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Counsel for Plaintiff Plymouth County Retirement Association

IN THE COURT OF COMMON PLEAS OF PHILADELPHIA COUNTY, PENNSYLVANIA – CIVIL TRIAL DIVISION

PLYMOUTH COUNTY RETIREMENT ASSOCIATION, Individually and on Behalf of All Others Similarly Situated, Plaintiff, vs. LIVENT CORPORATION, PAUL W. GRAVES, GILBERTO ANTONIAZZI, NICHOLAS L. PFEIFFER, PIERRE R. BRONDEAU, ANDREA E. UTECHT, MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, GOLDMAN SACHS & CO. LLC, CREDIT SUISSE SECURITIES (USA) LLC, CITIGROUP GLOBAL MARKETS INC., LOOP CAPITAL MARKETS LLC, NOMURA SECURITIES INTERNATIONAL, INC., and FMC CORPORATION, Defendants.	CIVIL ACTION Case No. 190501229 The Hon. Ramy I. Djerassi **AMENDED CLASS ACTION COMPLAINT** <u>JURY TRIAL DEMANDED</u>

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Plaintiff Plymouth County Retirement Association ("Plaintiff" or "Plymouth County"), individually and on behalf of a class of similarly situated persons and entities, alleges the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff's information and belief is based upon, among other things, the investigation undertaken by Plaintiff's counsel, which included review and analysis of: (a) regulatory filings made by Livent Corporation ("Livent" or the "Company") with the U. S. Securities and Exchange Commission ("SEC"); (b) public reports and news articles; (c) research reports by securities and financial analysts; (d) press releases, transcripts of earnings calls, and other public statements issued by and disseminated by the Company; and (e) other publicly available material and data. Plaintiff believes that further substantial evidentiary support will exist for the allegations contained herein after a reasonable opportunity for discovery.

I. NATURE OF THE ACTION

1. The claims alleged herein are strict liability claims for violations of Sections 11, 12(a)(2), and 15 of the Securities Act of 1933 (the "Securities Act") relating to Livent's initial public offering of 23,000,000 shares of common stock at a price of $17 per share, which occurred on or about October 11, 2018 (the "IPO" or the "Offering"). This securities class action is brought on behalf of a class of all those who purchased or otherwise acquired Livent's publicly traded common stock pursuant and/or traceable to the Registration Statement, as detailed herein, for the Company's IPO, and who were damaged thereby.

2. The Securities Act was passed by Congress in the hopes of restoring investor confidence after corporate scandals and the stock market crash of 1929. It requires that those who sell securities to the investing public do so on the basis of accurate and fulsome disclosures. The Securities Act creates strict liability for false, misleading, and incomplete statements made

in connection with public securities offerings in order to protect investors and maintain confidence in our public markets.

3. Defendant Livent describes itself as a pure-play—meaning that it is focused on only one industry, product, or line of business—fully integrated lithium company that primarily produces various lithium compounds used in performance applications such as electric vehicles ("EVs"), primary batteries, greases, pharmaceuticals, polymers, and aerospace.

4. Leading up to the Company's IPO, Livent was one of six performance lithium producers that collectively account for 85% of the global supply of lithium compounds. The Company's strategy is to focus on supplying high performance lithium compounds to the fast growing EV battery market, purportedly making Livent "well-positioned to capitalize on the accelerating trend of vehicle electrification."

5. As further alleged below, the Registration Statement (as defined herein) used to conduct the Company's IPO contained untrue statements of material fact and omitted to state other facts necessary to make the statements made therein not misleading, and was not prepared in accordance with the rules and regulations governing its preparation.

6. For example, the Registration Statement touted to investors that Livent operates the lowest cost lithium operations globally, giving the Company a leading cost position to operate profitably. The Registration Statement attributed this market advantage to the fact that Livent sourced a majority of its raw materials, *i.e.*, lithium carbonate, from its own lithium brine operations in Argentina, among the lowest cost sources of lithium carbonate in the world. Unbeknownst to investors, however, the Company could no longer produce enough lithium carbonate to meet its requirements and instead had to purchase lithium carbonate from third-party suppliers at a higher cost which reduced revenue and squeezed margins.

7. The Registration Statement also claimed that Livent had a strategy in place that would allow for the sourcing of lithium carbonate from third-party suppliers in a way that creates opportunities to optimize profitability. However, the long-term supply contract the Company had with Nemaska Lithium Inc. ("Nemaska") could in fact be cancelled by Nemaska at any time—unknown to investors at the time of the IPO. Rather than reaching an agreement on an amended and restated supply agreement with Nemaska as the Company claimed, Nemaska had advised Livent that "it might have no option but to terminate the Supply Agreement."

