UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF IOWA

DES MOINES DIVISION

JOSEPH MROZ, Individually and on Behalf of All Others Similarly Situated, Plaintiff, vs. MEREDITH CORPORATION, STEPHEN M. LACY, THOMAS H. HARTY and JOSEPH H. CERYANEC, Defendants.	)))))))))))	No. CLASS ACTION DEMAND FOR JURY TRIAL

COMPLAINT FOR VIOLATIONS OF THE FEDERAL SECURITIES LAWS

Plaintiff Joseph Mroz ("Plaintiff"), individually and on behalf of all other persons similarly situated, by Plaintiff's undersigned attorneys, for Plaintiff's Complaint against Defendants, alleges the following based upon personal knowledge as to Plaintiff and Plaintiff's own acts, and upon information and belief as to all other matters based on the investigation conducted by and through Plaintiff's attorneys, which included, among other things, a review of Securities and Exchange Commission ("SEC") filings by Meredith Corporation ("Meredith" or the "Company"), as well as media reports about the Company. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a securities class action on behalf of all purchasers of the securities of Meredith Corporation between January 31, 2018 and September 5, 2019, inclusive (the "Class Period"). Plaintiff seeks to pursue remedies against Meredith and several of its most senior executives under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the "Exchange Act"), and Rule l0b-5 promulgated thereunder. The individual defendants include Stephen M. Lacy ("Lacy"), who was Meredith's Chief Executive Officer ("CEO") and Chairman at the beginning of the Class Period, was named Meredith's Executive Chairman effective February 1, 2018, and stepped down as Executive Chairman but continued to serve as Non-Executive Chairman effective March 31, 2019; Thomas M. Harty ("Harty"), who was Meredith's Chief Operating Officer at the beginning of the Class Period and named Meredith's President and CEO effective February 1, 2018, and Joseph

H. Ceryanec ("Ceryanec"), who was Meredith's Chief Financial Officer ("CFO") throughout the Class Period.

2. Defendant Meredith, headquartered in Des Moines, Iowa, is a media company that operates national media and local media business segments over print, digital, mobile, video, and broadcast television, serving over 175 million unduplicated American consumers and with a readership of more than 120 million, paid circulation of more than 40 million, nearly 135 million monthly unique visitors, and with broadcast television stations reaching 11 percent of United States households.

3. During the Class Period, Defendants issued materially false and misleading statements regarding the Company's acquisition of Time, Inc. ("Time"). Specifically, Defendants failed to disclose: (i) that the Company's financial reporting was deficient in its controls for establishing the fair value of the assets and liabilities that Meredith had acquired from Time; (ii) that integrating Time's assets and elevating advertising revenue from the print and digital performance of Time's assets would occur over a series of years and require additional investment spending; and (iii) that the substantial number of low margin magazine subscriptions inside the legacy Time brands would require additional investment spending. Defendants failure to disclose these defects caused harm to Plaintiff and the Class.

JURISDICTION AND VENUE

4. Jurisdiction is conferred by Section 27 of the Exchange Act. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act and Rule 10b-5

promulgated thereunder. This Court has jurisdiction over the subject matter of this action under 28 U.S.C. §1331 and Section 27 of the Exchange Act.

5. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. §1391(b) as the Company is headquartered in this District, conducts business in this District and the alleged misconduct was transacted in and emanated from this District.

6. In connection with the acts alleged in this Complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications and the facilities of the national securities markets.

PARTIES

7. Plaintiff Joseph Mroz, as set forth in the accompanying Certification, which is incorporated by reference herein, purchased Meredith securities during the Class Period and has been damaged thereby.

8. Defendant Meredith, headquartered in Des Moines, Iowa, is an American media conglomerate that owns magazines, television states, websites, and radio stations. Meredith reaches over 175 million unduplicated American consumers. Meredith's publications have a readership of more than 120 million, paid circulation of more than 40 million, nearly 135 million monthly unique website visitors, and Meredith's broadcast television stations reach 11 percent of United States households.

9. Defendant Lacy was Meredith's CEO and Chairman at the beginning of the Class Period, was named Meredith's Executive Chairman effective February 1, 2018, and

stepped down as Executive Chairman but continued to serve as Non-Executive Chairman effective March 31, 2019.

10. Defendant Harty was Meredith's Chief Operating Officer at the beginning of the Class Period and named Meredith's President and CEO effective February 1, 2018.

11. Defendant Ceryanec was Meredith's CFO throughout the Class Period.

12. The defendants referenced above in ¶¶8-11, above, are referred to herein as the "Individual Defendants." The Company and the Individual Defendants are referred to herein, collectively, as "Defendants."

13. The Individual Defendants, because of their positions with the Company, possessed the power and authority to control the contents of the Company's quarterly reports, shareholder letters, press releases and presentations to securities analysts, money and portfolio managers and institutional investors, *i.e.*, the market. They were provided with copies of the Company's reports and press releases alleged herein to be misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions with the Company, and their access to material non-public information available to them but not to the public, the Individual Defendants knew that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations being made were then materially false and misleading. The Individual Defendants are liable for the false and misleading statements pleaded herein.

14. Defendants are liable for: (i) making false statements; or (ii) failing to disclose adverse facts known to them about the Company. Defendants' fraudulent scheme

and course of business that operated as a fraud or deceit on purchasers of Meredith securities was a success, as it: (i) deceived the investing public regarding Meredith's prospects and business; (ii) artificially inflated the price of Meredith securities and (iii) caused Plaintiff and other members of the Class to purchase Meredith securities at artificially inflated prices.

