigation into any alleged sexual misconduct by Vince McMahon, as well as the minutes for such meetings." The Company produced *zero* Special Committee "presentations, materials, or written reports" from its establishment in June 15, 2022 to its purported disbandment in August 2022. The Company's privilege log contains no entries reflecting any such written materials given to the Special Committee during that time period.

83. On August 9, 2022, the Company announced that it had failed to timely file its Form 10-Q. The Company was attempting to evaluate the accounting impact of previously unrecorded McMahon hush-money payments to female victims and additional unrecorded expenses of $5 million (ultimately identified as being McMahon's payments to the now-dissolved Donald J. Trump Foundation). The Company concluded: "As a result of the circumstances described above, the Company is unable to file, without unreasonable effort and expense, its Form 10-Q for the quarterly period ended June 30, 2022."

E. WWE Misleadingly Claims that "The Special Committee Investigation is Substantially Complete"

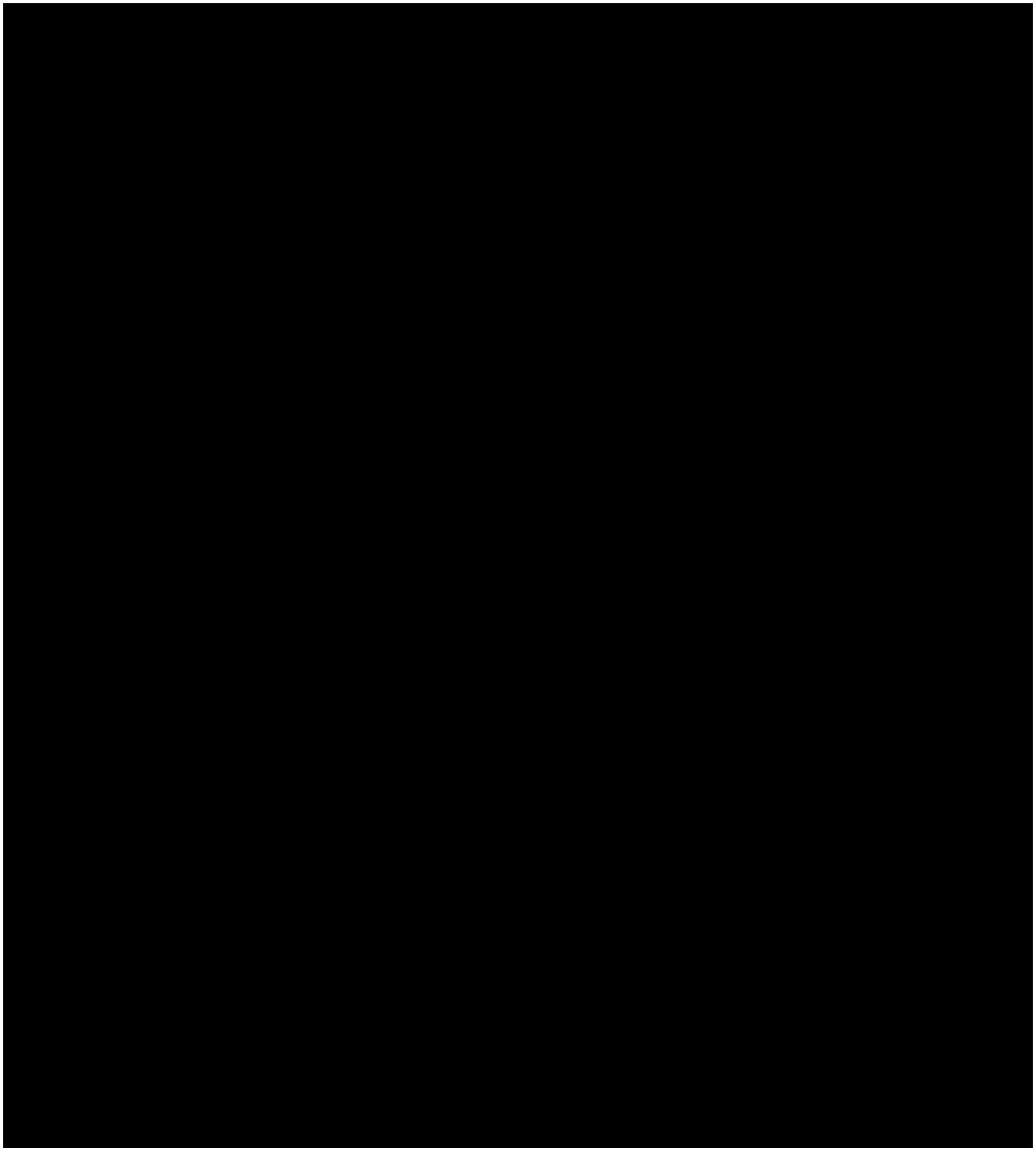
84. On August 15, 2022, the Company belatedly filed its Form 10-Q. The Company stated that it had identified a material weakness in its disclosure controls regarding McMahon's hush-money payments. The Company then included the following statement *eight times* in that Form 10-Q: "The Special Committee investigation is substantially complete." This misleading claim would pave the way for McMahon's return just a few months later. Defendants repeated the same misleading statement in the Information Statement regarding the Merger.

85. The investigation, however, was not complete. The Special Committee had neither received nor issued any report, final or otherwise. Special Committee minutes show that just the day prior, August 14, 2022, the Special Committee met and

"reviewed and considered next steps in connection with the investigation." The minutes say nothing about an investigation about to wrap up. Even after the Form 10-Q was filed, the Special Committee continued to meet. On August 23, 2022, the Special Committee's counsel brought up "new developments" and discussed "potential next steps."

86. The Company's public representation that the "[t]he Special Committee investigation is substantially complete" was further misleading because it indicated that the aboard as a whole had finished its investigation of McMahon. But the Special Committee simply transferred its investigation over to multiple different Board committees, including the Audit Committee, Compensation Committee, and a newly formed Demand Committee.

87. On October 27, 2022, the full Board held a meeting, wherein the Special Committee disbanded and the Board transferred the investigation pursuant to the "Recommendations of the Special Committee," attached as an Exhibit to those meeting minutes:



88. These Special Committee recommendations about [redacted]

[redacted] further undermine the Company's representation that the investigation of McMahon was "substantially complete[d]" two months earlier.

89. In resolutions accompanying the October 27, 2023 Board meeting minutes, the Board established the Demand Committee and tasked it with "evaluat[ing] remedies against … McMahon for any financial harm caused by [him] to the Company." According to the October 27, 2023 Board resolutions, the Demand Committee [redacted]

90. As described below, when returning to the Company a few months later, McMahon repeatedly touted that "*the special committee of the Board has concluded its investigation* and presumably all of its material findings have been publicly disclosed by the Company …." Similarly, when Emanuel was asked about his decision to allow McMahon to remain as Executive Chairman after the Merger, he was quoted as stating, "I believe in due process. There was an investigation. *There was no wrongdoing found*. So we move on." The misrepresentations thereby enabled

McMahon to return to the Company and personally conduct an unfair sale process, which culminated in the Merger.

IV. MCMAHON PLOTS A RETURN TO RUN A SALE PROCESS

A. McMahon Faces Significant Legal and Financial Pressures

91. Late 2022 marked a period of new laws that expanded the rights to victims of sexual harassment and assault. On December 7, 2022, President Biden signed into law the Speak Out Act. The Speak Out Act invalidated non-disclosure agreements concerning a sexual assault dispute or sexual harassment disputes that were "agreed to before the dispute arises." 42 U.S.C. § 19403(a). McMahon allegedly stopped making payments to Janel Grant shortly after the Speak Out Act was enacted.

92. A few months earlier, on September 19, 2022, California enacted the Sexual Abuse Cover Up Accountability Act, which gave adult victims of sexual offenses whose statute of limitations had lapsed an expanded three-year grace period in which to file claims. Similarly, in May 2022, New York enacted the Adult Survivors Act, which contained similar provisions to the California law, but the statute of limitations grace period was one-year, set to begin on November 24, 2022 and end on November 24, 2023.

93. On December 13, 2022, the *Wall Street Journal* published an article entitled, "WWE's Vince McMahon Faces Fresh Demands From Women Alleging Sexual Abuse." The article explained that "[i]n a Nov. 3 demand letter to Mr. McMahon's representative, a lawyer for former wrestling referee Rita Chatterton asked for $11.75 million in damages after she publicly accused Mr. McMahon three decades ago of raping her in a limousine." It also reported that "[i]n a separate November email to Mr. McMahon's attorney, a lawyer for a former spa manager said that Mr. McMahon assaulted his client in 2011 at a California resort, an incident previously unreported in the media." The *Wall Street Journal* article cited both the New York and California laws as providing the basis for these victims to reassert their claims against McMahon.

94. In addition to those significant legal threats, the DOJ and SEC probes into McMahon's misconduct and hush money payments continued. McMahon also faced substantial derivative liability and the Company had received multiple books and records demand letters premised on McMahon's sexual misconduct allegations, including Plaintiff's August 1, 2022 books and records demand.

B. McMahon Stages a Management Takeover and Returns to WWE to Conduct a Sale Process

95. On December 20, 2022, McMahon wrote a letter to the Board to announce his return. As noted, McMahon specifically cited the purported end to the

Special Committee's investigation as clearing his path, writing: "*Now that the completion of the special committee investigation has been publicly disclosed*, I believe WWE has a unique opportunity during this critical juncture to maximize value for its shareholders and all other stakeholders." McMahon continued:

> I firmly believe that the best thing to do for all of WWE's shareholders and other stakeholders is to undertake a comprehensive review of strategic alternatives.
>
> * * *
>
> For these reasons, it is critical for me to rejoin the Board as Executive Chairman to work alongside our management team in leading the exploration of strategic alternatives and media rights negotiations ….

96. On December 27, 2022, the Board met telephonically, wherein the Board "agreed that Mr. McMahon could participate in the strategic review process but *did not believe it was in the Company's interest for him to return to the Company at this time.*" The Board then reviewed and unanimously approved a draft letter to McMahon, which cited its fiduciary duties as the basis for rejecting McMahon's return to executive management at WWE:

> As you know, it is our fiduciary obligation to continue to act in a way we believe is in the best interests of the Company and its shareholders.
>
> * * *
>
> Although we welcome your participation in the launch of a strategic alternatives review process, *it is also our unanimous view that your return to the Company at this time, while government investigations into your conduct by the U.S. Attorney's Office and SEC are still pending,*

> *would not be prudent from a shareholder value perspective*. This determination is based on a variety of factors, *including non-public information* the Board has become aware of and the risks to the Company and its shareholders of placing a greater spotlight on these issues.

97. McMahon responded by letter on December 31, 2022, again pointing to the purported conclusion of the Special Committee's investigation:

> There is no rationale for your position that my return to the Company "would not be prudent from a shareholder value perspective." … *[T]he special committee of the Board has concluded its investigation* and presumably all of its material findings have been publicly disclosed by the Company, and nothing has been communicated to me about any matter that would prevent me from returning to the Board.

98. McMahon concluded the letter by threatening that he could not support a sale or renegotiated media contracts without his "direct involvement and input as Executive Chairman":

> I would like to be clear that unless I have direct involvement and input as Executive Chairman from the outset, I will not be able to support or approve any media rights deals or strategic transaction ... it would be improper for the Company or Board to take material steps towards any media rights deal without WWE shareholder support.…
>
> I also feel that it is necessary to clearly state my position that, in light of the fundamental nature of WWE's media rights to the core value proposition and purpose of WWE, it would be improper for the Company or Board to take material steps towards any media rights deal without WWE shareholder support (particularly considering that a very clear majority of the voting power explicitly opposes the Company taking these steps without shareholder support).

99. The Company's very future depended on the successful negotiation of these deals, but McMahon's involvement made little sense. As the Board had correctly pointed out four days earlier, McMahon's legal troubles were continuing to mount. In addition, the current executive team already had a wealth of experience in negotiating WWE's media rights deals. As noted above, it was Khan's deep knowledge and experience in negotiating media rights deals which lead to a 360% increase in value of the RAW and SmackDown media deals for the Company and was precisely the reason WWE poached him from Creative Artists Agency.

100. On January 5, 2023, McMahon implemented his management takeover by utilizing his majority voting power to remove by written consent three Board members and replace them with himself and two loyal longtime WWE executives, Barrios and Wilson. As noted above, McMahon targeted the members of the [redacted] Also on January 5th, McMahon amended the Company's bylaws. These changes include:

> [(A)] provide that each director on the Board receive notice of meetings of committees of the Board; … [(B)] prohibit the Board from amending, altering, repealing or re-adopting any bylaw adopted, amended, altered or repealed by the stockholders of the Issuer; … [and] [(C)] require approval of the stockholders of the Issuer prior to the Issuer (i) entering into, materially modifying or taking certain other actions with respect to

> certain media rights contracts or transactions, (ii) issuing stock or other voting securities (subject to certain exemptions) or (iii) entering into, modifying or taking certain other actions with respect to any contract or transaction that includes a "change of control" or similar provision related to the composition of the Board.