8. Further, while the Registration Statement claimed that the Company benefited from the purported certainty of long-term agreements with its customers (two to more than five years in length), in reality, at the time of the IPO, these agreements were negatively impacting the Company. As would later be disclosed: (1) the Company was saddled with a long-standing contract to supply lithium hydroxide to a customer at a much lower price than any of the Company's existing contracts, and that customer had increasingly sought delivery on the contract, which squeezed Livent's margins; and (2) some long-term customers were delaying their purchases, which led to the Company having excess product that needed to be sold under short-term arrangements at lower prices in the Chinese market. This showed that the existence of these long-term contracts was not actually advantageous to Livent's revenues.

9. The Registration Statement lauded the Company as focused on a strategy to grow its business through the sale of performance lithium compounds, particularly lithium hydroxide that is used in modern EV batteries. However, while the Registration Statement repeatedly claimed that new battery technology was being adopted, the Company's customers were delaying purchases of lithium hydroxide as they upgraded their production facilities and were instead producing older batteries that use cheaper lithium carbonate, cutting Livent's margins.

10. Finally, the Registration Statement did not disclose that the Company was losing market share and facing harsher competition due to pricing pressures and industry consolidation that was taking place at the time of the IPO.

11. As a result of these undisclosed facts and the false and misleading statements contained in the Registration Statement, as of the date of the filing of this action, Livent's common stock traded at $7.61 per share—55.24% less than the $17 per share IPO price.

II. JURISDICTION AND VENUE

12. The claims alleged herein arise under and pursuant to Sections 11, 12(a)(2), and 15 of the Securities Act. *See* 15 U.S.C. §§ 77k, 77l(a)(2), and 77o.

13. This Court has jurisdiction over the subject matter of this action pursuant to Section 22 of the Securities Act, 15 U.S.C. § 77v, and 42 Pa. Cons. Stat. § 931(a). The amount in controversy exceeds $50,000, exclusive of interest and costs, the jurisdictional amount. This case is a proceeding in which exclusive jurisdiction is not vested by law in another court. Section 22 of the Securities Act expressly prohibits removal of this action to federal court.

14. This Court has personal jurisdiction over each of the Defendants named herein pursuant to 42 Pa. Cons. Stat. § 5322(a) and 42 Pa. Cons. Stat. § 5301 as well as Section 22 of the Securities Act. Each of the Defendants transacted business in, were citizens of, and/or had designated a registered agent to accept service of process on their behalf in the Commonwealth of Pennsylvania (the "Commonwealth") at the time of the IPO. Livent and FMC Corporation ("FMC") have maintained their principal executive offices in Philadelphia County at all relevant times herein and carry on a continuous and systemic part of their general business within the Commonwealth, and each of the Individual Defendants, as defined herein: (1) is domiciled in the Commonwealth and/or Philadelphia County; (2) transacts business and works, including in connection with the IPO, in the Commonwealth and/or Philadelphia County; (3) served as senior

executives and/or directors of Livent in Philadelphia County; and/or (4) signed the Registration Statement for the IPO in Philadelphia County. Each of the Underwriter Defendants (as defined herein) carry on a continuous and systemic part of their general business, including business related to the IPO, within the Commonwealth and/or Philadelphia County and several have offices in the Commonwealth and/or Philadelphia County. Livent, FMC, and each of the Underwriter Defendants are qualified as foreign corporations or entities under the laws of the Commonwealth. The violations of law complained of herein occurred in the Commonwealth and Philadelphia County, including the preparation, execution, and dissemination of the materially false and misleading Registration Statement complained of herein, which statements were disseminated from Philadelphia County and into the Commonwealth and Philadelphia County.

15. Venue in this Court is proper under Rules 1006 and 2179 of the Pennsylvania Rules of Civil Procedure and Section 22 of the Securities Act. The claims asserted herein arose in Philadelphia County since a substantial part of the events and omissions that give rise to the claims asserted herein occurred in and arose from Philadelphia County, including the dissemination of the statements herein alleged to be false and misleading statements by members of the class residing in Philadelphia County. Each of the Defendants has a principal place of business or residence and/or regularly conducts business in Philadelphia County.

III. PARTIES

A. Plaintiff

16. Plymouth County Retirement Association is a defined benefit retirement plan based in Plymouth, Massachusetts that provides retirement benefits to more than 9,000 beneficiaries. Plymouth County purchased Livent common stock in the IPO, pursuant and traceable to the Registration Statement, and was damaged thereby.

17. Plymouth County did not purchase Livent common stock at the direction of counsel or in order to participate in any private action under the federal securities laws.

18. Plymouth County is willing to serve as a lead plaintiff and representative party in this matter, including providing testimony at deposition and trial, if necessary.