SUBSTANTIVE ALLEGATIONS

Class Period Misrepresentations

15. The Class Period begins on January 31, 2018 when Meredith announced that it had completed the purchase of Time for $2.8 billion. Meredith's Press Release entitled *Meredith Corporation Announces Completion of Time Inc. Acquisition And Reports Fiscal 2018 Second Quarter and First Half Results*, stated in part:

> I want to welcome our new employees to Meredith, said Meredith President and Chief Operating Officer Tom Harty. ***Together, we are eager to start serving consumers and advertisers alike with trusted, premium multi-platform content and innovative marketing solutions. Since our announcement, teams from Meredith and Time have been developing an integration plan that has positioned us to hit the ground running***.[1] We look forward to delivering on our pledge to achieve the identified synergies and grow shareholder value [. . .]
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> Key Strategic and Financial Benefits of the Time Inc. Acquisition: [. . .]
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> Enhances financial strength and flexibility – ***Meredith expects the acquisition will be accretive to free cash flow in the first full year of operations. Meredith anticipates generating annual cost synergies at the high end of its previously stated range of $400 million to $500 million in the first two full years of combined operations. Meredith has an excellent track record of achieving cost synergies with prior acquisitions, and is***

[1] Unless otherwise noted, all internal quotations omitted and emphasis added.

confident in its ability to optimize the cost structure of the combined business.

16. On the January 31, 2018 investor conference call accompanying the press release, Lacy reiterated Meredith's "excellent track record of achieving cost synergies with prior acquisitions" and confidence in Meredith's "ability to optimize the cost structure of the combined business." Lacy further stated that the acquisition "meaningfully enhances our financial strength and flexibility" and was expected "to generate cost synergies ***at the high end*** of the previously stated $400 million to $500 million range within the first two full years of combined operations."

17. On the January 31, 2018 investor conference call accompanying the Press Release, Ceryanec likewise stated that there were "many positive developments" during the two months since the acquisition was announced, among them being "that preliminary indications are that Time has delivered Calendar 2017 results, in line with its previously stated expectation of $400 million of Adjusted EBITDA and "[f]rom what we can tell, it also appears that Time delivered about $25 million of its previously announced expense reductions during Calendar 2017."

18. On the January 31, 2018 investor conference call, Harty similarly explained that Meredith intended to "bring the advertising and circulation performance of the acquired Time properties to at least industry norms by the start of Calendar 2019," "aggressively grow revenue and raise the margins on the acquired Time digital properties to Meredith's mid-to high-teen margin levels[,]" and "***fully realize the high-end of the $400 million to $500 million range of annual cost synergies*** within the first two full years

of operation." Indeed, Harty stressed that, given Meredith's "previous initiatives to acquire Time Inc., we are ***very familiar with the available synergy opportunities***[,]" and were "laser-focused on this goal[.]" Harty further explained that "turning around the performance of the Time Inc. titles will take time," but that "we expect to see progress starting in the second half of Calendar 2018[,]" and "***we have hit the ground running***."

19. When asked by an analyst directly for "a little more detail on how you plan on stabilizing Time's revenue," Harty and Lacy explained that Meredith expected "having things where they should be as we turn the corner in to calendar 2019," and further explained that it is "not very difficult to do some of those things" (emphasis added):

> **Eric Katz - Wells Fargo Securities, LLC, Research Division – Senior Analyst**
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> So we've talked to quite a few investors over the last few months as well and the biggest concern [of our thesis] is around, I guess, Time's side. People, I think, are pretty comfortable with your trajectory. I was wondering if you could just talk in a little more detail on how you plan on stabilizing Time's revenue, because I think that's one of the biggest pressure points for a lot of people out there.
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> And I know you said you can't really talk too much to the timeline, but I do know that their numbers will give some easier comps going, I guess, later into the year. So I don't know if that's necessarily true or not, but anything you can talk to that would be super helpful.
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> **Thomas M. Harty - Meredith Corporation – CEO & President**
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> Yes. As I mentioned being specific, entering the summer of '16, Time Inc., --actually, the prior leadership made a decision to go away from selling, having people selling from a brand perspective. So -- previously, you had somebody wake up every day and think about People Magazine or Cooking Light or Southern Living and they reversed that and went to more of this vertical selling strategy.

So you would have a food vertical, pharma vertical, financial vertical. And if you were a seller in that vertical, you would -- have to think about plus-20 brands and have answers on everything. And the marketplace really reacted -- the advertising marketplace reacted really badly to this.

[I]t's just not the way they wanted. They weren't getting serviced correctly. They weren't getting the answers. Nobody could tell them specific marketing ideas around some of their big ten pole things like the Oscars for People Magazine or the Sports Illustrated Swimsuit Issue. So that's really led it -- if you look at the numbers and you look at the industry, that really points to what would happen and it's exactly what we hear from the advertisers.

So what we've been working on is reversing that and we're going to take a little bit of pause for a short period of time: four to six weeks, and then come out with a new go to market strategy where we're going to reverse it and we're going to take the best of both worlds and go back and have people responsible for their brands which we think are really important and that's how we sell.

The good news is that as I've been down there over the last 2 months, a lot of those brand leaders are still there. They're just off in these verticals. So someone that used to be in charge of Sports Illustrated is there; someone that used to be in charge of Real Simple. So it's not a real stretch for us to kind of that undo that and put some of these people back in place. And actually, they're really eager to do that.

So I think from our perspective, it takes a little bit of time from the advertising sales cycle, but ***we're going to see sequential improvement quarter-to-quarter through the remainder of 2018 and really getting ready for the calendar year 2019. We think that's when it'll be steady state going forward and getting them back into, what we would say, the industry performance, which would be about half of the decline of what they've been saying.***

Stephen M. Lacy – Meredith Corporation – Executive Chairman

So Tom has been working along with the other leaders, Eric, in identifying the individuals who used to lead these brands and getting them positioned and getting the right groupings of the individual properties.