101. The Board held a meeting on January 6, 2023. Despite issuing a statement ten days earlier that McMahon's return was not in the best interests of the Company, the Board met and concluded that "[i]t was the consensus of the Board that the re-election by the Board of these individuals [McMahon, Barrios, and Wilson] should be done."

102. Later that day, on January 6, 2023, Singh and Lahoud, who had already threatened to resign in June 2022, tendered their resignation, indicating that "[w]hile [they] agreed with the Board's decision to explore the Company's strategic alternatives, they did not agree with Mr. McMahon's return at this time."

103. On January 9, 2023, the Board held a meeting. As the minutes state: "The meeting had two purposes. [1], [f]or Mr. McMahon to review, and the Board to approve, his appointment as Executive Chair and the scope of his activities in that capacity and [2], to appoint members to standing Board committees." The Board approved McMahon's role as Executive Chair. Despite issuing a public statement just thirteen days earlier that cited their "fiduciary obligation" in pointing out that it was their "unanimous view that [McMahon's] return to the Company at this time … would

not be prudent from a shareholder value perspective," directors Khan, Levesque, and Koonin again reversed course and voted in favor. Pamon was unable to attend the meeting. McKenna abstained. Neither ever voiced objection.

104. The next day, Stephanie McMahon, resigned from the Board and as Co-CEO.

105. As a result of the overall Board shakeup, on January 11, 2023, the Company acknowledged in a Form 8-K: "Following the changes to the composition to the Board described above, *the Board ceased to be comprised of a majority of independent directors* and the Company has elected to avail itself of the 'controlled company' exemption from the listing requirement under the rules of the New York Stock Exchange that a majority of the board of directors consists of independent directors."

106. McMahon was so confident in the loyalty of his new hand-selected Board that, on January 16, 2023, McMahon repealed the amended bylaws that he had just enacted. According to a Form 8-K announcing the repeal, McMahon had "informed the Company of his view that there is substantial alignment among the Board and management concerning the decision to conduct a review of strategic alternatives amid the Company's upcoming media rights cycle and that the Company's corporate governance will properly enable and support stockholder rights."

V. MCMAHON LEADS AN UNFAIR SALE PROCESS THAT FAVORS ENDEAVOR

A. McMahon Controls the Sale Process

107. McMahon controlled the ensuing sale process. On January 17, 2023, less than two weeks after McMahon's return, WWE's CEO Khan explained in an interview that McMahon had stacked the Board to avoid any special committee oversight in connection with upcoming merger negotiations. Khan stated:

> I think the way that he played it, to me, was smart, … in that he went away for five, six months, which people, meaning the audience, seems to like when somebody does that. *And he came back and took control back of his company* as a controlling shareholder. So it is a public company as in a publicly traded company. But *that controlling share gave him a lot of authority. And he used it, and I applaud him for doing so ....*
>
> Traditionally, so if you're looking at, [and] I'm sure you are, the News Corp/Fox potential re-merger, *you've seen that a special committee of the independent board has been assigned to oversee that process and to determine whether that's what's best for the shareholders. This is different, with the controlling shareholder, Vince is going to run that process*.
>
> *So to have board members in, who understood that with a controlling shareholder this is going to be the way it is, and people who would embrace that. I think, ultimately, that was the determining factor [for McMahon's return]*.

108. The Company also acknowledged McMahon's influence on the sale process in its Form 10-K filed on February 2, 2023, which stated: "Mr. McMahon's influence over the process, as both controlling stockholder and Executive Chairman, is significant."

B. McMahon and Emanuel Share a Close, Longstanding, and Lucrative Relationship

109. McMahon and Emanuel are close friends and have been for a long time. In 1995, Emanuel broke off from talent agency IMG to start his own boutique agency called Endeavor Talent Agency. Emanuel's separation from IMG was not amicable. Emanuel has commented that starting Endeavor Talent Agency was his biggest professional fight: "We were sued and we had no money and no clients. It was a bad situation."

110. Two years later, in 1997, Emanuel persuaded McMahon to take a chance with him and Endeavor Talent Agency. Emanuel and Endeavor Talent Agency then represented McMahon and WWE for 23 years. Emanuel continued that close relationship through multiple other business deals between Endeavor and WWE that predate the Merger.

111. Upon announcing the Merger, Emanuel stated on CNBC regarding McMahon: "Well, you know the fun thing? We've known each other for 23 years. When I was a young agent, he said, 'Why don't you represent us?' It was an honor then. *Throughout the pandemic, we got even closer*. We've sold the media rights. There's a lot of trust here.… I'm the luckiest guy in the world because I got Vince McMahon, a visionary that sees around the corner.… We have a relationship for 23 years, there's a trust, there's a friendship."

112. The *Financial Times* reported as follows, upon announcement of the Merger: "When asked by the FT if he had any concerns about partnering with McMahon, Emanuel said: '*Not one*.'" Particularly given the claims of egregious sexual misconduct by McMahon, it is reasonably inferable that no other potential acquirer would have responded similarly.

113. On January 5, 2023, immediately following McMahon's press release announcing his return to power and related sale process, Emanuel contacted McMahon to discuss a merger.

C. Endeavor Submits an Indication of Interest and McMahon Thwarts Other Bidders

114. On January 12, 2023, McMahon invited his personal financial advisors from The Raine Group ("Raine") to a Board meeting to discuss the upcoming sale process. Raine disclosed in a letter the same day that McMahon had been consulting with Raine [redacted] *i.e.,* McMahon's coup. Raine's presentation identified the following [redacted]



115. Potential suiters included [redacted] McMahon's pervasive control over the sale process and his insistence on remaining within top management resulted in the exclusion of these otherwise viable bidders. McMahon was radioactive to those companies. As McMahon confirmed when he was asked about his post-close Executive Chairman role at the combined company, "I love what I do. I've loved building WWE. All my life, it's my passion and to have an opportunity to have it grow like this exponential[ly], can't be better than that."

116. Endeavor was different. McMahon's longtime friends were unique in their willingness to grant McMahon the contractual ability to continue at the helm of the Company. During their closed-door meetings to negotiate the Merger, Emanuel

welcomed McMahon's continued leadership. In contrast, no other bidder included McMahon's continuation as part of their buyout proposals for WWE.

117. On February 7, 2023, Endeavor submitted an indication of interest that contemplated a stock-for-stock transaction and an option for shareholders to elect for cash instead. Endeavor's offer valued WWE at $88.43 per share. Endeavor's indication of interest provided a glowing description of McMahon's leadership:

> We are huge admirers of WWE and, in particular, of the management team's vision and track record *over the past four decades* of transforming professional wrestling, building a global fan base with captivating storylines and characters, bringing innovation to the media industry, and ultimately building WWE into of the world's most iconic live sports entertainment franchises….

Emanuel chose to use the phrase "over the past four decades" as a nod to McMahon personally. McMahon took over the WWE in 1982, or 41 years before Endeavor's letter. On February 13, 2023, WWE and Endeavor commenced mutual due diligence.

118. WWE did not distribute its process letter (the "Process Letter") to other suitors (eight strategic parties and twelve financial sponsors) until nearly two weeks later. Even more problematic, the Process Letter contained a number of conditions designed to keep other suitors at bay. *First*, the Process Letter invited proposals by March 13, 2023 and indicated that potential bidders [redacted] Because, Endeavor, in contrast, was already conducting additional diligence, that condition worked to protect Endeavor's timing

advantage. *Second*, the Process Letter stated, [redacted] This was not true. Endeavor received unique access to WWE through their non-standard, private discussions with McMahon and Khan, *which no other bidder received throughout the entirety of the sale process*. This statement also falsely implied that Endeavor was being [redacted] despite the fact that McMahon had already been providing due diligence to Endeavor well in advance of the March 13th bid deadline. *Third*, the Process Letter stated that after proposals were submitted, [redacted] That also turned out to be false. Despite multiple companies submitting proposals, McMahon and Khan never met with those parties.

119. In striking contrast, McMahon, Khan and other undisclosed "representatives of WWE, including representatives of WWE's financial advisors," met in person with Emanuel, and other representatives of Endeavor, to discuss Endeavor's February 7 proposal weeks before proposal's from interested bidders were due under the Process Letter.

120. On March 13, 2023, several bidders submitted indications of interest. [redacted] indication of interest contained a price range of $90.00-$97.50 per share. [redacted] requested the ability to work with [redacted] stated that it was [redacted] and requested, *inter alia*, [redacted]

121. [redacted] submitted an indication of interest with a price range of $95.00-$100.00 per share. [redacted] stated it would finance the transaction with [redacted]

122. In addition to [redacted] and [redacted], the following entities submitted indications of interest on the March 13, 2023 deadline: [redacted]

[redacted]

D. McMahon Reaches a Deal with Emanuel and Endeavor

123. On March 21, 2023, just one week after the bid deadline for other potential acquirers, the Board met. McMahon chaired the meeting. Despite both [redacted] and [redacted] providing offers with ranges in excess of the value of Endeavor's then-outstanding offer, McMahon claimed that "the Endeavor Proposal appeared to be more compelling than the other indications of interested that had been received," based on the "potential" for synergies of a combined company. McMahon's personal advisors at Raine then claimed that a purported downside of the [redacted] and [redacted] indications of interest was that "financing partners had not yet been identified or secured." This was a bizarre assertion given that the engagement letters with these entities prohibited them from contacting financing sources without WWE's consent, which McMahon had refused to provide at that point.

124. The Board reviewed McMahon's term sheet for a WWE business combination with Endeavor and UFC. While the Board voted to give Endeavor, [redacted], and [redacted] access to a Company data room, this was window dressing; the Board also "instructed management to continue discussions regarding a potential

transaction with Endeavor on the basis of the Term Sheet and to provide a draft transaction agreement reflecting the terms discussed with the Board to Endeavor *when determined appropriate by Company management*."

125. On March 22, 2023, McMahon and Khan met with Emanuel. Longtime friends McMahon and Emanuel reached an agreement that Endeavor would acquire WWE at a 51% to 49% ownership breakdown, subject to agreement on a variety of deal points, including for McMahon personally. A Moelis & Co. LLC ("Moelis") presentation summarizing the process states that on March 22, McMahon and Emanuel "*both agreed to work expeditiously towards executing an agreement under which [WWE] and [UFC] would merge, with [WWE] shareholders retaining 49% ownership of the pro forma company in an all-stock transaction*." The sale process ended on that day.

126. The Board met again on March 27, 2023. McMahon and his financial advisor, Raine, updated the Board on the March 22, 2023 meeting they had held with Endeavor. According to McMahon and Raine, Endeavor had insisted that McMahon serve as Executive Chair of the combined company until "his death, resignation or incapacity," and that McMahon be given the "right to nominate the five Company representatives to serve among the eleven total directors on" the new public company's board. This made little sense, as this proposal, supposedly from Endeavor,

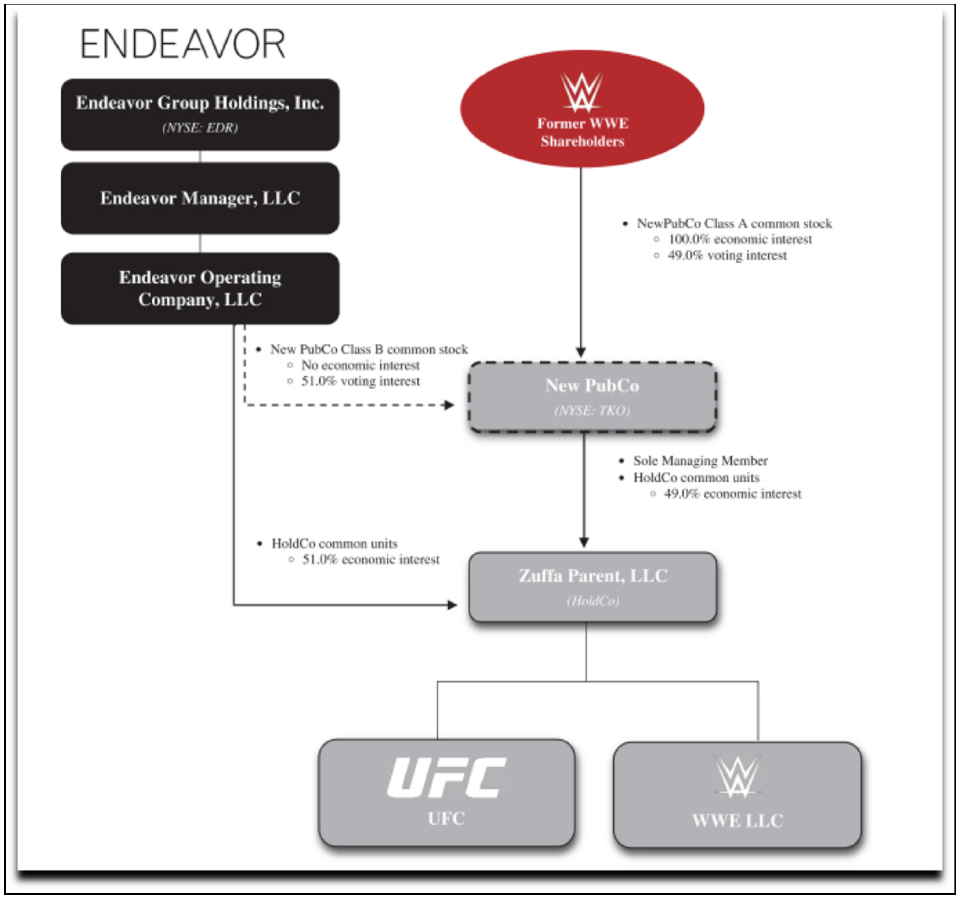
obliged Endeavor to give McMahon (who had the right to resign) governance rights, and not vice versa. If McMahon and Raine were to be believed, Endeavor was negotiating against itself. Thereafter, the Board met in executive session without McMahon, but let his personal financial advisor, Raine, remain.