19. Plymouth County's purchases of Livent common stock in the IPO and pursuant and traceable to the IPO and the Registration Statement are reflected in the following chart of stock transactions:

Transaction Type	Trade Date	Shares	Price Per Share
Purchase	10/11/18	21,131.00	$17.00
Purchase	10/12/18	4,750.00	$16.68
Purchase	12/28/18	3,138.00	$13.81
Purchase	12/28/18	218.00	$13.99
Purchase	12/31/18	4,652.00	$13.63
Purchase	03/06/19	3,557.00	$12.81
Purchase	03/07/19	3,825.00	$12.35
Purchase	03/07/19	3,853.00	$12.45
Purchase	03/08/19	221.00	$12.10
Purchase	03/08/19	1,041.00	$12.16
Purchase	03/08/19	672.00	$12.24
Purchase	03/08/19	367.00	$12.58
Purchase	03/08/19	2,458.00	$12.62
Purchase	03/08/19	2,235.00	$12.68
Purchase	03/11/19	1,519.00	$12.70
Purchase	03/11/19	4,351.00	$12.83
Sale	04/09/19	-4,067.00	$12.53

20. Plymouth County has sought to serve as lead plaintiff in the following class actions filed under the federal securities laws during the past three years: (1) *Plymouth County Retirement Association v. Advisory Board Company*, No. 1:17-cv-1940 (D.D.C.); (2) *Bettis v. Envision Healthcare Corporation*, No. 3:17-cv-1112 (M.D. Tenn.); (3) *Hamptons v. Aqua Metals, Inc.*, No. 4:17-cv-7142 (N.D. Cal.); (4) *Plymouth County Retirement System v. Patterson Companies, Inc.*, No. 18-cv-0871 (D. Minn.) (appointed); (5) *St. Clair County Employees Retirement System v. Acadia Healthcare Company, Inc.*, No. 3:18-cv-0988 (M.D. Tenn.);

(6) *Schlimm v. Welbilt, Inc. et al,* No. 18-cv-03007 (M.D. Fla.) (appointed); and (7) *Employees Retirement System of the Puerto Rico Electric Power Authority v. Conduent, Inc.*, No. 19-cv-08237 (D.N.J.) (appointed).

21. Beyond its pro rata share of any recovery, Plymouth County will not accept payment for serving as a lead plaintiff and representative party on behalf of the class, as ordered or approved by the Court.

B. <u>Corporate Defendant</u>

22. Defendant Livent Corporation is the issuer of the stock sold in the Offering. Livent is incorporated under the laws of Delaware and its headquarters are located at 2929 Walnut Street, Philadelphia, Pennsylvania from which it conducts a continuous and systemic part of its general business. The Company's stock is listed and trades under the ticker symbol "LTHM" on the New York Stock Exchange ("NYSE").

C. <u>Individual Defendants</u>

23. Defendant Paul W. Graves ("Graves") is, and was at the time of the IPO, President, Chief Executive Officer ("CEO"), Principal Executive Officer of Livent, and a member of Livent's Board of Directors. Prior to serving as Livent's CEO, Graves served as Executive Vice President and Chief Financial Officer ("CFO") of FMC from 2012 to 2018. Graves received a "Special IPO Award" in connection with the IPO in the amount of $2,800,000.

24. Defendant Gilberto Antoniazzi ("Antoniazzi") is, and was at the time of the IPO, Vice President, CFO, and Principal Financial Officer of Livent. Prior to serving as Livent's CFO, Antoniazzi worked at FMC for over 25 years, most recently as CFO of FMC Agricultural Solutions. Antoniazzi received a "Special IPO Award" in connection with the IPO in the amount of $900,000. Antoniazzi is domiciled in the Commonwealth at 251 Delmar Street, Philadelphia, Pennsylvania.

25. Defendant Nicholas L. Pfeiffer ("Pfeiffer") was at the time of the IPO Chief Accounting Officer ("CAO") and Principal Accounting Officer ("PAO") of Livent. Pfeiffer is domiciled in the Commonwealth at 10 Newtown Woods Road, Newtown Square, Pennsylvania.

26. Defendant Pierre R. Brondeau ("Brondeau") is, and was at the time of the IPO, Chairman of Livent's Board of Directors. Brondeau is also the Chairman and CEO of FMC. Brondeau is domiciled in the Commonwealth at 1418 Monk Road, Gladwyne, Pennsylvania.

27. Defendant Andrea E. Utecht ("Utecht") is, and was at the time of the IPO, a member of Livent's Board of Directors. Utecht is also FMC's Executive Vice President, General Counsel, and Secretary since January 2011. Utecht is domiciled in the Commonwealth at 414 Mill Creek Road, Gladwyne, Pennsylvania.