And you know, at Meredith, we've always had brand leaders. We've had a digital sales force. We've had a corporate go-to-market strategy where we have verticals as well. And so we'll go to that model. And it's important to

> remember that we're closing the April issues now. So that's why, in our prepared remarks, Tom made reference to beginning to see some improvement in the second half of calendar '18.
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> ***So July, August, September going forward, and working with the largest advertisers who are in all sincerity, the largest share of revenue that activity really kind of starts in the later part of the summer, into the fall, with the objective of having things where they should be as we turn the corner into calendar '19. So I want to pause here and see if we answered your question?***
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> **Eric Katz – Wells Fargo Securities, LLC, Research Division – Senior Analyst**
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> That is really helpful and ***I guess the gist of what you are saying is that's not very difficult to do some of those things***, just sort of putting it back to where it was.
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> **Joseph H. Ceryanec – Meredith Corporation - CEO**
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> ***That's correct.***
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> **Stephen M. Lacy - Meredith Corporation – Executive Chairman**
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> I mean you can look at industry data and see forever that they out performed us and everybody else and the brands are there, the consumer audience is solid as a rock and I think there is a real cry in the market place that want these businesses to be successful in this new combined business that is without a doubt by any measure the market leader to in fact lead the market.

20. On May 10, 2018, Meredith released its Fiscal 2018 Third Quarter and Nine Month Results and stated that Meredith was "aggressively focused on successfully integrating the acquired Time Inc. properties[,]" and had updated its expectations such that it now expected synergies to "exceed $500 million annually" and had "set a goal to reduce our debt by $1 billion":

> Our legacy Meredith businesses are performing in-line with our stated expectations, and ***we are aggressively focused on successfully integrating the acquired Time Inc. properties***; strengthening our leading national and local media brands; executing our planned asset divestitures; and ***delivering***

> ***on our synergy targets, which we now expect will exceed $500 million annually***," said Meredith Corporation Executive Chairman Stephen M. Lacy. "With these initiatives***, we have set a goal to reduce our debt by $1 billion by the end of fiscal 2019, and generate $1 billion of EBITDA in fiscal 2020.*** These achievements are expected to reduce our debt level to 2x EBITDA, and meaningfully contribute to total shareholder return.
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> Meredith is pursuing the following strategies with a goal of successfully integrating its acquisition of Time Inc. and maximizing the value of the combined media portfolio by:
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> **Improving the advertising and circulation performance of the acquired Time Inc. properties to at least industry norms.** Meredith is implementing its proven strategies, standards and discipline across the legacy Time Inc. portfolio to improve performance, including aligning it with Meredith's successful sales structure. ***Meredith expects to see meaningful improvement in advertising results for the acquired Time Inc. brands starting in fiscal 2019***. Regarding circulation, Meredith has launched a large-scale initiative to use its much larger subscription database to cross-promote titles to increase circulation revenue and lower subscription acquisition costs.

21. On the May 10, 2018 investor conference call accompanying this press release, Harty reiterated that Meredith expected "meaningful improvement in our advertising results [from the legacy Time assets] as we progress through fiscal year 2019, which starts July 1, 2018[,]" and explained that "***the power of our new offerings is generating marketplace buzz and is already generating expanded client relationships***."

22. Lacy explained that Meredith was "very pleased with the integration work so far, including the progress we're making on cost synergies that we expect to achieve from[,]" which "we now expect to exceed the high end of that range, the $500 million mark." Ceryanec similarly explained that Meredith's integration was, if anything, ahead

of schedule thanks to "a head start on many of the initiatives that Steve and Tom discussed today because we're able to close just 2 months from the time we announced the deal."

23. The closing price of Meredith stock on May 10, 2018 was $51.90.

24. On August 10, 2018, Meredith issued a press release announcing its Fiscal 2018 Full Year and Fourth Quarter financial results, again assuring investors that the Company was "very pleased with the progress being made on integrating the acquired Time Inc. properties," expected "meaningful improvement in advertising results for the acquired Time Inc. brands during fiscal 2019[,]" was "on track to deliver more than $500 million of annual synergies in the first two full years of operations," and expected to "achieve our goals of reducing debt by $1 billion by the end of fiscal 2019 and generating $1 billion of adjusted EBITDA in fiscal 2020, meaningfully contributing to total shareholder return[.]"

25. Along with its Fiscal 2018 Full Year Results, the August 10, 2018 Press Release also announced Meredith's Fiscal 2019 Guidance, which anticipated "increased contribution from the acquired Time Inc. properties" and EBITDA to range from $720 million to $750 million.

26. On the August 10, 2018 investor conference call accompanying the August 10, 2018 Press Release, Lacy explained that Meredith expected "fiscal 2019 Adjusted EBITDA to be more than double Meredith's record EBITDA in fiscal 2017 before we acquired Time Inc[,]" and that the strong performance would be "driven by a full year of revenue contribution from the Time Inc. acquisition, election year political advertising in our Local Media Group and ongoing cost synergies." Harty explained that Meredith had

"quickly implemented Meredith's strategies, standards and disciplines across the portfolio to improve performance."