127. The Board met to approve the Merger on Saturday, April 1, 2023, less than three weeks after [redacted] and [redacted] submitted their indications of interest, and only eleven days after the Board authorized providing data room access to them. The meeting was rushed; [redacted] Levesque did not attend the meeting due to a pre-existing obligation to attend WrestleMania. But other than a reference to "Endeavor's motivations for completing the transaction and for doing so on an expedited timeframe," the minutes contain no explanation for the rush. There is no record that McMahon or Khan engaged in discussions with [redacted], or any other bidder. Nonetheless, the Board voted to approve the Merger that day.

E. The Structure of the Transaction Agreement

128. The terms of the Merger were set forth in the Transaction Agreement, dated April 2, 2023, by and among Endeavor Group Holdings, Inc., Endeavor Operating Company, LLC, Zuffa Parent, LLC, World Wrestling Entertainment, Inc., New Whale Inc., and Whale Merger Sub Inc. (the "Transaction Agreement"). As a

result of the Merger and its multiple component steps, Zuffa Parent, LLC ("Zuffa") would own UFC and WWE, and Endeavor would have a 51% economic stake in Zuffa, while TKO acted as Zuffa's managing member and held a 49% economic stake in Zuffa (which ultimately flowed to WWE's former stockholders). Endeavor would hold 51% of the voting interest in TKO, while WWE's former stockholders held the remaining 49% voting interest. This was illustrated in the Information Statement as follows:



129. Section 5.4 of the Transaction Agreement required WWE to revoke [redacted] and [redacted] data room access within 12 hours, and terminate all discussion with them within 24 hours, as part of a strict no-shop clause that prohibited WWE's engagement with any potential buyer, even if the potential buyer's outreach was unsolicited (Section 5.4). While the no-shop clause contained a fiduciary out, this was illusory, WWE could engage after receiving a superior offer only before it received McMahon's stockholder consent approving the Merger, and that consent was executed the same day as the Transaction Agreement.

130. On April 2, 2023, the day after the Board approved the Merger, McMahon personally approved it on behalf of the WWE stockholders, acting through written consent. Accordingly, no other stockholders were asked to vote on the Merger. The Merger was publicly announced on April 3, 2023.

VI. MCMAHON AND KHAN OBTAIN MULTIPLE MATERIAL PERSONAL BENEFITS FROM ENDEAVOR AND WWE

A. McMahon and Khan Obtain Multiple Personal Benefits <u>from Endeavor</u> During Merger Discussions

1. Post-Close Executive Positions

131. While McMahon and Khan were negotiating key terms of the deal with Endeavor, McMahon negotiated his new role as Executive Chairman, post-merger employment for key members of his management team, the personal right to choose

his team of directors at WWE, and a registration rights agreement to liquidate his stock, at TKO's expense, without fear of liability for insider trading.

132. The evening of March 22, 2023, McMahon caused WWE to provide a term sheet to Endeavor that reflected the substance of McMahon and Emanuel's "agreement" earlier that day. In the term sheet, McMahon proposed that WWE post-close directors – who would be chosen by McMahon – would name the Executive Chair of the combined entity, "and the parties will take all required action to cause such person to hold that position." This obviously contemplated McMahon as the post-close Executive Chair, which was further confirmed by a provision stating that the "[WWE] and [UFC] management teams will remain in place unless otherwise determined by [WWE] (with respect to the [WWE] management team) or [UFC] (with respect to the [UFC] management team)." This of course included both McMahon and Khan, as well as the rest of McMahon's WWE management team.

133. On March 23, 2023, Endeavor provided a counter proposal, confirming that McMahon would serve as Executive Chair until his death, resignation, or incapacity. This provision would largely survive intact through the final Transaction Agreement, as would provisions mandating the retention of Khan.

134. As a result of these negotiations, McMahon retained significant control of WWE operations following the Merger – until it became publicly known that he was

being investigated by the DOJ for sex trafficking crimes. Emanuel described to CNBC upon announcement of the Merger the promises he made to McMahon during the sale process:

> Here's what we said and I said it to [McMahon], "If we disagree on something that we want to do, we're not doing it." It's the relationship I have with Silver Lake and it's the relationship I have with Dana [White of UFC]. Dana's got the say as it relates to the UFC, Vince as it relates to the WWE. He's going to have the say. We have nothing to do with the creative process. That's Vince's and that's Dana's situation. All the back stuff, we're going to try and do what we do. I think that's what he wants. But if there's a disagreement, that's called a relationship, we will work it out and that's how we have it.

2. McMahon's Valuable Registration Rights

135. McMahon also obtained valuable registration rights from Endeavor during Merger negotiations. On November 14, 2023, following the close of the Merger, McMahon utilized these registration rights to offload 8.4 million shares for $642 million.

136. McMahon negotiated his registration rights in the late March 2023 exchanges of Merger term sheets with Endeavor. Emanuel later admitted that the concept was inserted into the negotiations at McMahon's request. As Emanuel confirmed during a televised interview after the close of the Merger: "*Vince in our deal wanted to be able to put at any point in time his stock, [he's] 78, he's working at this for decades and decades*." As a result of McMahon's request, the registration

rights issue first appeared in a March 28, 2023 term sheet submitted by Endeavor under a section titled "Transfer & Stake Building Restriction" which stated "Elephant and V.M. [Vince McMahon] to have customary registration rights." The provisions described below, however, were far from "customary."

137. Exhibit F of the Transaction Agreement contains McMahon's Registration Rights Agreement (the "RRA"). The RRA provided McMahon with unique benefits, including the liquidity he requested during the negotiation of the Merger, with most of the transaction costs to be borne by TKO, and an expanded agreement by TKO to indemnify McMahon for civil liability in connection with those sales.

138. Under pre-Merger WWE, McMahon's sales of any WWE stock on the open market were severely restricted by SEC Rule 144 ("Rule 144"). Because of those restrictions, in the twenty-four years since the Company went public through the date of the Merger, the largest monetary sale of WWE stock that McMahon was able to execute was a $270 million block sale on March 27, 2019. McMahon's pre-Merger inability to liquidate larger amounts of stock was the result of: (i) Rule 144(e)'s volume restrictions; (ii) Rule 144(d)(1)(i)'s restriction of resale of affiliate's shares; and (iii) liability from stockholder litigation resulting from those large sales. The

RRA McMahon obtained from Endeavor through the Merger, however, mitigated these concerns.

139. McMahon's March 27, 2019 pre-Merger sale of $270 million of WWE stock was heavily scrutinized by stockholders and resulted in insider trading claims against Vince McMahon, WWE, and other insiders. On November 18, 2020, WWE, McMahon, Barrios, and Wilson entered into a term sheet to settle federal securities law claims against them for approximately $39 million. *City of Warren Police and Fire Retirement System v. World Wrestling Entertainment, Inc., et al.*, Case No. 1:20-cv-02031 (S.D.N.Y.). McMahon did not conduct another large sale of WWE stock until his post-Merger sale in November 2023.

140. The RRA in the Transaction Agreement, in contrast, provides McMahon the unique benefit of bypassing each of those restrictions under Rule 144. *First*, according to the Information Statement, the RRA allows McMahon to bypass Rule 144(e)(ii)'s volume restriction issue by giving him the ability to "resale [] all or part" of his "registrable securities" in any offering. Furthermore, under Section 2(b) of the RRA, McMahon is not limited as to the number of offerings he can demand.

141. *Second*, the RRA gives McMahon the unique benefit of being able to sell his shares without the buyers taking on the resale restriction under 144(d)(1)(i). Thus, the pool of potential buyers for McMahon's stock is broadened by the RRA. Pursuant

to Section 2(a) of the RRA, three days after the close of the Merger, TKO registered all of McMahon's stock.

142. *Third*, McMahon negotiated enhanced indemnification and protection from liability in the RRA. This matters because the November 2023 sale likely represented insider trading, given McMahon's existing knowledge of multiple material non-public facts at that time, as described in detail herein. According to Section 7(a) of the RRA, McMahon is indemnified by TKO for any "untrue statement or alleged untrue statement of material fact contained in (A) any registration statement, prospectus, preliminary prospectus or Free-Writing Prospectus, or any amendment thereof or supplement thereto or (B) any application or other document or communication (in this Section 7, collectively called an 'application') executed by or on behalf of the Corporation or based upon written information furnished by or on behalf of the Corporation filed in any jurisdiction in order to qualify any securities covered by such registration under the 'blue sky' or securities laws thereof, (ii) *any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading* or (iii) any violation or alleged violation by the Corporation of the Securities Act *or any other similar federal or state securities laws or any rule or regulation promulgated thereunder applicable to the Corporation and relating to action or inaction required of the Corporation in*

connection with any such registration, qualification or compliance." Section 7(a) further provides that McMahon would be reimbursed "for any legal or any other expenses reasonably incurred by [McMahon] in connection with investigating or defending any such losses."

143. In addition to the indemnification rights and resolving potential issues with sales under Rule 144, the RRA also gives McMahon the unique benefit of requiring TKO to cover most of the expenses of selling pursuant to a registration statement. According to Section 6(a) of the RRA, TKO is responsible to pay all "Registration Expenses."

144. In sum, McMahon was motivated to pursue a deal that would allow him to liquidate his shares when he desired and on his own terms. At pre-Merger WWE, McMahon was heavily restricted by Rule 144 to liquidate large amounts of stock. During the Merger, McMahon sought and Endeavor agreed to the RRA, which allowed McMahon to circumvent restrictions under Rule 144. As a result, following the close of the Merger, McMahon was able to utilize the RRA to offload 8.4 million TKO shares for $642 million in proceeds while also being generously indemnified by TKO for any material omissions in connection with that sale.

3. McMahon and the Other Director Defendants' Enhanced Indemnification Rights

145. McMahon and the Other Director Defendants enhanced their indemnification rights though the Merger. Prior to the Merger, directors and officers of WWE's indemnification rights were cabined by 8 *Del. C.* § 145, which does not allow for corporations to indemnify officers and directors for acts taken in bad faith, that the director or officer knew was unlawful, or for derivative judgments secured on behalf of the Company (unless the Court of Chancery finds indemnification is proper despite the finding of liability).

146. The Transaction Agreement expands McMahon and the other Director Defendants' indemnification rights by granting them a right to be indemnified by Zuffa, a limited liability company, whose indemnification provisions are governed by the less restrictive 6 *Del. C.* § 18-108. 6 *Del. C.* § 18-108 provides that Zuffa "may, and shall have the power to, indemnify and hold harmless any member or manager or other person from and *against any and all claims and demands whatsoever*." Section 6.4 (b) of the Transaction Agreement takes full advantage of 6 *Del. C.* § 18-108 by obliging Zuffa to indemnify McMahon and the other Director Defendants "against all losses, claims, damages, liabilities, fees, expenses, judgments, or fines (including reasonable and documented attorneys' fees and investigation expenses)," that they incur due to their "capacity as an officer, director, member, manager, employee or

agent of WWE," for six years after the Merger closes without any exception for acts taken in bad faith, that the director or officer knew was unlawful, for derivative judgments (although those were unlikely because WWE stockholder standing for derivative claims was extinguished though the Merger), or acts taken in bad faith that cannot be exculpated under 8 *Del. C.* § 102(b)(7). Furthermore, it also provides for advancement of legal fees.