28. Defendants Graves, Antoniazzi, Pfeiffer, Brondeau, and Utecht are referred to collectively herein as the "Individual Defendants." Defendants Graves and Antoniazzi are sometimes referred to collectively herein as the "Executive Defendants." The Registration Statement claimed that Graves, Antoniazzi, and the Company's Operating Officer, Thomas Schneberger, constituted the Company's "Proven Management Team."

29. The Registration Statement, in discussing Livent's status as a "controlled company," disclosed that the Company did not have a majority of independent directors. According the Registration Statement, after the Offering the Company had two directors who were not affiliated with FMC—Michael F. Barry and Steven T. Merkt—neither of which signed the Registration Statement or are defendants named in this action.

30. Each of the Individual Defendants signed the Registration Statement for the IPO in Philadelphia, Pennsylvania. Each of the Individual Defendants reviewed, edited, and approved the Registration Statement. In addition, each of the Executive Defendants, in his capacity as a

senior executive of Livent, reviewed, edited and approved the IPO's roadshow presentation, talking points, and script. Further, the Executive Defendants co-presented Livent's roadshow presentation to potential investors and presented highly favorable information about the Company, its operations, and its financial prospects.

D. Underwriter Defendants

31. Defendants Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch"), Goldman Sachs & Co. LLC ("Goldman Sachs"), Credit Suisse Securities (USA) LLC ("Credit Suisse"), Citigroup Global Markets Inc. ("Citigroup"), Loop Capital Markets LLC ("Loop Capital"), and Nomura Securities International, Inc. ("Nomura Securities") (collectively, the "Underwriter Defendants"), are investment banking firms that acted as underwriters for the IPO.

32. Defendant Merrill Lynch is an investment banking firm that acted as an underwriter of the IPO. Merrill Lynch acted as a representative of the IPO's underwriters and a joint book-running manager for the IPO. Merrill Lynch was allocated 6,552,000 shares in the IPO to sell to the investing public before the exercise of the overallotment. Merrill Lynch conducts a continuous and systematic part of its general business in the Commonwealth, including but not limited to underwriting the Offering and the sale and/or solicitation of Livent's common stock through the IPO.

33. Defendant Goldman Sachs is an investment banking firm that acted as an underwriter of the IPO. Goldman Sachs acted as a representative of the IPO's underwriters and a joint book-running manager for the IPO. Goldman Sachs was allocated 5,880,000 shares in the IPO to sell to the investing public before the exercise of the overallotment. Goldman Sachs conducts a continuous and systematic part of its general business in the Commonwealth and from its offices at 1735 Market Street, Philadelphia, Pennsylvania, including but not limited to

underwriting the Offering and the sale and/or solicitation of Livent's common stock through the IPO.

34. Defendant Credit Suisse is an investment banking firm that acted as an underwriter of the IPO. Credit Suisse acted as a joint book-running manager for the IPO and was allocated 4,368,000 shares in the IPO to sell to the investing public before the exercise of the overallotment. Credit Suisse conducts a continuous and systematic part of its general business in the Commonwealth and from its offices at 300 Conshohocken State Road, Conshohocken, Pennsylvania, including but not limited to underwriting the Offering and the sale and/or solicitation of Livent's common stock through the IPO.

35. Defendant Citigroup is an investment banking firm that acted as an underwriter of the IPO. Citigroup acted as co-manager for the IPO and was allocated 1,600,000 shares in the IPO to sell to the investing public before the exercise of the overallotment. Citigroup conducts a continuous and systematic part of its general business in the Commonwealth and from its office at 1650 Market Street, Philadelphia, Pennsylvania, including but not limited to underwriting the Offering and the sale and/or solicitation of Livent's common stock through the IPO.

36. Defendant Loop Capital is an investment banking firm that acted as an underwriter of the IPO. Loop Capital acted as co-manager for the IPO and was allocated 800,000 shares in the IPO to sell to the investing public before the exercise of the overallotment. Loop Capital conducts a continuous and systematic part of its general business in the Commonwealth and from its offices at 1515 Market Street, Philadelphia, Pennsylvania, including but not limited to underwriting the Offering and the sale and/or solicitation of Livent's common stock through the IPO.

37. Defendant Nomura Securities is an investment banking firm that acted as an underwriter of the IPO. Nomura Securities acted as co-manager for the Offering and was allocated 800,000 shares in the IPO to sell to the investing public before the exercise of the overallotment. Nomura Securities conducts a continuous and systematic part of its general business in the Commonwealth, including but not limited to underwriting the Offering and the sale and/or solicitation of Livent's common stock through the IPO.