27. When asked about "the pace of improvement in trends to-date" and "to what extent they're tracking in line with your expectations as you look out to '19[,]" Harty explained that Meredith was seeing significant improvement quarter-over-quarter and, because of the lead-time associated with advertising in print media, Meredith would see continued improvement throughout the year:

> **John Janedis – Jefferies LLC, Research Division – MD & Equity Analyst**
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> Two questions for you guys. Two questions, one is, I guess to start Tom, you talked about the outperformance at the Time brands and I know it's early, but can you talk about the pace of improvement in trends to-date? And to what extent they're tracking in line with your expectations as you look out to '19? And then separately, and I guess related, based on the '19 and '20 guidance, there is a pretty large implied growth rate and a tough political comp, so is there a way you can help us bridge or maybe a loose bridge to $1 billion in '20?
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> **Thomas M. Harty – Meredith Corporation – CEO & President**
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> Sure. So as I talked about on the last call, ***it's going to take a little bit of time for us to turn around the Time Inc. assets from a print advertising perspective because the long lead time that print is sold. And we expect to see quarter-over-quarter sequential improvement as we go through the year. So in the fourth quarter that we just closed, they were down kind of in the low 20% range. And we're seeing that improve in our next quarter cutting to that high-teen level. So kind of what we expected to see kind of a 6% to 7% improvement quarter-over-quarter.*** And the good news that I was talking about was the Legacy Meredith has really significantly turned around. We've talked about this for a number of years, 6 years ago, we made the statement that we saw long-term print advertising declining in that mid to high single-digit range. And we have quarter-over-quarter fluctuality sometimes in different years. But if you look at that historically, it's been in that range. So, the fiscal third quarter, we actually were down kind of in that low 10%, low double-digit range. As you look at the fourth quarter that we just closed, we are down 7%, and we're actually seeing that improve again

> as we go into the fiscal first quarter as we look at trending. So overall, we're kind of seeing the marketplace improving, ***we are seeing Time Inc. improve as we've kind of implemented our strategies and we're going to see sequential improvement as we go through the fiscal year.***

28. The closing price of Meredith stock on August 10, 2018 was $49.70 per share.

29. On November 7, 2018, the Company released its Fiscal 2019 First Quarter Results in a Press Release entitled *Meredith Reports Fiscal 2019 First Quarter Results*, that stated in part:

> Meredith is pursuing the following strategies with a goal of successfully integrating its acquisition of Time Inc. and maximizing the value of the combined media portfolio:
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> - Improving the advertising performance of the acquired Time Inc. properties to Meredith's historical levels. ***Meredith is implementing its proven strategies, standards and discipline across the legacy Time Inc. portfolio to improve performance, including aligning it with Meredith's successful sales structure. Meredith's sequential comparable print advertising revenue performance improved in the first quarter of fiscal 2019.*** The Company expects continued advertising revenue improvement in the second quarter and through the balance of fiscal 2019.
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> **<u>OUTLOOK</u>**
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> For full-year fiscal 2019, Meredith continues to expect:
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> - Total Company revenues to range from $3.0 billion to $3.2 billion, unchanged from original guidance communicated on August 10, 2018.
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> - Earnings from continuing operations to range from $191 million to $211 million, and from $2.49 to $2.91 on a per share basis, including a net after-tax charge for first quarter special items of $14 million. Actual results for the full fiscal year may include additional special

items that have not yet occurred and are difficult to predict with reasonable certainty.

- Excluding special items, earnings from continuing operations to range from $205 million to $225 million, and from $2.78 to $3.20 on a per share basis. Both are unchanged from original guidance communicated on August 10, 2018. (*See Table 6 for supplemental disclosures regarding non-GAAP financial measures*.)

- Adjusted EBITDA to range from $720 million to $750 million, unchanged from original guidance communicated on August 10, 2018. These amounts adjust earnings from continuing operations by adding back depreciation, amortization, special items, net interest expense, and income taxes at an effective rate of 28 percent. (*See Table 7 for supplemental disclosures regarding non-GAAP financial measures.*)

30. The closing price of Meredith stock on November 7, 2018 was $60.38 per share.

31. On February 11, 2019, the Company released its Fiscal 2019 Second Quarter Results in a Press Release entitled *Meredith Reports Fiscal 2019 Second Quarter And First Half Results And Issues Early Calendar 2019 Advertising Outlook*, that stated in part:

> We were pleased to deliver stronger-than-expected revenue, profit and related margin performance in the first half of fiscal 2019 and we are excited about our significantly improved second half advertising outlook, said Meredith Corporation President and Chief Executive Officer Tom Harty. In addition, due to strong Company performance so far in fiscal 2019 and proceeds from non-strategic asset sales, ***we have reduced debt by $700 million, well on our way to delivering our $1 billion debt reduction goal.*** We also grew our dividend by 5.5 percent, and renewed both our robust brand licensing program at Walmart and our station affiliations for all five of our FOX markets with favorable terms.
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> Looking into the third quarter of fiscal 2019, Meredith sees significant improvement in National and Local media group revenue performance:
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> - National Media Group total comparable advertising revenue is pacing down in the mid-single digits, a significant improvement when compared to recent quarters and in line with Meredith's historical and

expected performance. ***This is true of brands in both the legacy Meredith and Time Inc. portfolios***.

* * *

OUTLOOK

For full-year fiscal 2019, Meredith continues to expect:

- Total Company revenues to range from $3.0 billion to $3.2 billion, unchanged from original guidance communicated on August 10, 2018.

- Earnings from continuing operations to range from $187 million to $207 million, and from $2.40 to $2.82 on a per share basis, including a net after-tax charge for first half special items of $18 million. Actual results for the full fiscal year may include additional special items that have not yet occurred and are difficult to predict with reasonable certainty.

- Excluding special items, earnings from continuing operations to range from $205 million to $225 million, and from $2.78 to $3.20 on a per share basis. Both are unchanged from original guidance communicated on August 10, 2018. (*See Table 5-6 for supplemental disclosures regarding non-GAAP financial measures.*)

- Adjusted EBITDA to range from $720 million to $750 million, unchanged from original guidance communicated on August 10, 2018. Adjusted earnings per share is expected to range from $6.89 to $7.31. (*See Tables 5-6 for supplemental disclosures regarding non-GAAP financial measures.*)

32. The closing price of Meredith stock on February 11, 2019 was $53.34 per share.

33. On April 4, 2019, the Company filed a Current Report on Form 8-K stating that "previously unidentified deficiencies existed in the Company's internal control over financial reporting as of June 30, 2018[,]" which "related to internal controls over the processes to establish the fair value of certain assets and liabilities in the opening balance

sheet[,]" and that "as a result of these deficiencies, on March 31, 2019, the Company concluded that it had a material weakness in internal control over financial reporting as of June 30, 2018."