147. The Transaction Agreement makes clear that this is in addition to McMahon and the other Director Defendants' pre-existing indemnification, advancement and exculpation rights, which are preserved in Section 6.4(a). Indeed, Section 6.4(e) provides that McMahon and the other Director Defendants' rights under Section 6.4 are "in addition to, and not in substitution for, any other rights that such Persons may have, including any rights pursuant to (i) the certificate of incorporation and bylaws of WWE; (ii) the organizational documents of the WWE Subsidiaries; (iii) any and all indemnification agreements entered into with WWE or any WWE Subsidiaries; or (iv) applicable Law (whether at Law or in equity)."

B. McMahon and Khan Obtain Personal Benefits <u>from WWE</u> During the Merger Process

148. During the Merger process, at the same time that he was obtaining personal benefits from Endeavor, McMahon caused the WWE Board to grant him and his executive team Merger-related benefits as well.

1. McMahon's Above-Market Pay Package

149. On February 17, 2023, the Compensation Committee – then consisting only of Koonin and Wilson – met to discuss McMahon's compensation. Despite McMahon's misconduct and his falsehoods to the Special Committee (including Koonin) a few months prior, Koonin and Wilson discussed rewarding McMahon with a $7.6 million per year pay package that – based on an accompanying presentation from the Compensation Committee's advisor Pearl Meyer – [redacted]

150. On March 28, 2023, while McMahon and Emanuel were exchanging term sheets, the Compensation Committee approved McMahon's new compensation package. According to the meeting minutes, the only change that Koonin and Wilson made to McMahon's above market compensation was approving a "2x target bonus upon a qualifying termination related to a 'Change in Control,'" which was made at McMahon's request. There is no record that Koonin and Wilson negotiated on WWE's behalf before they awarded McMahon above market pay.

2. The Record-Breaking Executive Sale Bonuses

151. In the week before the announcement of the Merger, on March 25, 2023, McMahon wrote to the Compensation Committee to [redacted]

[redacted] McMahon claimed, [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

152. On March 28, 2023, a mere three days after [redacted] the Compensation Committee – Koonin and Wilson – approved the Sale Bonuses, as described in the Information Statement as follows:

	Amount of Sale Bonus
Nick Khan	$15 million
Kevin Dunn	$7 million
Frank Riddick	$5 million
Paul Levesque	$5 million

153. Koonin and Wilson approved the Sale Bonuses [redacted] with no negotiation or back-and-forth. Koonin and Wilson did so despite a recommendation from Pearl Meyer [redacted] Pearl Meyer presented a slide to Koonin and

Wilson that concluded, [redacted]

154. Koonin and Wilson were also advised by Pearl Meyer [redacted] In other words, Pearl Meyer's analysis showed that [redacted] Yet Koonin and Wilson [redacted]

3. McMahon's New Employment Agreement: Life Rights and Intellectual Property

155. At the same Compensation Committee meeting on March 28, 2023 (four days before Board approval of the Merger), Koonin and Wilson gifted McMahon the rights to his "life story and related intellectual property," representing a massive windfall to McMahon personally, one that he and other executives had previously been unable to secure from WWE.

156. McMahon obtained valuable rights to own and monetize this intellectual property through his new employment agreement (the "Employment Agreement"). The Employment Agreement states:

> McMahon Intellectual Property and Life Story.
>
> … McMahon owns (A) McMahon's legal name ... and variants thereof ... (B) McMahon's image, voice, likeness, and other distinguishing characteristics, (C) McMahon's personal experiences, biography and life story, and (D) all other rights of publicity and persona relating to McMahon ... *McMahon will have the exclusive right to communicate, convey, commercialize, license, or otherwise exploit his life story*.
>
> * * *
>
> *The Company hereby irrevocably waives . . . any claim for breach of any covenant or undertaking of McMahon relating to confidentiality, non-disparagement, non-competition, or other restrictive covenant* or affirmative undertaking binding on McMahon that results from any content, communication, or action in connection with any exercise of the Life Story Rights and any embodiments thereof.

157. As indicated by *The Hollywood Reporter*, a leading magazine specialized in the entertainment industry, this section of McMahon's Employment Agreement "is unusual for an employment agreement like this one.... McMahon has run the WWE for decades and has long appeared in the ring as a performer ... and the agreement guarantees him (and his successors) the right to his own IP, while he gives the company the right to use his IP on a nonexclusive basis."

158. This new contractual provision also marks a significant departure from McMahon's previous employment agreements, which granted WWE – not McMahon

– the rights to commercial works based on his life story. Despite several amendments to his employment agreement over the years, WWE had not previously agreed to grant McMahon these rights. Notably, this benefit does not appear to have been extended to other prominent WWE Board members, such as Levesque, whose employment agreement lacks any provision granting him similar rights.

159. Moreover, these newly acquired rights also provide McMahon with complete editorial freedom on an authorized work about his life. At the time of the sexual misconduct allegations and throughout the Merger, documentaries concerning McMahon were in the works, but McMahon was disappointed with his lack of editorial control. The projections were shelved. McMahon's new intellectual property rights, in contrast, grant him total control over how his "life story" will be told, allowing him, as *The Hollywood Reporter* states, "wide leeway to tell his story without fear of a lawsuit from the WWE." When questioned by CNBC about this "rather peculiar" arrangement, McMahon simply responded, "it is what it is."

160. McMahon and Emanuel had specifically discussed this agreement as well, with Emanuel agreeing that it was "fair." When later asked about the life rights deal, Emanuel stated to CNBC, "[l]et me just tell you my opinion because we talked about this. I think that's fair."

VII. AFTER AGREEING TO THE MERGER, THE BOARD BURIED THE FACTUAL FINDINGS UNCOVERED BY THE INVESTIGATION OF MCMAHON

161. On April 26, 2023, [redacted] – initially hired by the Special Committee as part of its investigation – finally provided its final report to WWE at a meeting of the Compensation Committee (Koonin and Wilson). [redacted]

162. In contrast, for WWE, Koonin and Wilson made certain that [redacted] findings were not reported in writing. [redacted] final report spans just two pages and is remarkably short on detail. It contains no factual findings. It describes no evidence. The first page provides a timeline of its [redacted]

7 [redacted]



163. That slide does reveal that after WWE's statement on August 15, 2022 that the investigation was "substantially completed," [redacted] (further underscoring the falsity of that earlier statement).

164. The next, and final, slide of the report does not identify the factual findings from [redacted] interviews and contains no evidentiary findings:



165. That is the end of the report. Recall that just before McMahon returned to the Company, the Board stated in December 2022 that it had become "aware" of "non-public information" regarding McMahon's "conduct," which was serious enough to justify the Board's statements that McMahon should not return. But by April 2023, the full Board – including Khan, Levesque, Barrios, Koonin, Wilson, Pamon, and McKenna – made certain that it received no written report containing any such findings or detailing any such evidence. The Board buried the factual findings

from [redacted] and the documents that [redacted] obtained, to complete a cover-up of the full extent of McMahon's sexual misconduct.[8]

VIII. THE MERGER PRICE IS UNFAIR

A. The Merger Undervalued WWE

166. As described above, on March 22, 2023, McMahon and Emanuel reached an agreement, with no supervision or oversight, to complete a combination of WWE and UFC at the 49% (WWE) to 51% (Endeavor) ownership ratio. There is no record that WWE's three financial advisors presented the Board with a complete, bottoms-up DCF valuation of WWE, UFC, or a combined company prior to that date. The financial advisors would not present detailed valuations until April 1, 2023, ten days after McMahon had already agreed to the ownership ratio. With McMahon's pre-determined and self-interested ratio established, the financial advisors' fairness valuations simply back-filled in the details to achieve a result preordained by McMahon.

[8] As noted above, in Plaintiff's § 220 Action, the Company agreed in writing that it "will produce all non-privileged presentations, materials, or written reports provided to directors in connection with, or during, Board or Committee meetings related to the Board's and/or Committee's investigation into any alleged sexual misconduct by Vince McMahon, as well as the minutes for such meetings." The two slides above are the only such "written reports" the Company produced. The Company's privilege log contains no entries reflecting any such written materials given to the Board.

167. As a threshold matter, the unreasonable dismissal and disparate treatment of higher opening cash offers by other bidders including [redacted] ($90.00 to $97.50/share) and [redacted] ($95.00 to $100.00) resulted in WWE stockholders not receiving cash or even knowing what the highest cash offer that these large, well-financed entities would have offered. Other bidders, including [redacted] ($85.00 to $95.00); [redacted] ($82.50 to $100 per share), [redacted] also all submitted indications of interest that may have led to additional superior cash offers. McMahon, however, squandered those opportunities.

B. Reliable WWE Management Projections Reveal that WWE Management Valued the Company at [redacted] Per Share

168. WWE management instructed all three of the Company's financial advisors to rely on a single set of projections for WWE to conduct their fairness opinions, the "WWE Merger Projections." This is also the only set of projections for WWE disclosed in the Information Statement. The WWE Merger Projections, however, removed key investments from the Company's existing plan – thereby lowering the resulting growth – on account of the temporary dislocation in performance caused by the sale process and a potential merger.

169. The Company's standalone growth prospects depended on continued investments in growth opportunities. According to the Information Statement,

however, management adjusted the WWE Merger Projections "*in consideration of a potential transaction, including, among other things, specifically removing certain investment costs* and share repurchases ...." A screenshot of the WWE Merger Projections described in the Information Statement is below:

	Fiscal Year Ending December 31,				
($ in millions)	**2H2023E**	**2024E**	**2025E**	**2026E**	**2027E**
Total Revenue	$ 615	$1,357	$1,447	$1,642	$1,790
Adjusted OIBDA[(1)]	$ 197	$ 446	$ 484	$ 627	$ 720
Capital Expenditures	$ 37	$ 32	$ 35	$ 29	$ 27
Unlevered Free Cash Flow	$ 164	$ 373	$ 323	$ 463	$ 517

170. On January 25, 2023, the Company's President and CFO, Riddick, presented a highly detailed sixty-two page deck of the Company's 2023 "Operating Plan & Business Outlook" (herein referred to as the "WWE Operating Plan"). Riddick's official job description at WWE was to "oversee financial planning & analysis, [and] strategy." McMahon also publicly stated that he had "great confidence in [Riddick's] ability to execute our company's strategy to increase revenues and drive shareholder value."

171. Riddick created the WWE Operating Plan in the ordinary course of business. The WWE Operating Plan itself confirms that it was approved by the Board.

172. The WWE Operating Plan contained three detailed sets of projections, a High Case, a Base Case, and a Low Case. Riddick and WWE management based the High Case projections [redacted]

[redacted] The High Case projections were not just a [redacted]



173. As also shown in the screen shot above, the High Case projections returned a standalone value of WWE at [redacted]

174. WWE management often included High Case projections in its operating plans. Indeed, Riddick provided an earlier version of the High Case projections to [redacted] Riddick refined and updated [redacted]

175. The WWE Operating Plan makes clear that the High Case was achievable: [redacted] The High Case included the following very specific assumptions:

[redacted]

176. Two slides in the WWE Operating Plan further describe the path to achieving the High Case. In the first slide, as shown below, the WWE Operating Plan

stated that [redacted]

[redacted]



177. As shown in the bottom right corner of that slide, the WWE Operating Plan indicated that the Company could in fact [redacted]

[redacted]

[redacted]

[redacted]E

[redacted] For reference, WWE and Endeavor state that the Merger implies an enterprise value of WWE at just $9.3 billion.

178. The next page of the WWE Operating Plan stated that the Company's plan to achieve the High Case was to [redacted] As shown in a screenshot of the slide below, the Company's [redacted]



179. In short, the WWE Operating Plan and the High Case projections were created and refined by WWE's CFO, in the ordinary course of business, and were backed by a specific standalone plan to achieve those goals through the investment in specific and identified growth opportunities.