38. The Underwriter Defendants are investment banking houses that specialize in, *inter alia*, underwriting public offerings of securities. They served as the underwriters of the IPO and shared more than $21.5 million in fees paid to the underwriting syndicate.

39. The Underwriter Defendants determined that in return for their share of the IPO's proceeds, they were willing to merchandise Livent's common stock in the IPO. The Underwriter Defendants arranged for a roadshow prior to the IPO during which they, and the Executive Defendants, met with potential investors and presented highly favorable information about the Company, its operations, and its financial prospects.

40. The Underwriter Defendants also demanded and obtained an agreement from Livent that Livent would indemnify and hold the Underwriter Defendants harmless from any liability under the federal securities laws. Indeed, the Registration Statement makes clear that the Company has specifically agreed to indemnify the Underwriter Defendants against liabilities under the Securities Act. They also made certain that Livent had purchased millions of dollars in directors' and officers' liability insurance.

41. Representatives of the Underwriter Defendants assisted Livent and the Individual Defendants in planning the IPO, and purportedly conducted an adequate and reasonable investigation into the business and operations of Livent, an undertaking known as a "due

diligence" investigation. The due diligence investigation was required of the Underwriter Defendants in order to engage in the IPO. During the course of their "due diligence," the Underwriter Defendants had continual access to confidential corporate information concerning Livent's operations and financial prospects.

42. In addition to availing themselves of virtually unbridled access to internal corporate documents, the Underwriter Defendants and/or their agents, including their counsel, had access to the Company's lawyers, management, directors and top executives (including the Individual Defendants) to determine: (i) the strategy to best accomplish the IPO; (ii) the terms of the IPO, including the price at which the Company's common stock would be sold; (iii) the language to be used in the Registration Statement; (iv) what disclosures about the Company would be made in the Registration Statement; and (v) what responses would be made to the SEC in connection with its review of the Registration Statement. As a result of those constant contacts and communications between the Underwriter Defendants and/or their agents and the Company's directors and top executives (including the Individual Defendants), at a minimum, the Underwriter Defendants were negligent in not knowing of the Company's undisclosed existing problems and plans, and the materially untrue statements and omissions contained in the Registration Statement as detailed herein.

43. The Underwriter Defendants caused the Registration Statement to be filed with the SEC and to be declared effective in connection with offers and sales of the Company's common stock pursuant and/or traceable to the IPO and relevant offering materials, including to Plaintiff and the class.

E. Controlling Shareholder

44. Defendant FMC Corporation is a chemical manufacturing company with headquarters at 2929 Walnut Street, Philadelphia, Pennsylvania from which it conducts a continuous and systemic part of its general business.

45. Prior to its IPO, the operations which currently constitute Livent were part of FMC's lithium segment. FMC formed and incorporated FMC Lithium USA Holding Corp. ("FMC Lithium") in the State of Delaware on February 27, 2018, which was subsequently renamed Livent Corporation. On March 31, 2018, FMC announced its intention to separate FMC Lithium as a separate publicly-traded company. On July 26, 2018, FMC announced that it would rebrand its "Lithium Material business" as "Livent Corporation." Livent assumed all of FMC's assets and liabilities of the lithium business.

46. Thus, prior to the IPO, Livent was a wholly-owned subsidiary of FMC and all of its outstanding shares of common stock were owned by FMC. Following the IPO, FMC owned approximately 86% of the voting power of Livent's outstanding common stock, rendering Livent a "controlled company" under the NYSE rules.

47. As a result of its stock ownership, following the IPO, FMC was able to determine the outcome of all corporate actions requiring shareholder approval, including the election and removal of directors, and was able to control: (i) any determination with respect to Livent's business direction and policies; (ii) any determination with respect to mergers, business combinations, or disposition of assets; (iii) the Company's financing and dividend policy; (iv) compensation and benefit programs and other human resources decision; (v) changes to any agreements that could adversely affect the Company; and (vi) determinations with respect to the Company's tax returns.