34. The Current Report further stated that, in light of these deficiencies, the Company was "in the process of implementing certain changes to its internal controls" and intended to (i) file an amendment to its fiscal 2018 Form 10-K to appropriately revise Management's Report on Internal Control over Financial Reporting and Evaluation of Disclosure Controls and Procedures and include KPMG's revised report thereon and (ii) amend its intervening quarterly reports on Form 10-Q to appropriately revise the disclosures regarding its disclosure controls and procedures.

35. Nonetheless, the Current Report assured investors that Meredith's "consolidated financial statements included in its fiscal 2018 Form 10-K continue to present fairly, in all material respects, the financial position of the Company as of June 30, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2018, in conformity with U.S. generally accepted accounting principles."

36. The closing price of Meredith stock on April 4, 2019 was $56.71 per share.

37. On May 10, 2019, the Company issued a press release to announce its Fiscal 2019 Third Quarter financial results, which stated, in part:

> We delivered improved advertising performance, along with growth in consumer related revenues in both our National and Local media groups in the third quarter of fiscal 2019, said Meredith Corporation President and Chief Executive Officer Tom Harty. ***Our National Media Group generated significantly improved print advertising results, which on a comparable***

basis are now in-line with Meredith's historical trends. In addition, we delivered revenue growth across our consumer related activities including subscription, newsstand, affinity marketing and e-commerce. Finally, we continued our strong commitment to Total Shareholder Return, including increasing our dividend by 5.5 percent and strengthening our balance sheet by paying down $700 million of debt.

Harty continued: Looking to the fourth quarter, we see revenue trends pacing ahead of our expectations, including continued improvement in National Media Group advertising revenues. At the same time, we are making strategic investments in our portfolio and capabilities, including new digital platforms, more robust video production and initiatives to grow consumer related revenues such as Apple News+, subscription acquisition, and our e-commerce activities. We remain focused on successfully integrating our acquisition of Time and have already delivered on a majority of the stated synergies.

As a result, ***we believe it will take longer than originally anticipated to achieve the remainder of the synergies due to investment spending to grow the business;*** retaining certain employees longer than anticipated to ensure business continuity; and operating the Assets Held for Sale longer than expected. However we remain confident we will achieve our $550 million cost synergy goal by the end of fiscal 2020, Harty concluded.

* * *

OUTLOOK

For full-year fiscal 2019, Meredith expects:

- Total Company revenues to range from $3.12 billion to $3.16 billion, compared to its original range of $3.0 billion to $3.2 billion first communicated on August 10, 2018.

- National Media Group revenues to range from $2.26 billion to $2.29 billion.

- Local Media Group revenues to range from $860 million to $870 million.

To position the Company for sustainable organic growth over the long-term, Meredith is making strategic investments in its portfolio and capabilities, including new digital platforms, more robust video production and initiatives to support and grow consumer-related revenues such as Apple News+, subscription acquisition, and its e-commerce activities.

> ***In addition, Meredith continues to expect to deliver $550 million of net annual cost synergies by the end of fiscal 2020 as a result of the Time Inc. acquisition. However, it has modified the time-frame to achieve these cost savings due to the aforementioned investment spending***; retaining certain employees longer than originally anticipated to facilitate integration; and operating the Assets Held for Sale longer than expected.
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> ***As a result, Meredith expects full-year fiscal 2019 earnings from continuing operations to range from $172 million to $180 million, and from $2.07 to $2.25 on a per share basis, including a net after-tax charge of $32 million for special items in the first nine months.*** Actual results for the full year may include additional special items that have not yet occurred and are difficult to predict with reasonable certainty. (*See Tables 4-5 for supplemental disclosures regarding non-GAAP financial measures.*)
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> Meredith expects full-year fiscal 2019 adjusted EBITDA to range from $700 million to $710 million, compared to its original range of $720 million to $750 million first communicated on August 10, 2018. Adjusted earnings per share is expected to range from $6.92 to $7.07.

38. The closing price of Meredith stock on May 10, 2019 was $55.80 per share.

The Truth is Revealed

39. The truth finally came out on September 5, 2019 when Meredith shocked the investing public with the release of Fiscal 2019 Fourth Quarter and Full Year financial results.

40. In its press release announcing the results, Meredith finally admitted to its investors that it had "taken longer than we initially expected to elevate the print and digital performance of the Time Inc. assets," and that "comparable advertising performance lagged Meredith's expectations in the first half of fiscal 2019":

> Additionally, we made significant progress in fiscal 2019 executing on our plan to strategically integrate the assets acquired from Time Inc and assemble the best portfolio of national media brands in the industry, Harty continued. We focused on implementing Meredith's proven strategies and disciplined approach across our portfolio, which drove growth in total comparable National Media Group advertising revenues in the fourth quarter of fiscal

> 2019 including double-digit growth in digital advertising revenues and growth in print advertising revenues at the legacy Time Inc. titles. While ***it has taken longer than we initially expected to elevate the print and digital performance of the Time Inc. assets***, we remain confident in the long-term vision and potential of the National Media Group brand portfolio.
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> **Looking more closely at fiscal 2019 full-year results compared to the prior year:**
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> - Total Company revenues from continuing operations were up more than 40 percent to a record $3.2 billion.
> - Total Company advertising related and consumer related revenues recorded double-digit growth.
> - ***Earnings from continuing operations, which includes special items in both periods, were $129 million***, compared to $114 million. Meredith recorded $94 million of net after-tax special items in fiscal 2019, primarily related to restructuring and integration costs related to the Time Inc. acquisition, and a non-cash impairment charge related to certain trademarks. Earnings per share from continuing operations were $1.12 compared to $1.79.
> - Earnings from continuing operations before special items increased 51 percent to $223 million, compared to $148 million, and increased on a per share basis to $3.19 from $2.54. (*See Tables 1-3 for supplemental disclosures regarding non-GAAP financial measures.*)
> - Adjusted EBITDA was $706 million compared to $423 million. Adjusted earnings per share increased to $7.24 from $4.67.