180. The WWE Operating Plan therefore returned the following valuations, with the



181. The Information Statement did not disclose the existence of the High Case, its reasonable and achievable assumptions, its valuation range of [redacted]

182. In contrast, as stated above, the WWE Merger Projections (disclosed in the Information Statement) decreased WWE's standalone investments into growth opportunities. Raine's, J.P. Morgan's, and Moelis' DCF valuations compare with the Company's own valuation of the WWE Operating Plan High Case as follows:

[redacted]

C. Rather than Utilize Management Projections to Value UFC, WWE Chose an Aggressive Model from One Outside Analyst

183. The projections that WWE's bankers utilized for UFC were also problematic. WWE did not obtain long-term financial projections from Endeavor for UFC because Endeavor claimed that it did not have a "board-approved" forecast. Instead, Endeavor suggested that WWE use UFC's 2023 budget and then extrapolate that budget based on the growth rate assumptions from just one external analyst at Morgan Stanley. Morgan Stanley projected UFC would get a step-up in media rights deals of [redacted] However, as J.P. Morgan pointed out in a WWE Board presentation, this assumption favored UFC in a relative valuation with WWE:

[redacted]

184. WWE management elected not to make any change to this key assumption when providing WWE's bankers (J.P. Morgan, Moelis and Raine) with

projections to use in their valuations. This had the effect of inflating UFC's value relative to WWE.

185. By way of comparison, WWE itself assumed less than a [redacted] in the WWE Merger Projections. According to Moelis, the WWE Merger Projections were [redacted] Indeed, the WWE Merger Projections were well below the consensus average estimates of OIBDA in all years. These assumptions had the effect of de-valuing WWE in relative valuation analysis with UFC.

186. WWE management made other assumptions that had the effect of inflating UFC's value and decreasing WWE's value in a relative DCF to DCF analysis. For example, WWE projected [redacted] Over that same period, it projected UFC would only issue [redacted] In 2027, WWE management projected WWE would have [redacted] Because stock based compensation was treated as a cash expense in the bankers' DCF analyses, these assumptions made WWE appear less valuable than UFC on a DCF to DCF basis.

187. The projected synergies used to justify the deal were also inflated and demonstrated that most of the value contributed to the combined enterprise would come from WWE. Most of the projected synergies were revenue synergies, which are extraordinarily difficult to project. According to J.P. Morgan, the projected revenue synergies were [redacted] According to Moelis, the projected revenue synergies were [redacted] Such incredibly aggressive revenue synergy projections could be used to justify any deal.

188. The cost synergies, which are more capable of being accurately projected, were [redacted]. Both J.P. Morgan and Moelis, however, applied a perpetuity growth rate of 3% (J.P. Morgan) and 2.5% to 3.5% (Moelis). This was a clear mistake. Cost synergies should not be projected to last forever, let alone grow by 2.5% to 3.5% into perpetuity.

189. Finally, if revenue synergies were such a driver of value in the transaction, then WWE stockholders should have received a larger portion of the

combined equity value of the two companies because most of the revenue synergies came from WWE's domestic media rights.



190. As shown above, WWE was projected to contribute [redacted] but WWE stockholders only received 49% of this value in the Merger. UFC was projected to contribute [redacted] for several years, yet still received 51% of the total value. Thus, while the synergy value itself was

overstated because of the extremely aggressive synergy projections, even if the disclosed projections are to be believed, WWE should have received a greater portion of the synergies was actually paid in the Merger.

D. The Merger Funneled Cash to Endeavor Through a Services Agreement, for Which WWE Stockholders Were Not Compensated

191. McMahon's self-interested negotiations and preordained exchange ratio enabled Endeavor to insert a series of value-destroying provisions (relative to WWE stockholders) with no pushback. According to the terms of the Merger, Endeavor and TKO would enter into a Services Agreement, pursuant to which Endeavor would provide services to TKO. The effect of this is to funnel over *$50 million annually* to Endeavor, to the detriment of WWE's former stockholders.

192. Under the Services Agreement, Endeavor's obligations to TKO are vague, such as to "provide reasonable services with respect to live and ancillary event production," "provide reasonable support and oversight through [Endeavor]'s corporate functions related to [TKO's]'s accounting matters," and "pursuant to mutually agreed upon space licenses or leases, [Endeavor] will provide reasonable access to unused/surplus office space of [Endeavor], as may be mutually agreed by the Parties."

193. TKO's payment obligation is not so vague. For WWE, TKO is required to pay an annual fixed fee of $25 million the year starting 180 days after the Merger closes, $35 million the following year, and a fee that increases annually by 1% each subsequent year. For UFC, TKO is required to pay $35 million a year for the first two years, and a fee that increases annually by 1% each subsequent year. In addition to paying a fixed fee for these services, TKO must pay Endeavor any and all fees and expenses, including insurance premiums. The Service Agreement has an initial term of seven years, and thereafter automatically renews annually unless Endeavor decides not to renew the agreement.

E. WWE's Merger Valuations Were Conducted by Three Conflicted Financial Advisors

194. These troubling valuation issues did not arise in a vacuum. All three of the financial advisors that WWE engaged to aid in the sale process and provide fairness opinions, Raine, J.P. Morgan, and Moelis, had significant conflicts of interest.

195. Raine, WWE's lead financial advisor, was also McMahon's personal banker. According to the *Financial Times*, Raine's co-founder, Jeff Sine, "ha[d] worked with the McMahon family over a 20-year period, including Vince's wife, Linda …." Raine's January 12, 2023 relationship disclosure letter described two recent engagements. First, in 2017, [redacted] Second, Raine represented

[redacted]

196. Raine also had significant ties to Endeavor. Raine did not disclose to the Board the extent of its connections to Endeavor until April 1, 2023, the same day that Raine presented its fairness opinion.[9] As stated in the letter, "Raine has a longstanding relationship with Endeavor and its affiliates." In the previous two years, Raine had advised Endeavor on six deals and received "$27,655,350 in fees and expense reimbursements from Endeavor Parties for its services...." The letter also vaguely mentioned a concurrent engagement, which public reporting later exposed as Raine's work for Endeavor on Endeavor's sale of a 50% joint-ownership stake in Rio Open. According to that letter, Raine expected to receive $1,500,000 in fees from Endeavor for that transaction. Raine did not, however, disclose in the letter that Raine was also concurrently engaged by Endeavor in Endeavor's $1.25 billion sale of IMG Academy. Raine's April 1st letter additionally disclosed that "certain entities and individuals affiliated with Endeavor are members of an entity that retains an indirect *minority ownership stake in Raine's ultimate parent company* and investors in certain

[9] *See City of Dearborn Police & Fire Revised Ret. Sys. v. Brookfield Asset Mgmt. Inc.*, __ A.3d __, 2024 WL 1244032, at *20 n.124 (Del. Mar. 25, 2024) (quoting *PLX MTD Transcript*, "[T]he allegations of the complaint support a reasonable inference that the committee did not take sufficient steps at the outset to determine whether Deutsche Bank faced conflicts of interest before retaining the firm in August 2013.").

investment funds managed by Raine Parties." Raine provided no further details regarding the amounts, individuals, or entities involved in Endeavor's ownership of Raine and its investment funds.

197. J.P. Morgan also had significant ties to both Endeavor and Endeavor's controlling stockholder, Silver Lake. As with Raine, J.P. Morgan did not disclose its connections with Endeavor and Silver Lake to the Board until just before it delivered its fairness opinion on April 1, 2023. In its March 31, 2023 relationship disclosure letter, J.P. Morgan disclosed that in the two years preceding the Merger, J.P. Morgan received between "$6 million - $8 million" of fees from Endeavor and between "$122 million - $126 million" in corporate finance fees from Silver Lake.

198. J.P. Morgan is also conflicted because it owns a larger equity stake in Endeavor than in WWE, and therefore, a deal that undervalues WWE and overvalues UFC directly benefits J.P. Morgan. According to the Information Statement, J.P. Morgan held "less than 2% of the outstanding common stock of Endeavor" and held "less than 1% of the outstanding common stock of WWE." As of January 6, 2023, the day that McMahon announced his coup to lead a sale process, Endeavor and WWE had nearly identical market capacities – approximately $6.17 billion for Endeavor and $6.27 billion for WWE.

199. Moelis also had significant ties to Endeavor. Since August 2020, Moelis has received fees from three engagements with ties to Endeavor amounting to over $5.3 million in fees, including one concurrent engagement.

200. In connection with the Merger, WWE's financial advisors received disproportionately high fees, the vast majority of which were contingent on a close of the Merger. That provided an additional conflict. According to a 2017 *Financial Times* study on the total percentage of fees received by financial advisors in relation to the size of the deal, "for transactions between $10bn and $25bn, the average rate was 0.29 per cent" while the highest was 0.68%. Collectively, the $113 million Raine, J.P. Morgan, and Moelis received accounted for approximately 1.1% of purported consideration Endeavor paid for WWE. Of that amount, $105.5 million of which was contingent "upon the consummation of the Transactions."

IX. DEFENDANTS IMPROPERLY DENIED STOCKHOLDERS OF APPRAISAL RIGHTS IN VIOLATION OF SECTION 262

201. The Transaction Agreement triggered appraisal rights under 8 *Del. C.* § 262 because the Merger consideration included a cash payment to WWE stockholders. The cash payment came in the form of a special dividend. The special dividend amounted to $321 million – all of WWE's excess cash as of the date of the Merger –

and equated to *seven years' worth of regular dividends* previously paid by WWE in the ordinary course of business.[10]

202. Defendants intentionally sought to avoid Section 262 by having New PubCo's (*i.e.*, TKO's) Board declare the special dividend after the close of the Merger. The special dividend was declared on September 12, 2023, the day the Merger closed.[11] Though declared by TKO's Board, it was only paid to New PubCo Class A common stockholders, *i.e.*, all the former stockholders of WWE. And, TKO's Board was contractually bound by the terms of the Merger to declare it.

203. TKO's financial reports further confirm that the cash dividend was part of Merger consideration. TKO's Form 10-Q Quarterly Report for the period ended September 30, 2023 included a consolidated statement of cash flows that stated:

Cash acquired from WWE	$381,153
Payment of deferred consideration in the form of a dividend to former WWE shareholders	($321,006)

204. The same Form 10-Q further stated in reporting the "Consideration Transferred" in the Merger:

[10] TKO has disclosed that it no longer intends to pay any dividends after the special cash dividend that was paid and will retain future earnings.

[11] While TKO disclosed in a preliminary prospectus on September 15, 2023 that the dividend was declared on September 12, 2023, TKO's Form 10-K Annual Report stated the dividend was declared on September 13, 2023.

> The fair value of the consideration transferred in the reverse acquisition was $8,432.1 million, which consisted of 83,161,123 shares of TKO Class A common stock valued at $8,061.8 million, Replacement Awards valued at $49.3 million and *$321.0 million of deferred consideration which was paid on September 29, 2023 to former WWE shareholders in the form of a special dividend*. (emphasis added)

205. The Form 10-K Annual Report also admitted that the cash dividend was deferred compensation (*i.e.*, deferred Merger consideration) to WWE stockholders, stating:

> Cash provided in the year ended December 31, 2023 primarily reflects $381.2 million of cash acquired from WWE as part of the Transactions partially offset by *the payment of $321.0 million of deferred compensation in the form of a dividend to former WWE shareholders*. (emphasis added)

206. The payment of the special dividend was a material term of the Merger, and McMahon insisted on not only its payment, but the ability to enforce its payment. The terms on which the special dividend would be declared were buried in Exhibit H to the Transaction Agreement – "New PubCo Cash Management Policy Term Sheet" ("Cash Management Policy"). The payment of the special cash dividend was conditioned on the Merger closing. McMahon's 81% voting control of WWE controlled whether the Merger closed and he approved it by written consent. Thus, McMahon's approval of the Merger was a condition to McMahon and other stockholders receiving the special cash dividend. McMahon received at least $111 million of the $321 million paid to WWE stockholders through the special dividend.

McMahon structured the Merger to provide him with third party beneficiary rights to enforce the Cash Management Policy. The terms of the Merger also amended TKO's certificate of incorporation, precluding the TKO Board from declaring dividends until after December 31, 2025 (or later date by which McMahon sold his shares or was no longer Executive Chair) in any manner inconsistent with the Cash Management Policy.

207. The Transaction Agreement was further structured to provide the WWE Director Designees whom McMahon selected to have third party beneficiary rights to enforce the Cash Management Policy and to prohibit New PubCo/TKO's other directors from acting to stop the WWE Director Designees from declaring and paying the special cash dividend. In other words, the declaration of the special dividend was governed by the terms of the Transaction Agreement, not the TKO Board's statutory authority to declare dividends.

208. Because the terms of the Transaction Agreement governed TKO's ability to declare the special dividend, the special dividend does not have legal significance independent of the Merger. Indeed, as noted, TKO's Form 10-Q specifically reported the cash dividend as "deferred [merger] consideration."

209. The negotiation, approval and disclosure of the special dividend also show that the cash payment was in fact Merger consideration. McMahon's insistence

on receiving cash as part of the Merger consideration resulted in all WWE stockholders being entitled to appraisal. WWE stockholders, however, were improperly denied appraisal rights in violation of Section 262.