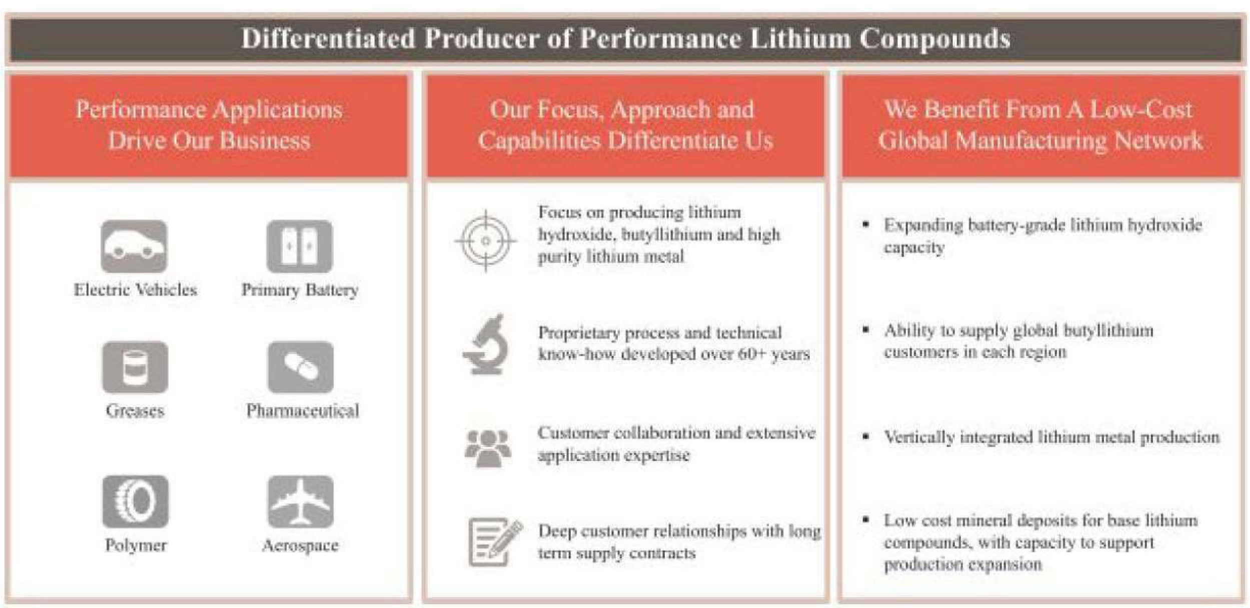
IV. SUBSTANTIVE ALLEGATIONS

A. Livent and Its Business

48. Livent is a pure-play, fully integrated lithium company with over 60 years of continuous production experience.

49. Livent's primary products are battery-grade lithium hydroxide, butyllithium, and high purity lithium metal. The Company's disclosed strategy is to focus on supplying high performance lithium compounds to the fast-growing EV battery market, while continuing to maintain its position as a leading global producer of butyllithium and high purity lithium metal. According to the Company, because of its 60 years of experience, applications and technical experience, and deep customer relationships, the Company is "well positioned to capitalize on the accelerating trend of vehicle electrification."

50. The Registration Statement summed up the purported appeal of the Company in the follow infographic:



51. According to the Registration Statement, the Company's revenue was $264.1 million and $347.4 million in 2016 and 2017, respectively, representing an annual growth rate of

32%, and $210.7 million for the six months ended June 30, 2018, representing a growth rate of 51% compared to the six months ended June 30, 2017. The Company further touted that it was a “highly profitable business,” generating net income of $47.1 million, $42.2 million and $70.2 million, cash from operating activities of $51.0 million, $58.3 million and $18.0 million and Adjusted EBITDA of $74.8 million, $126.1 million and $94.5 million in 2016, 2017 and the six months ended June 30, 2018, respectively.

52. Further, in 2017, gross margin of $148.8 million increased by $60.5 million or approximately 69% versus 2016 primarily due to higher revenues and gross margin as a percentage of revenue was approximately 43% versus 33% in 2016. Likewise, for the six months ended June 30, 2018, gross margin of $106.0 million increased $49.1 million, or approximately 86%, versus the six months ended June 30, 2017 primarily due to higher revenues and gross margin as a percent of revenue was approximately 50% versus 41% in the six months ended June 30, 2017. The Company explained that these increases in gross margin were primarily driven by prices, product mix, and improved operating leverage.

B. Lithium and Livent’s Lithium Products

53. Lithium is a soft, naturally occurring, silvery-white metal that is widely used in a range of energy storage and industrial applications. Lithium is the lightest of all metals and has the highest specific heat capacity among all elements, a high charge density and low thermal expansion properties, enabling high-performance characteristics in end use applications that could not otherwise be achieved. These unique chemical and physical properties make it ideally suited for use in a variety of commercial applications.

54. Lithium is rarely consumed in it pure form. Instead, lithium is consumed as a compound created through a chemical process. Generally, there are “performance lithium compounds” and “base lithium compounds”:

BASE LITHIUM COMPOUNDS	PERFORMANCE LITHIUM COMPOUNDS
• Lithium Carbonate • Lithium Chloride	• Lithium Hydroxide (battery grade & non-battery) • Butyllithium • High Purity Lithium Metal

55. Base lithium compounds are produced through the extraction and processing of lithium bearing resources, which are either brine or hard rock. After extraction, the source materials are further processed into higher concentration compounds which are typically used to produce lithium carbonate and lithium chloride. Base lithium compounds are typically produced to standard specifications, such as minimum lithium content or maximum impurity levels, depending on the end use application. Base lithium compounds are primarily used in energy storage, glass, ceramics and general industrial applications. Lithium carbonate and lithium chloride are also used as feedstock in the production of performance lithium compounds.