41. In the September 5, 2019 investor conference call accompanying the release of the Fiscal 2019 Fourth Quarter and Full Year results, Harty explained that this underperformance had caused Meredith to significantly underperform the guidance it had provided to its investors:

> Compared to fiscal 2017, our last full year before the Time Inc. acquisition, we've nearly doubled revenue and adjusted EBITDA. Our sources of revenue are more diversified as well. For example, consumer-related

> revenue --- most of which is contractual --- now accounts for nearly half of our total revenue. This is compared to one-third five years ago. At the same time, digital advertising revenue now makes up a third of all National Media Group advertising revenue compared to just 16% five years ago. That said, ***we acknowledge the challenges we faced that resulted in a reset of EBITDA expectations for fiscal 2019 and going forward. Foremost, it took longer than expected to turn around advertising performance with the legacy Time Inc. brands.***
>
> Additionally, ***the number of low margin magazine subscriptions we encountered inside the legacy Time Inc. brands were more than anticipated. Both issues required additional investment spending and impacted our EBITDA generation. Once recognized, we tackled these issues head on and we are confident in the plan and the approach we're taking in fiscal 2020 and beyond. As a result, we begin fiscal 2020 a lower profit point than originally expected which contributes significantly to the outlook we're providing.*** Joe will provide a detailed fiscal 2020 outlook at the end of our call, but let me give you some initial color.

42. Harty further admitted that the problems in elevating the performance of the Time assets occurred *at the outset*, in spite of the Defendants' repeated assurances that Time was being integrated according to schedule, and that these delays *had not* occurred in the more recent months:

> As you can see in our P&L this morning we continued to make significant progress on the key initiatives that we put in place upon acquiring Time Inc. to integrate and maximize our new portfolio. This is particularly true of our performance in the fourth quarter, which was the first full quarter since the acquisition closed that we've owned the Time Inc. assets in both the current and prior year periods. We said the integration of Time Inc. would take time. And while not without challenges, we delivered on most aspects of our integration in fiscal 2019.
>
> To start, we said we would improve the print advertising performance of the acquired Time Inc. properties to Meredith's historical levels. Admittedly, ***progress on this goal got off to a slow start.*** Calendar 2018 comparable advertising revenue at the legacy Time Inc. titles were down in the low 20 percent range, considerably under-performing the expectations we had at acquisition close.

> However, we stuck with our plan and gradually saw a strong and favorable response from the advertising community that began to pay off as we move into calendar 2019. ***Our advertising performance met our expectations in the third quarter and exceeded them in the fourth quarter*** as we delivered low-single digit growth for the legacy Time Inc. titles.

43. Indeed, Meredith made it crystal clear that it was aware throughout this period that the Time assets were significantly underperforming the results and expectations that the Company was issuing to its investors and that the Company was trying to compensate by committing additional investment spending on elevating their performance:

> **Kyle William Evans - Stephens Inc., Research Division - MD**
>
> I think we're all probably scratching our heads trying to reconcile what looks like a pretty conservative adjusted EBITDA guide with some kind of optimistic trends especially on legacy print Time side. You gave us the $50 million for strategic investments, but looking into kind of your guidance commentary from the release, could you put some brackets around the impact of the higher production and distribution expenses and your efforts to fix those lower Time subscription margin problems?
>
> **Thomas H. Harty – Meredith Corporation – President, CEO & Director**
>
> Sure. I'll ask Joe to try to reconcile it for you, and then I'll make a comment about our investments.
>
> **Joseph H. Ceryanec – Meredith Corporation - CFO**
>
> Yes. Kyle, as we look at reconciling the National EBITDA, if we take 2019 of $456 million that we delivered, obviously we said we've got synergies positive of $135 million. We expect digital to contribute kind of mid-teens EBITDA. Obviously with print down mid-single digits, that's about a $25 million drag. As we mentioned, the investments are about $50 million. On the lower margin consumer revenue, that's about a $20 million reduction year-over-year and then the remaining is a series of expenses. That includes compensation adjustments, it includes the postal increase and it includes some expectations on higher paper and production expenses. That's about $20 million.
>
> **Thomas H. Harty - Meredith Corporation – President, CEO & Director**

> Yes, Kyle and just one comment on the lower margin subscription. When Time Inc. -- we dug into Time Inc., obviously in the last year and they had significantly pulled back on their investment in what we would call direct to publisher subscriptions. So over a period of time, you make deficit investments to acquire subscriptions and then you make money over the lifetime of that subscription. Well, when they were in a cash crunch, they went to what I would say less profitable longer-term subs and pulled back on that investment in the range of about $20 million a couple of years ago. So ***this isn't the standard that Meredith stands up to because we look much longer term. So we're making some – we've made some investments last year, and we continue to move forward to make some additional investments in what we would call direct to publisher subscriptions*** to improve profitability subs longer term.