A. The Transaction Agreement Sections

1. Transaction Agreement Section 1.7 WWE Cash Distribution

210. Pursuant to this provision of the Transaction Agreement, WWE was required to distribute to New PubCo an amount of cash "equal to the greater of (x) $0.00 and (y) (i) the WWE Cash Amount less (ii) the WWE Minimum Cash Amount." This section further stated:

> WWE and New PubCo shall procure that WWE LLC and its Subsidiaries have, immediately prior to the Closing an aggregate amount of WWE Unrestricted Cash equal to at least (I) $73,500,000 plus (II) the amount of any outstanding indebtedness for borrowed money that has been incurred by New PubCo or WWE or their respective Subsidiaries since December 31, 2022 and not, as of Closing, repaid or otherwise satisfied plus, (III) any amounts incurred in connection with the items set forth on Section 1.7 of the WWE Disclosure Letter, plus (IV) (x) fifty-percent (50%) of the aggregate costs and expenses incurred, paid or payable by EDR, New PubCo, WWE or any of their respective Subsidiaries, including HoldCo, in connection with the Transactions (collectively, "Expenses") up to $150,000,000 (the "Cap") and (y) 100% of the Expenses in excess of the Cap, in the case of (x) and (y), with respect to the period beginning January 1, 2023, and ending upon the consummation of all transactions contemplated hereby (whether such payment becomes payable before, at or after the Closing), plus (IV) one-hundred percent (100%) of the unpaid Taxes payable by WWE LLC and its Subsidiaries (as opposed to New PubCo) with respect to the period beginning on or after January 1, 2023, and ending on the Closing Date

(such amount, the "WWE Minimum Cash Amount" and such requirement, the "WWE Minimum Cash Requirement").

211. According to this provision, WWE needed to have cash at least equal to $73.5 million, plus any new debt incurred after 12/31/22, 50% of transaction costs of up to $150 million, 100% of transaction expenses in excess of $150 million, and any unpaid taxes payable for the period beginning 1/1/23. As of March 30, 2023, WWE had $479 million of cash, so it was clear that WWE would substantially exceed the WWE Minimum Cash Requirement when the Transaction Agreement was approved and, as discussed below, WWE's legal and financial advisors presented the dividend as part of the value WWE stockholders would receive in the Merger.

2. Transaction Agreement Section 1.8 HoldCo Cash Distribution

212. Unlike this Section 1.7 (which described what cash WWE LLC was required to distribute to New PubCo), Section 1.8 provided for the amount of cash that HoldCo could distribute to EDR and its affiliates on or prior to closing:

> On or prior to the Closing, HoldCo and its Subsidiaries may distribute to EDR or its Affiliates an amount of cash (if any) equal to the greater of (x) $0.00 and (y) (i) the EDR Cash Amount less (ii) the EDR Minimum Cash Amount. On the date that is three (3) business days prior to the Closing Date, EDR shall prepare and deliver to WWE a schedule (together with reasonable documentation, back-up and supporting detail for each of the items and calculations in such statement, the "EDR Balance Sheet Schedule") providing its reasonable, good faith estimate of (A) the EDR Minimum Cash Amount and (B) the amount of unrestricted cash held by HoldCo or its Subsidiaries in bank accounts

> and available for withdrawal or transfer in either case net of any Tax or other fees, costs or expenses (other than customary wire transfer fees) (the "EDR Unrestricted Cash") as of immediately prior to the Closing (such amount of cash as finally determined pursuant to this Section 1.8(B), the "EDR Cash Amount"). If WWE objects to the EDR Balance Sheet Schedule in writing, WWE and EDR shall use reasonable best efforts to resolve the dispute prior to the Closing Date. If, at any time following the delivery of the EDR Balance Sheet, EDR's Representatives have actual knowledge of an Effect or other circumstance that will result in changes to the calculations set forth on the EDR Balance Sheet as of immediately prior to the Closing, then EDR shall deliver a revised EDR Balance Sheet Schedule to WWE as promptly as practicable (and, in any event, prior to the Closing). EDR shall procure that HoldCo and its Subsidiaries have, immediately prior to the Closing an aggregate amount of EDR Unrestricted Cash equal to at least (I) $76,500,000 plus (II) the amount of any indebtedness for borrowed money that has been incurred by HoldCo or its Subsidiaries since December 31, 2022 and not, as of the time of the Closing, repaid or otherwise satisfied plus (III) (x) fifty-percent (50%) of the Expenses up to the Cap and (y) none of the Expenses in excess of the Cap, in the case of (x) and (y), with respect to the period beginning January 1, 2023, and ending upon the consummation of all transactions contemplated hereby (whether such payment becomes payable before, at or after the Closing), plus (IV) one-hundred percent (100%) of the unpaid Taxes payable by HoldCo and its Subsidiaries with respect to the period beginning on or after January 1, 2023, and ending on the Closing Date (such amount, the "EDR Minimum Cash Amount" and such requirement, the "EDR Minimum Cash Requirement"). Other than with respect to the distribution permitted by this Section 1.8, nothing in this Section 1.8 will be deemed to modify the EDR Parties' agreements set forth herein (including Section 5.2).

213. According to this provision, using the same type of formula for WWE, HoldCo was permitted to distribute its excess cash to Endeavor **prior to the close** of the transactions. The fact the Transaction Agreement was drafted so that Endeavor

was allowed to keep all of its excess cash by a pre-close distribution is evidence that the parties all recognized WWE would do the same. The structure of WWE distributing its cash, however, was different because WWE's and Endeavor's lawyers recognized that payment of cash to WWE stockholders in a merger could trigger appraisal rights so WWE/Endeavor deliberately "deferred" payment of the consideration until after the Merger closed to disguise the Merger consideration as a cash dividend.

3. Transaction Agreement Exhibit H – Cash Management Policy Term Sheet

214. Exhibit H of the Transaction Agreement defined *WWE's Closing Swept Cash*:

> At any time following the Closing, *the WWE Designees* (as defined in the Governance Agreement) on the New PubCo Board, acting by majority and on behalf of the entire New PubCo Board, *shall be permitted to declare, set a record date for and pay a dividend on shares of New PubCo Class A Common Stock only (i.e., without any corresponding dividend on any other class of stock of New PubCo or any units of HoldCo* (other than as set forth in Section 1.8 of the Transaction Agreement) *in an aggregate amount equal to the aggregate amount received pursuant to and in accordance with the cash sweep described in Section 1.7 of the Transaction Agreement, less any accrued and unpaid liabilities for taxes or other costs or expenses required to be paid by New PubCo with respect to periods prior to such distributions that are not covered by other cash reserves of New PubCo (it being understood that the policy will not permit any determination or commitment made in respect of such amount until following the Closing)*. The other members of the New PubCo Board shall, and EDR shall ensure that all EDR Designees (as defined in the Governance Agreement) on the New PubCo

> Board shall, take any and all actions required to effectuate under applicable Law as promptly as reasonably practicable any such dividend as determined by the WWE Designees on the New PubCo Board, acting by majority. *The Executive Chair on the New PubCo Board (if Vince McMahon) and the WWE Designees on the New PubCo Board, acting by majority, shall each be express third party beneficiaries of this Section of this Cash Management Policy Term Sheet, which is intended to be binding on the Parties, each such third party beneficiary with full power and authority to enforce the terms hereof.*

215. Appendix H was part of the Transaction Agreement and provided that WWE's Board designees on the New PubCo Board were permitted to declare a dividend to WWE stockholders (who were the only stockholders to receive New PubCo Class A Common stockholders) out of WWE cash that was contributed pursuant to Section 1.7 of the Transaction Agreement. McMahon, who would be the largest individual recipient of a dividend, and WWE's Board Designees (who were McMahon and, essentially, four other directors who McMahon selected) were third party beneficiaries of the Cash Management Policy and could personally enforce it. Peter C.B. Bynoe, Nick Khan, Steven R. Koonin, McMahon and Nancy R. Tellem were designated as WWE's director designees.

4. Transaction Agreement Section 2.1(b) – No Appraisal Rights

216. Section 2.1(b) of the Transaction Agreement stated: "No dissenters' or appraisal rights shall be available with respect to the Merger or the Transactions pursuant to Section 262 of the DGCL or any other applicable law."

B. McMahon and Endeavor Negotiated for the Dividend to Be Part of the Merger Consideration that WWE Stockholders, Including McMahon Himself, Received

217. The Transaction Agreement violated Section 262 because cash, in the form of a dividend, was an integral part of the Merger and the Merger consideration as reflected in the Transaction Agreement itself and contemporaneous negotiation documents.

1. Endeavor's March 23, 2023 Term Sheet

218. Endeavor's March 23, 2023 Term Sheet provided to WWE stated under the category [redacted] Thus, the day after Emanuel and McMahon hashed out the terms of the transaction, Endeavor proposed that WWE stockholders would receive all of WWE's cash prior to the closing of the Merger except for cash needed to pay transaction expenses. At the time of this proposal, WWE had approximately $479 million of cash.

2. WWE's March 27, 2023 Term Sheet

219. WWE responded on March 27, 2023. WWE's term sheet changed [redacted] WWE modified this provision and added two footnotes. The changes are underlined in the excerpt below:

[redacted]

220. The first footnote stated: [redacted]

221. The second footnote stated [redacted]

222. Thus, the draft from WWE referred to the [redacted] the [redacted] and the importance of WWE's ability to [redacted]

223. At a Board meeting on March 27, 2023, McMahon's personal financial advisors (Raine) "discussed Endeavor's proposal that UFC and the Company each hold a minimum amount of operating cash at the closing of the Proposed Transaction which was expected to result in the distribution of approximately $300 million to a newly-formed, publicly-listed holding company ("New PubCo") that could be distributed by New PubCo to its economic stockholders (*i.e.*, not Endeavor) post-closing."

3. March 28, 2023 Endeavor Term Sheet

224. Endeavor's attorneys soon realized the structure of paying an extraordinary cash dividend as part of the Merger consideration would trigger appraisal rights for WWE stockholders. Endeavor's term sheet the next day modified the description as follows (changes underlined):



4. March 29, 2023 WWE Term Sheet

225. WWE responded the next day and it agreed to conspire with Endeavor so that the cash consideration part of the Merger would be deferred and paid after the Merger closed:

[redacted]

226. While WWE was agreeable to paying the cash immediately after the Merger closed, WWE still needed to disclose the expected amount of the dividend. WWE and Endeavor's deliberate attempt to evade Section 262 is further proven by the footnote WWE added, which stated [redacted]

5. March 29, 2023 Endeavor Term Sheet

227. Endeavor responded the next day with another term sheet that changed the last sentence of the relevant provision to state [redacted]

6. The April 1, 2023 Board Meeting

228. At the April 1, 2023 Board meeting where the Merger was approved, Scott Barshay of Paul Weiss "summarized the economic terms of the Potential Transaction" and "noted that the financial advisors' analysis had indicated that,

following the Potential Transaction, it was expected that New PubCo would have sufficient available cash to be able to pay a post-closing dividend of at least $3.00 per share to the economic shareholders of New PubCo (*i.e.*, the legacy shareholders of the Company, not Endeavor)."

* * *

229. Collectively, the revisions to the term sheets, presentations and minutes show that WWE and Endeavor understood that paying an extraordinary cash dividend to WWE stockholders as part of the Merger would trigger appraisal rights. McMahon wanted cash and would be the largest recipient of any extraordinary dividend. McMahon insisted that he receive WWE's cash as part of the Merger and the Merger consideration. The deal lawyers tried to structure the timing and mechanism to satisfy McMahon's demand for WWE's cash as part of the Merger without triggering appraisal rights for WWE's minority stockholders. McMahon, however, was unwilling to risk giving away control over issuance of the dividend and insisted on a guarantee that the dividend would be paid. As a result, McMahon negotiated contractual rights under the Transaction Agreement which, *inter alia*, provided for his own third party beneficiary rights to enforce the "Cash Management Policy" and ensure that the declaration of the dividend by the New PubCo Board was controlled by his nominees.

C. Post Announcement Disclosures Confirm that the Dividend Was Part of the Merger Consideration

230. While McMahon approved the Merger by written consent, thus giving WWE stockholders no say on the matter, the disclosures provided in connection Merger are further proof that the cash dividend was an integral part of the Merger and the Merger consideration.

1. The Press Release and Investor Presentation Refer to the Dividend

231. The press release announcing the merger included the following statement:

> The transaction represents a contribution price of WWE of approximately $106 per share (before any post-closing dividend). Additionally, UFC and WWE will each contributed cash to the new company so that it holds approximately $150 million. At closing, Endeavor intends to sweep all excess cash at UFC, and shareholders of the new company (other than Endeavor) are expected to receive a post-closing dividend.