56. Lithium carbonate is primarily used in energy storage, glass and ceramics applications, and is also used as a feedstock in the production of lithium hydroxide and specialty lithium compounds. In energy storage applications, lithium carbonate's use is limited to portable electronic devices and in EV applications that require lower energy density, such as lithium iron phosphate, lithium cobalt oxide and lower nickel content lithium nickel manganese cobalt oxide cathode materials. Lithium carbonate is an odorless, white powder of a specific particle size.

57. Lithium chloride is primarily used in the production of performance lithium compounds such as butyllithium and high purity lithium metal. Lithium chloride is also used in limited industrial applications such as air treatment.

58. Livent has been extracting lithium brine at its operations at Salar del Hombre Muerto in Argentina for more than 20 years. The Company's operations in Argentina were

claimed to be expandable, which, according to the Registration Statement, gave the Company the ability to increase lithium carbonate and lithium chloride production to meet increasing demand. Further, the Company used these base lithium compounds sourced from its own operations in Argentina to produce performance lithium compounds.

59. According to the Registration Statement, Livent's facility in Argentina is one of the lowest cost sources of lithium carbonate in the world, and the company consumes almost all of the lithium carbonate produced internally, with minimal external sales. Likewise, according to the Registration Statement, Livent is one of the lowest cost producers of lithium chloride in the world. As with lithium carbonate, according the Registration Statement, the Company consumes almost all of the lithium chloride produced internally, with minimal external sales.

60. Indeed, the Registration Statement touted that, while Livent did "purchase lithium carbonate from other sources from time to time," the Company "did not purchase any lithium carbonate in 2017 from third-party suppliers." Nevertheless, the Company claimed that it had the "operational flexibility to procure lithium carbonate from third party suppliers as raw materials," a strategy the Company further claimed "allow[ed it] to manage [its] production requirements and raw material cost, creating opportunities to optimize profitability."

61. Indeed, the Company had a long-term supply agreement for lithium carbonate with Nemaska. While performance of the agreement had not been without its issues, according to the Registration Statement, "[o]n September 25, 2018, the parties agreed on the final wording of a draft amended and restated supply agreement."

62. Performance lithium compounds, on the other hand, are produced through chemical processes that utilize base lithium compounds, *i.e.*, lithium carbonate and lithium chloride, as inputs. The production of performance lithium compounds—lithium hydroxide,

butyllithium, and high purity lithium metal—requires extensive manufacturing process technology and application know-how as products are required to meet specific performance requirements in each customer's manufacturing application. As a result, the Company's performance lithium compounds are often developed in collaboration with customers and undergo rigorous qualification processes to ensure they can meet these requirements. Customer qualification processes take approximately twelve months and may be longer depending on the product, customer, and application.

63. Battery-grade lithium hydroxide is primarily used to produce high nickel content cathode materials for use in EV battery applications. High nickel content cathodes enable the production of higher energy density batteries, allowing vehicles to achieve greater driving range between charges for the same battery weight. Non-battery lithium hydroxide is primarily sold into grease applications for use in automobiles, aircraft, railcars and agricultural and other types of equipment.

64. According to the Registration Statement, high nickel content cathodes using battery-grade lithium hydroxide are expected to be increasingly adopted in evolving battery technologies, and since production of these cathodes requires the use of battery-grade lithium hydroxide, demand for this compound is expected to grow significantly. The Registration Statement also disclosed that Livent primarily sells battery-grade lithium hydroxide to the "high-growth EV battery market."

65. Butyllithium is an organolithium compound used to initiate polymerization in the manufacturing of synthetic rubber and other polymers. One of the primary applications for synthetic rubber is in the production of fuel-efficient "green" tires.