44. Indeed, the additional investment spending that Meredith committed to integrating and elevating performance of the assets it acquired from Time significantly and negatively impacted the Company's future EBITDA generation and cash flow, and as a result, Meredith paid down only $825 million of debt rather than the $1 billion that it repeatedly advised investors that it was anticipating:

> **Jason B. Bazinet – Citigroup Inc. Research Division – MD and US Cable & Satellite Analyst**
>
> I was wondering if I could just ask maybe a bigger picture question. When I just try and bridge the simple financials between the $565 million of cost cuts that you laid out by the end of fiscal '20, sort of historical Local Media Group EBITDA say $15 million to $18 million was at least $200 million each year; that gets me to about $765 million. And if I back out the adverse political ads of $100 million or so that you talked about, it gets me about where your guidance is, -- in turn that gets me to $665 million, which is sort of in the midpoint of your guide.
>
> And it just seems like with that -- the implication of that if I just step back from it is all of the legacy National Media Group EBITDA, all of the legacy Time EBITDA has just sort of disappeared. And so my question is, and it gets even more confusing because the revenues that you guided to is sort of in line, I would say, with at least our model and probably Street expectations. So what is the big picture thing I'm missing? I just don't – I don't understand

this guidance at all. Even though I heard all the detail you gave us, seems like there's $0.5 billion question. I don't understand.

Thomas H. Harty - Meredith Corporation – President, CEO & Director

Yes. Thanks. Yes. I think, well, maybe Joe can pile on with the bridging of the numbers. But we acknowledge that ***our guidance for '20 is below our expectation*** – below the Street's expectation. So we looked at the guidance numbers and we do that. And I'll address kind of some of the factors that are affecting that in a second. But I just want to address the reason why we did this acquisition is that scale really matters from -- in the media business, and we've created an incredible audience reach that I outlined in our -- in my comments. We also wanted to create financial scale and financial diversification. So the audience reach now is 180 million unduplicated Americans, we're a top 10 digital player. We reach 150 million unique visitors, huge digital business.

Total company revenues and EBITDA are nearly double what legacy Meredith was and our expectations for next year, in fiscal '20, the EBITDA will be 3x what the legacy Meredith was from a National Media Group perspective. And we've diversified away from just being advertising driven where five years ago we were 1/3 of our business. Now we're -- from a consumer perspective now we're basically half. ***So the factor is if – the patient was a little sicker than we expected when we acquired it and we've kind of outlined that, the advertising piece of it was a lot worse than we expected. We had two years before we acquired it with their mismanagement, the business was down 25% year-over-year in print advertising. And then we had a slower start because our advertisers had taken some time to do that. And so the base of that advertising business is much lower than what we had expected at the acquisition.***

And then also from a digital advertising perspective as you go back, even though that we're seeing double digit growth today, the beginning of the year we saw digital was basically flat. So we had expectations that digital was going to be growing kind of at that mid to high~single digit range. And then the subscription business as we've talked about that they were holding cash and not investing in the business. So ***the base piece of the business was actually just that much lower***. There are some accounting issues where the 606 going into the weeds, the new revenue recognition actually pushes out EBITDA to the future, but I'll let Joe kind of outline some of the buckets.

Joseph H. Ceryanec – Meredith Corporation CFO

> Yes, I think Tom hit on them, Jason. When we went back and looked at our acquisition models back in late 2017 and said, where is that Time business, their print ad revenue running down more than 20% all during fiscal or calendar '18. There was a couple hundred million of reduction in revenue on the print side. Digital was flattish which none of us expected digital to be flat in calendar '18. And then as Tom mentioned, the lower margin on circ, when we did our bridge from that original acquisitions plan to our latest forecast, those 3 areas print, digital and circ, accounted for over $350 million of EBITDA decline from that original acquisition plan. And it was really, as Tom said, the expectations versus the reality business that came in.

45. The price of Meredith stock collapsed. Meredith closed September 5, 2019, at $33.68 per share, down more than 20% on the day, and more than 50% from its closing price when the Company announced that it had acquired Time.

46. The true facts, which were known by the Defendants, but concealed from the investing public during the Class Period, were as follows:

(i) the Company's financial reporting was deficient in its controls for establishing the fair value of the assets and liabilities that Meredith had acquired from Time;

(ii) integrating Time's assets and elevating advertising revenue from the print and digital performance of Time's assets would occur over a series of years and require additional investment spending;

(iii) the substantial number of low margin magazine subscriptions inside the legacy Time brands would require additional investment spending; and

(iv) as a result of the foregoing, the Company had no basis for issuing its prior guidance.

47. The market for Meredith securities was open, well-developed and efficient at all relevant times. As a result of these materially false and misleading statements and omissions as set forth above, Meredith securities traded at artificially inflated prices during the Class Period. Plaintiff and other members of the Class purchased or otherwise acquired Meredith securities relying upon the integrity of the market price of Meredith securities and market information relating to Meredith, and have been damaged thereby.

48. During the Class Period, Defendants materially misled the investing public, thereby inflating the price of Meredith securities, by publicly issuing false and misleading statements and omitting to disclose material facts necessary to make Defendants' statements, as set forth herein, not false and misleading. Said statements and omissions were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about the Company, its business and operations, as alleged herein.

49. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused, or were a substantial contributing cause, of the damages sustained by Plaintiff and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false or misleading statements about the Company's business, prospects, and operations. These material misstatements and omissions had the cause and effect of creating, in the market, an unrealistically positive assessment of the Company and its business, prospects, and operations, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and

misleading statements during the Class Period resulted in Plaintiff and other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein. When the true facts about the Company were revealed to the market, the inflation in the price of Meredith securities was removed and the price of Meredith securities declined dramatically, causing losses to Plaintiff and the other members of the Class.

Additional Scienter Allegations

50. As alleged herein, the Company and the Individual Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws. As set forth elsewhere herein in detail, these Defendants, by virtue of their receipt of information reflecting the true facts regarding the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

51. Indeed, the Defendants admitted that the Time assets' underperformance occurred during the beginning—rather than the end—of the fiscal year.