232. The investor presentation at page 5 similarly stated:

> NewCo to be capitalized with $150M cash at closing, Endeavor (from UFC) and WWE are permitted to retain excess cash as part of the closing and, public shareholders of NewCo are expected to receive a post-closing dividend

2. Information Statement Representations Regarding the Dividend

233. The Information Statement included numerous representations regarding a cash payment that was to be made to WWE stockholders, after they became New

PubCo stockholders, out of WWE's assets, as well as the amount of such payments to WWE's directors and officers. One such item stated:

> Q: Does WWE expect to distribute cash to New PubCo?
>
> A: Yes, WWE is permitted to distribute cash to New PubCo prior to the completion of the Transactions. It is expected that an amount of cash, if any, in excess of the WWE Minimum Cash Requirement (as defined in the transaction agreement) will be distributed by WWE LLC to New PubCo. For further information, please read the section entitled "Summary of the Transaction Agreement – Cash Distributions" beginning on page 146 of this information statement/prospectus.
>
> Following the completion of the Transactions, the WWE Designees will be permitted to declare, set a record date for and pay a one-time dividend on shares of New PubCo Class A common stock, funded by the cash distribution by WWE LLC to New PubCo prior to the closing of the Transactions….

234. The Information Statement thereby specifically stated that WWE Designees would be permitted to declare a cash dividend to former WWE stockholders to be paid out of WWE cash contributed to New PubCo and on a fully diluted basis, McMahon and his family would receive 36.4%, with minority stockholders receiving 59.9%.

235. The Information Statement also described the dividend as a "Potential Positive Factor [for the Merger]. In recommending that WWE stockholders adopt the transaction agreement, the WWE Board considered a number of factors that it believes support its decision, including, among other factors ... *Post-Closing Dividend.* That WWE is permitted to distribute excess cash to New PubCo as part of the Transactions

which could be used by New PubCo to pay a dividend to the holders of New PubCo Class A common stock (which WWE stockholders would receive in the Transactions)."

236. The Information Statement additionally warned that "the market price of New PubCo Class A common stock may decline if ... the one-time post-closing dividend is lower than anticipated." It also warned of "the possibility that WWE will not have sufficient cash at the Closing to distribute cash to New PubCo such that New PubCo will have cash to pay a post-closing dividend to the securityholders of New PubCo Class A common stock, or that the amount of cash available for a post-closing dividend will be less than currently expected."

237. Accordingly, Defendants admitted that the special cash dividend was part of the value that WWE stockholders were receiving in the Merger and that the stock price of the Class A shares reflected the cash payment and could decline if the cash payment was less than expected. McMahon and the WWE Director Designees he selected always intended to immediately declare the special cash dividend and did so immediately upon the Merger's close. TKO's post-close financial statements that reported the cash dividend as "deferred consideration" are further proof that the cash dividend was part of the consideration that WWE stockholders received in the Merger.

D. TKO/New PubCo Issued a $321 million Post-Close Dividend to WWE Stockholders

238. The Merger closed on September 12, 2023. New PubCo (*i.e.*, TKO) issued 83,162,446 shares of Class A common stock. Peter C.B. Bynoe, Nick Khan, Steven R. Koonin, McMahon and Nancy R. Tellem were designated as WWE's director designees.

239. On September 15, 2023, TKO issued a preliminary prospectus in connection with McMahon's sale of his shares publicly and to TKO. The prospectus stated McMahon owned 28,752,105 shares of Class A common stock and Khan, Koonin and Kraft owned 53,894, 3,508 and 5,000 shares each, respectively. The prospectus stated:

> Pursuant to the transaction agreement, the WWE Designees are permitted to declare, set a record date for and pay a one-time special dividend on shares of TKO Class A common stock, which was declared on September 12, 2023 for $3.86 per share, payable on September 29, 2023 to the stockholders of our Class A common stock of record as of September 22, 2023.

240. The total amount of the dividend was approximately $321 million. McMahon received his pro rata portion, which was approximately $111 million.

X. THE INFORMATION STATEMENT WAS MATERIALLY MISLEADING

241. McMahon and the Board disseminated the misleading Information Statement to WWE stockholders, which misrepresented and omitted material facts

concerning appraisal rights, the Special Committee investigation of McMahon, and the fair values of WWE and UFC.

242. *First*, as set forth in detail above, the Information Statement falsely stated that WWE stockholders were not entitled to appraisal rights in connection with the Merger. The false statement was intentional and part of a scheme to disguise cash Merger consideration paid in connection with the Merger. Both WWE and Endeavor intended for the cash dividend to be paid as Merger consideration. The negotiations clearly show this, and TKO later referred to the cash dividend as consideration to WWE stockholders in connection with the Merger. Moreover, McMahon's insistence to retain contractual control over the declaration of the cash dividend through the terms of the Transaction Agreement destroyed any independent legal significance the dividend could have had from the Merger. Failing to advise WWE stockholders that they were entitled to appraisal rights in connection with the Merger renders the Information Statement false and materially misleading.

243. *Second*, the Information Statement misled investors by stating that the Company's investigation into McMahon's sexual misconduct was completed. In SEC filings specifically incorporated by reference into the Information Statement, WWE stated:

> Quarterly Report on Form 10-Q for the quarter ended June 30, 2023 filed with the SEC on August 2, 2023: "As previously disclosed on June 17,

> 2022, a Special Committee of the Board of Directors was formed on June 15, 2022 to investigate allegations of misconduct by Vince McMahon. *As previously disclosed, the Special Committee investigation was completed during the fourth quarter of 2022.* However, related government investigations remain ongoing."

244. This italicized statement was misleading. As alleged in detail above, the investigation was not completed at that time. The Special Committee had neither received nor issued any report, final or otherwise. And the representation that the "Special Committee investigation is complete" omitted the fact that the Special Committee simply transferred its investigation over to multiple different Board committees, including the Audit Committee, Compensation Committee, and a newly formed Demand Committee.

245. These misrepresentations were material because they indicated that McMahon was clear of the allegations against him and was therefore capable of running a sale process and interacting with potential bidders on behalf of the Company. As noted above, when returning to the Company in December 2022, McMahon repeatedly touted that "the special committee of the Board has concluded its investigation and presumably all of its material findings have been publicly disclosed by the Company …." Similarly, when Emanuel was asked about his decision to allow McMahon to remain as Executive Chairman shortly after announcement of the Merger, Emanuel stated, "I believe in due process. There was an

investigation. There was no wrongdoing found. So we move on." The Information Statement furthered this false narrative.

246. *Third*, as alleged in detail above, the Information Statement omitted reliable WWE High Case standalone projections, which Riddick, the Company's CFO, prepared in the ordinary course of business. The WWE Operating Plan provided a reasonable and tangible path to achieving the High Case projections. The Information Statement did not disclose the existence of the High Case, its achievable assumptions, [redacted] Reasonable, reliable, and achievable standalone projections that returned valuations at billions of dollars WWE's valuation in the Merger would undoubtedly be important to a reasonable WWE stockholder.

CLASS ACTION ALLEGATIONS

247. Plaintiff brings this Action pursuant to Rule 23 of the Rules of the Court of Chancery, individually and on behalf of all other former holders of WWE Class A common stock (except Defendants named herein and any person, firm, trust, corporation, or other entity related to or affiliated with them and their successors in interest) who have been injured through the Merger by Defendants' wrongful actions, as more fully described herein (the "Class").

248. This Action is properly maintainable as a class action.

249. The Class is so numerous that joinder of all members is impracticable. As of August 2, 2023, there were 52,030,681 shares of WWE Class A common stock issued and outstanding. Thus, upon information and belief, there were thousands of WWE stockholders scattered throughout the United States.

250. There are questions of law and fact common to the Class, including, *inter alia*, whether:

(a) the Director Defendants, as defined below, and Riddick breached their fiduciary duties to WWE stockholders and violated Delaware law; and

(b) Plaintiff and the other members of the Class were injured by the wrongful conduct alleged herein and, if so, the proper measure of damages.

251. Plaintiff has standing to pursue all claims brought on behalf of the Class. Plaintiff has standing because it held WWE Class A common stock at the closing of the Acquisition and received TKO common stock in exchange.

252. Plaintiff is committed to prosecuting the Action and has retained competent counsel experienced in litigation of this nature. Plaintiff's claims are typical of the other members of the Class, and Plaintiff has the same interests as the other members of the Class. Plaintiff is an adequate representative of the Class and will fairly and adequately protect the interests of the Class.

253. Further, the prosecution of separate actions by individual members of the Class would create the risk of inconsistent or varying adjudications with respect to individual members of the Class. Such inconsistent or varying adjudications would establish incompatible standards of conduct for Defendants and/or with respect to individual members of the Class, that would as a practical matter be disjunctive of the interests of the members not party to the adjudications or substantially impair or impede their ability to protect their interests.

COUNT I

Breach of Fiduciary Duty of Loyalty Against McMahon

254. Plaintiff repeats and re-alleges each and every allegation above as if set forth in full herein.

255. At the time of the Merger, McMahon was WWE's controlling stockholder and its Executive Chairman. As a controlling stockholder, director, and officer, McMahon owed Plaintiff and the Class fiduciary duties of loyalty and candor.

256. McMahon breached these duties by misusing his controlling stake in the Company to lead an unfair sale process that was motivated by McMahon's pursuit and retention of personal benefits, including: (a) a contractual right to continue to as Executive Chairman of the post-Merger entity until death, resignation, or incapacity; (b) the contractual right to personally ensure the declaration of the special cash

dividend; (c) the contractual ability to register and liquidate significant amounts of McMahon's holdings post-Merger; (d) a grant to McMahon, rather than WWE, rights to his "life story and related intellectual property"; and (e) the extinguishment of McMahon's derivative liability to WWE and expanded indemnification rights. McMahon also issued and/or approved the Information Statement, which included multiple material misrepresentations and omissions.

257. Rather than establish a committee of independent and disinterested directors to oversee WWE's exploration of strategic alternatives, McMahon replaced multiple directors with loyalists. And instead of subjecting the Merger to a majority of the minority stockholder vote, McMahon unilaterally approved the Transaction Agreement by written consent.

258. In sum, as WWE's controlling stockholder and as a director and officer, McMahon pushed through an unfair, undervalued, and misrepresented Merger for his own unique conflicts of interest.

259. As a result of McMahon's breaches of fiduciary duty, Plaintiff and the Class have been harmed.

COUNT II

Breach of Fiduciary Duties of Care and Loyalty Against Khan, Levesque, and Riddick

260. Plaintiff repeats and re-alleges each and every allegation above as if set forth in full herein.

261. Defendants Khan and Levesque owed fiduciary duties of care, loyalty, and candor in their capacities as officers and directors of WWE to Plaintiff and the Class. Defendant Riddick owed fiduciary duties of care, loyalty, and candor in his capacity as an officer of WWE to Plaintiff and the Class.

262. Khan, Levesque, and Riddick breached their duties of care, loyalty, and candor by approving, implementing, acquiescing to, and/or concealing the unfair Merger and sham process that benefitted themselves, individually and collectively, and McMahon at the expense of WWE stockholders.

263. As a result of Khan's conflicts of interest and beholdeness to McMahon, Khan participated in multiple meetings between McMahon and Emanuel, where they conspired to complete the unfair and undervalued Merger in furtherance of McMahon's interests, as well as for Khan's personal benefit. While McMahon and Khan were negotiating key terms of Merger, McMahon successfully negotiated his new role as Executive Chairman, post-merger employment for key members of his management team (including Khan), the ability to control a special dividend, the

personal right to choose his team of directors at WWE, and a registration rights agreement to liquidate his stock, at TKO's expense, without fear of liability for insider trading. Khan acted in furtherance of McMahon's interests and, in return, McMahon rewarded Khan with a "Sale Bonus" of $15 million.

264. As a result of Levesque's conflicts of interest and beholdeness to McMahon, Levesque also repeatedly placed his loyalty to McMahon above his obligations to act in the best interest of WWE stockholders. In return, McMahon rewarded Levesque with a "Sale Bonus" of $5 million.

265. As a result of Riddick's conflicts of interest and beholdeness to McMahon, Riddick also repeatedly placed his loyalty to McMahon above his obligations to act in the best interest of WWE stockholders. In return, McMahon rewarded Riddick with a "Sale Bonus" of $5 million.