LOSS CAUSATION/ECONOMIC LOSS

52. During the Class Period, as detailed herein, Defendants made false and misleading statements and engaged in a scheme to deceive the market and a course of conduct that artificially inflated the price of Meredith securities and operated as a fraud or deceit on Class Period purchasers of Meredith securities by misrepresenting the value of the Company's business and prospects. As the Defendants' misrepresentations and fraudulent conduct became apparent to the market, the price of Meredith securities fell precipitously, as the prior artificial inflation came out of the price. As a result of their purchases of Meredith securities during the Class Period, Plaintiff and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

NO SAFE HARBOR

53. The Company's "Safe Harbor" warnings accompanying its reportedly forward-looking statements ("FLS") issued during the Class Period were ineffective to shield those statements from liability. To the extent that projected revenues and earnings were included in the Company's financial reports prepared in accordance with Generally Accepted Accounting Principles, including those filed with the SEC on Form 8-K, they are excluded from the protection of the statutory Safe Harbor. 15 U.S.C. §78u-5(b)(2)(A).

54. The Defendants are also liable for any false or misleading FLS pleaded because, at the time each FLS was made, the speaker knew the FLS was false or misleading and the FLS was authorized and/or approved by an executive officer of the Company who knew that the FLS was false. None of the historic or present tense statements made by Defendants were assumptions underlying or relating to any plan, projection or statement

of future economic performance, as they were not stated to be such assumptions underlying or relating to any projection or statement of future economic performance when made, nor were any of the projections or forecasts made by Defendants expressly related to or stated to be dependent on those historic or present tense statements when made.

APPLICATION OF PRESUMPTION OF RELIANCE AND FRAUD ON THE MARKET

55. Plaintiff will rely upon the presumption of reliance established by the fraud-on the-market doctrine in that, among other things:

(a) Defendants made public misrepresentations or failed to disclose material facts during the Class Period;

(b) The omissions and misrepresentations were material;

(c) The Company's securities traded in an efficient market;

(d) The misrepresentations alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and

(e) Plaintiff and other members of the Class purchased Meredith securities between the time Defendants misrepresented or failed to disclose material facts and the time the true facts were disclosed, without knowledge of the misrepresented or omitted facts.

56. At all relevant times, the market for Meredith securities was efficient for the following reasons, among others:

(a) As a regulated issuer, Meredith filed periodic public reports with the SEC; and

(b) Meredith regularly communicated with public investors via established market communication mechanisms, including through regular disseminations of press releases on the major news wire services and through other wide-ranging public disclosures, such as communications with the financial press, securities analysts, and other similar reporting services.

CLASS ACTION ALLEGATIONS

57. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all purchasers of the securities of Meredith during the Class Period (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

58. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Meredith common stock and other publicly-traded securities were actively traded on the New York Stock Exchange. While the exact number of Class members is unknown to Plaintiff at this time and can only be ascertained through appropriate discovery, Plaintiff believes that there are hundreds of thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by the Company or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

59. Plaintiff's claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

60. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation.

61. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

(a) whether the Exchange Act was violated by Defendants as alleged herein;

(b) whether statements made by Defendants misrepresented material facts about the business, operations, management and prospects of the Company; and

(c) to what extent the members of the Class have sustained damages and the proper measure of damages.

62. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

COUNT I

For Violations of Section 10(b) of the Exchange Act and Rule 10b-5 Against All Defendants

63. Plaintiff incorporates ¶¶1-62 by reference.

64. During the Class Period, Defendants disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

65. Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 in that they: (i) employed devices, schemes and artifices to defraud; (ii) made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or (iii) engaged in acts, practices and a course of business that operated as a fraud or deceit upon Plaintiff and others similarly situated in connection with their purchases of Company securities during the Class Period.

66. Plaintiff and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Company securities. Plaintiff and the Class would not have purchased Company securities at the prices they paid, or at all, if they had been aware that the market prices had been artificially and falsely inflated by Defendants' misleading statements.

COUNT II

For Violations of Section 20(a) of the Exchange Act Against the Company and the Individual Defendants

67. Plaintiff incorporates ¶¶1-66 by reference.

68. The Individual Defendants acted as controlling persons of the Company within the meaning of Section 20(a) of the Exchange Act. By reason of their positions with the Company, and their ownership of Company securities, the Individual Defendants had the power and authority to cause the Company to engage in the wrongful conduct complained of herein. The Company controlled the Individual Defendants and all of its employees. By reason of such conduct, Defendants are liable pursuant to Section 20(a) of the Exchange Act.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff prays for relief and judgment, as follows:

A. Determining that this action is a proper class action, designating plaintiff as Lead Plaintiff and certifying Plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and Plaintiff's counsel as Lead Counsel;

B. Awarding compensatory damages in favor of Plaintiff and the other Class members against all Defendants, jointly and severally, for all damages sustained as a result of Defendants' wrongdoing, in an amount to be proven at trial, including interest thereon;

C. Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees;

D. Awarding such equitable/injunctive or other relief as deemed appropriate by the Court.

JURY DEMAND

Plaintiff demands a trial by jury.

DATED: September 12, 2019

LEVENTHAL PUGA BRALEY P.C.
BRUCE L. BRALEY (BAR #7891)

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BRUCE L. BRALEY

950 S. Cherry Street, Suite 600
Denver, CO 80246
Telephone: 303/759-9945
303/759-9692 (fax)
bbraley@leventhal-law.com

Local Counsel for Plaintiffs

ROBBINS GELLER RUDMAN
& DOWD LLP
SAMUEL H. RUDMAN
DAVID A. ROSENFELD
58 South Service Road, Suite 200
Melville, NY 11747
Telephone: 631/367-7100
631/367-1173 (fax)
srudman@rgrdlaw.com
drosenfeld@rgrdlaw.com

ADEMI & O'REILLY LLP
GURI ADEMI
3620 East Layton Avenue
Cudahy, WI 53110
Telephone: 414/482-8000
gademi@ademilaw.com

Attorneys for Plaintiff