266. Khan, Levesque, and Riddick engaged in the following additional actions in furtherance of McMahon's and their own interests:

- Khan and Levesque stated that McMahon's return in December 27, 2022 "would not be prudent from a shareholder value perspective," but then flip-flopped on January 6, 2023 when re-electing McMahon to the Board and on January 9, 2023 when approving McMahon's role as Executive Chair;

- Khan, Levesque, and Riddick issued, approved, and/or reviewed the Information Statement, which involved multiple material misrepresentations and omissions, including, *inter alia*, Riddick's reasonable and reliable High Case projections and valuation; and

- Khan and Levesque buried the factual findings uncovered during the investigation of McMahon by ensuring that [redacted] findings were not reported in writing to the Board.

267. As a result of the breaches of fiduciary duty of Khan, Levesque, and Riddick, Plaintiff and the Class have been harmed.

COUNT III

Breach of Fiduciary Duty of Loyalty Against Barrios, Koonin, Wilson, Pamon, and McKenna

268. Plaintiff repeats and re-alleges each and every allegation above as if set forth in full herein.

269. Barrios, Koonin, Wilson, Pamon and McKenna (the "Outside Director Defendants") were all directors of the Company. Each owed fiduciary duties of loyalty and candor to Plaintiff and the Class.

270. In addition to each directors' conflicts of interest and financial ties to McMahon, each of the Outside Director Defendants breached those fiduciary duties by repeatedly placing his or her loyalty to McMahon above his or her obligations to act in the best interest of WWE stockholders, including through the following actions in furtherance of McMahon's and their own interests:

- the Special Committee conducted a sham investigation of the allegations against McMahon, facilitating a cover-up by ensuring that they received no written materials, no written report, and no evidentiary findings (Koonin and Pamon);

- the Special Committee paved the way for McMahon's return by causing WWE to issue a misleading public statement on August 15, 2022 stating that the Special Committee investigation into McMahon's sexual misconduct was "substantially completed" (Koonin and Pamon);

- the Outside Director Defendants stated that McMahon's return in December 27, 2022 "would not be prudent from a shareholder value perspective," but then flip-flopped on January 6, 2023 by reaching a consensus to re-elect McMahon to the Board (Koonin, Pamon, and McKenna) and on January 9, 2023 by approving McMahon's role as Executive Chair (Koonin) or not voicing objection to that result (Pamon and McKenna);

- the Outside Director Defendants issued and/or approved the Information Statement, which included multiple material misrepresentations and omissions (Barrios, Koonin, Wilson, Pamon, and McKenna);

- the Compensation Committee – at McMahon's personal request, and with no negotiation or back-and-forth – approved a new pay package for McMahon, gifted McMahon the rights to his "life story and related intellectual property," and awarded $40 million in "Sale Bonuses" to five executive officers, named by McMahon (Koonin and Wilson);

- the Outside Director Defendants buried the factual findings uncovered during the investigation of McMahon's sexual misconduct by ensuring that [redacted] findings were not reported to the Board in writing (Barrios, Koonin, Wilson, Pamon, and McKenna); and

- by approving the Transaction Agreement, declining to appoint a fully functioning special committee, and failing to become involved in the sale process, the Outside Director Defendants knowingly enabled McMahon's pursuit of personal benefits in connection with the Merger (Barrios, Koonin, Wilson, Pamon, and McKenna).

271. As a result of the Outside Director Defendants' breaches of fiduciary duty, Plaintiff and the Class have been harmed.

COUNT IV

Violation of 8 *Del. C.* § 262
Against WWE LLC and TKO

272. Plaintiff repeats and re-alleges each and every allegation above as if set forth in full herein.

273. Pursuant to Section 262, any merger in which stockholders receive cash as consideration (other than for payment of fractional shares) entitles the stockholders of the corporation to appraisal rights. As set forth in detail above, WWE Class A stockholders received cash consideration in connection with the Merger in the form of a cash dividend paid by TKO in accordance with the Transaction Agreement. Both negotiations and public disclosure of the Merger show that the cash dividend was intended as consideration paid to WWE stockholders in connection with the Merger, and the declaration of the dividend was governed by the terms of the Transaction Agreement, destroying any independent legal significance the dividend could have had from the Merger.

274. Despite WWE stockholders being entitled to appraisal rights, in violation of Section 262, neither WWE LLC nor TKO provided WWE stockholders with the requisite statutory notice of appraisal rights.

275. WWE LLC and TKO's violation of Section 262 entitles the former WWE stockholders to a quasi-appraisal remedy.

COUNT V

Breach of Fiduciary Duty of Loyalty Against McMahon, Khan, Levesque, Barrios, Koonin, Wilson, Pamon, and McKenna Regarding the Cash Dividend

276. Plaintiff repeats and re-alleges each and every allegation above as if set forth in full herein.

277. McMahon, Khan, Levesque, Barrios, Koonin, Wilson, Pamon and McKenna (the "Director Defendants") were all directors of the Company. Each owed fiduciary duties of loyalty and candor to Plaintiff and the Class.

278. The Director Defendants structured the Merger to include cash merger consideration, yet deliberately failed to provide for appraisal rights in violation of Section 262. McMahon insisted that he be paid out of WWE's cash excess in connection with the Merger. The term sheets therefore consistently reflect that WWE stockholders would receive payment of WWE's excess cash in the form of a special cash dividend in the Merger. The Director Defendants and Endeavor, however, altered that approach after Endeavor decided to avoid providing WWE stockholders with appraisal rights.

279. The Director Defendants then conspired with Endeavor to violate Section 262 by structuring the Merger so that McMahon received his demanded cash payment,

while, in the Information Statement, concealing the availability of appraisal rights for WWE stockholders.

280. As a result of these breaches of fiduciary duty, Plaintiff and the Class have been harmed.

281. This breach of fiduciary duty also entitles the former WWE stockholders to a quasi-appraisal remedy.

COUNT VI

Civil Conspiracy to Violate 8 *Del. C.* § 262 Against Endeavor

282. Plaintiff repeats and re-alleges each and every allegation above as if set forth in full herein.

283. Pursuant to Section 262, any merger in which stockholders receive cash as consideration (other than for payment of fractional shares) entitles the stockholders of the corporation to appraisal rights.

284. In its March 27, 2023 term sheet to Endeavor, WWE explicitly stated that [redacted]

285. Endeavor knew McMahon was insisting on a cash dividend in the amount of WWE's excess cash be paid by WWE in connection with the Merger, and Endeavor was likewise pulling its excess cash from Merger Sub prior to the Merger.

But Endeavor also knew the cash Merger consideration to WWE stockholders would trigger appraisal rights for WWE stockholders. Endeavor sought to prevent WWE stockholders from exercising their appraisal rights, given Endeavor's majority ownership interest in the post-Merger entity.

286. To avoid WWE stockholder appraisal rights, Endeavor conspired with WWE LLC and TKO to disguise the cash Merger consideration. On March 29, 2023, Endeavor proposed instead that neither the Transaction Agreement nor investor communications refer to any cash dividend prior to closing of the Merger. But Endeavor included in its term sheet an additional "Cash Management Policy" term that would allow the dividend to be declared by a majority of TKO's Board any time following the close of the Merger.

287. To appease McMahon's insistence to contractually control the declaration and payment of the dividend, Endeavor ultimately agreed that the Transaction Agreement would refer to the dividend, the WWE directors appointed to the TKO Board would have the right to declare the dividend after closing of the Merger, and that McMahon and those directors would have the right to personally enforce those terms of the Transaction Agreement. Endeavor also agreed that WWE could refer to the Cash Management Policy in messaging to investors but refer to [redacted]

288. Endeavor knew that the substance of its agreements with McMahon and WWE was that WWE stockholders would receive cash Merger consideration under the terms of the Transaction Agreement.

289. Endeavor's conspiracy with WWE LLC and TKO to violate Section 262 and illegally deny WWE stockholders of their appraisal rights in connection with the Merger caused damage to Plaintiff and the Class, denying them their fundamental statutory right to appraisal under Delaware law.

COUNT VII

Aiding and Abetting Breaches of Fiduciary Duty Against Endeavor

290. Plaintiff repeats and re-alleges each and every allegation above as if set forth in full herein.

291. The Director Defendants each owed fiduciary duties of due care, loyalty, and candor to Plaintiff and the Class.

292. As directors of a Delaware corporation, Endeavor knew that the Director Defendants had a duty of care to structure the Merger in accordance with Delaware law, a duty of loyalty to structure the Merger in the best interests of WWE's stockholders, and a duty of candor not to misrepresent and/or conceal material information in the Information Statement and with respect to WWE stockholders.

293. Endeavor also knew that, under Delaware law, any merger in which stockholders receive cash as consideration (other than for payment of fractional shares) entitled stockholders of the corporation to appraisal rights.

294. Endeavor sought to prevent WWE stockholders from exercising their appraisal rights, given Endeavor's majority ownership interest in the post-Merger entity. But at the same time, Endeavor had to figure out a way to balance its own interest in preventing appraisal with McMahon's insistence on a payment of WWE's excess cash as part of the Merger consideration.

295. As set forth in detail above, to avoid WWE stockholder appraisal rights, Endeavor knowingly participated, conspired, and provided substantial assistance to the Directors Defendants in disguising the cash Merger consideration and denying WWE stockholders fundamental statutory appraisal rights in violation of Delaware law and in breach of the Director Defendants fiduciary duties of care, loyalty, and candor.

296. Endeavor knew that the substance of its agreements with McMahon and WWE was that WWE stockholders would receive cash Merger consideration under the terms of the Transaction Agreement but would be prevented from exercising appraisal rights, despite being entitled to appraisal rights under Delaware law.

297. Endeavor knowingly participated in the Information Statement's misleading characterization of the special dividend and purported lack of appraisal rights. As the term sheets exchanged between Endeavor and WWE reveal, Endeavor included certain provisions specifying how these issues would be characterized to WWE stockholders. Endeavor specifically stated in its March 28, 2023 term sheet that [redacted] and after a counter-proposal, Endeavor revised this provision on March 29, 2023 to state, [redacted]

298. In addition, Section 6.1(a) of the Transaction Agreement states:

> EDR [*i.e.*, Endeavor] and WWE shall cooperate and provide each other Party with a reasonable opportunity to review and comment the Information Statement and the Registration Statement and any substantive correspondence (including responses to SEC comments), amendments or supplements to the Information Statement or the Registration Statement prior to filing with the SEC (and any such filing shall be subject to EDR's prior written consent not be unreasonably withheld, conditioned or delayed), and shall provide to such other Parties a copy of all such filings made with the SEC.

299. Endeavor's knowing participation in the Director Defendants' breaches of their fiduciary duties of care, loyalty, and candor to WWE stockholders in

connection with the Merger caused damage to Plaintiff and the Class, denying them their fundamental statutory right to appraisal under Delaware law.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of himself and the Class, requests judgment as follows:

A. Declaring that this Action is properly maintainable as a class action, and certifying Plaintiff as Class representative and Plaintiff's counsel as Class counsel;

B. Declaring that the Defendants breached their fiduciary duties owed to Plaintiff and the Class, as set forth herein;

C. Declaring the Merger unfair;

D. Declaring the Merger triggered appraisal rights under Section 262 and that stockholders are entitled to quasi-appraisal as a remedy;

E. Awarding damages or equivalent equitable relief to Plaintiff and the Class, including amounts improperly received by the Defendants as a result of their breaches of fiduciary duties;

F. Ordering the disgorgement of all benefits Defendants obtained in connection with their breaches of fiduciary duty, including disgorgement (or rescission) of intellectually property conveyed, disgorgement of the Sale Bonuses paid and disgorgement of wrongfully obtained profits from the sale of stock;

G. Awarding the Class compensatory damages in an amount to be proven at trial, together with pre and post-judgment interest;

H. Awarding Plaintiff the costs and disbursements of this Action, including reasonable attorneys' and experts witness' fees; and

I. Granting such other and further equitable relief as this Court may deem just, proper and equitable, including any extraordinary equitable relief as permitted by law or equity to attach, impound, or otherwise restrict defendants' assets to assure Lead Plaintiff and the Class have an effective remedy.

Dated: April 24, 2024

PRICKETT, JONES & ELLIOTT, P.A.

By: */s/ Marcus E. Montejo*
Marcus E. Montejo (#4890)
Corinne Elise Amato (#4982)
Kevin H. Davenport (#5327)
John G. Day (#6023)
Seth T. Ford (#7051)
1310 King Street
Wilmington, DE 19801
(302) 888-6500

OF COUNSEL:
ROBBINS GELLER RUDMAN
& DOWD LLP
Randall J. Baron
David A. Knotts
Lion Wintemute
655 West Broadway, Suite 1900
San Diego, CA 92101
(619) 231-1058

ROBBINS GELLER RUDMAN
& DOWD LLP
Christopher H. Lyons (#5493)
Tayler D. Bolton (#6640)
1521 Concord Pike, Suite 301
Wilmington, DE 19803
(302) 467-2660

Attorneys for Plaintiff