66. High purity lithium metal is mainly used in aluminum alloys and non-rechargeable lithium batteries.

C. Livent's Touted Focus on Performance Lithium

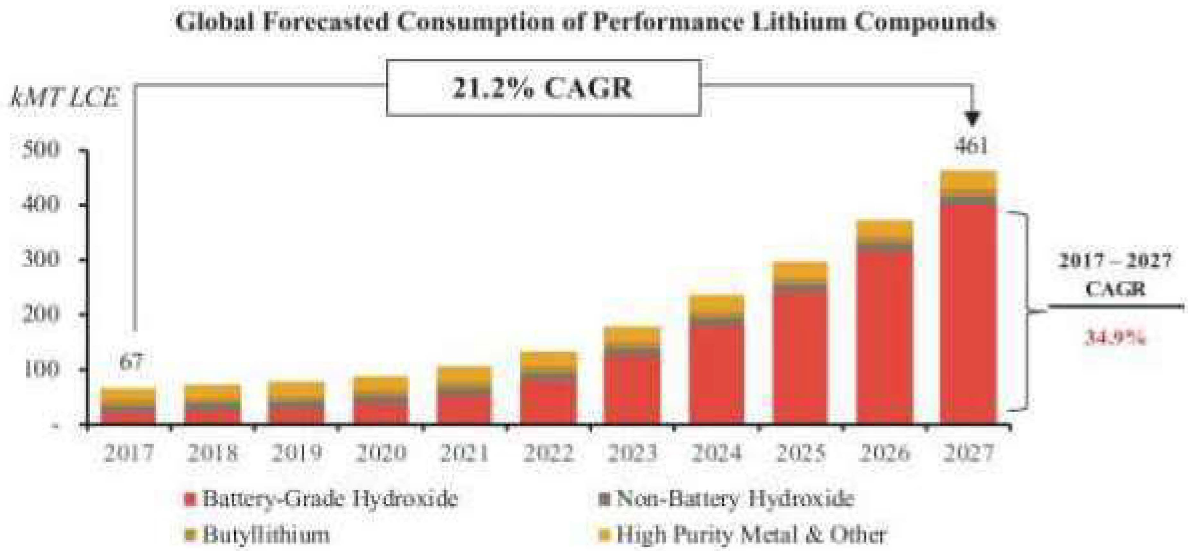
67. Lithium's use in energy storage applications accelerated in the 1990's with the introduction of a commercially viable, rechargeable, lithium-ion battery. Lithium-ion battery technology provided a more efficient, longer-lasting and lighter alternative to incumbent battery technologies. The introduction and adoption of portable electronic devices over the past two decades fueled the initial growth in demand for lithium compounds in energy storage applications. In recent years, advancements in lithium-ion battery technology have resulted in, according to the Company, increased adoption of lithium-ion batteries for use in powering EVs.

68. In light of this development, the Company forecasted in the Registration Statement significant growth in performance lithium compounds:

Battery-Grade Lithium Hydroxide Expected to Drive Significant Growth of Performance Lithium Compounds

Lithium Compound	Primary Performance Application	Market Size (1) kMT (2017)	Market Size (1) kMT (2027)	10-Year CAGR (2017-2027)	Market Share (1) of Total Lithium Compounds (2017)	Market Share (1) of Total Lithium Compounds (2027)
Battery-grade Lithium Hydroxide	• Electric Vehicles	20.0	398.8	34.9%	9.5%	45.4%
Non-Battery Lithium Hydroxide	• High performance Greases	14.3	16.7	1.5%	6.8%	1.9%
Butyllithium (2)	• Polymer • Pharmaceutical	9.5	12.8	3.0%	4.5%	1.5%
High Purity Lithium Metal and Other (3)	• Primary Battery • Aerospace	23.6	32.8	3.4%	11.1%	3.7%
Total		**67.4**	**460.9**	**21.2%**	**31.9%**	**52.5%**

69. The Company claimed that electric vehicles are expected to be the dominant driver of demand for lithium compounds. In particular, "[d]emand for battery-grade lithium hydroxide [was] expected to be the primary driver of ... growth" in the global consumption of performance lithium compounds:



70. The Company also stated in the Registration Statement that automotive original equipment manufacturers ("OEMs") were not only expanding their offerings of EV models, but the OEMs were also "focused on improving total energy density and reducing weight in batteries to increase the driving range of EVs." To do so, according to the Company, "EV battery manufacturers are increasingly using high nickel content cathode materials."

71. According to the Registration Statement, "early generation EV batteries use lithium carbonate-based cathode chemistries." However, high nickel content cathodes technologies require lithium hydroxide. Indeed, as the Registration Statement claims, "[d]ue to the underlying chemistry, battery-grade lithium hydroxide is required in the manufacturing of high nickel content cathode material, whereas lithium carbonate is used in lower energy density EV battery applications," and "the evolution of EV battery technology to high nickel content cathodes is expected to further accelerate growth in battery-grade lithium hydroxide."

72. Thus, Livent told investors that its "strategy [was] to focus on supplying high performance lithium compounds to the fast growing EV battery market" and "as one of the

leading producers of battery-grade lithium hydroxide for EV applications, [the Company] was well positioned to benefit from this growth."

D. The Lithium Market and Competition

73. At the time of the IPO, Livent generated over 85% of its revenues from the sale of performance lithium compounds, principally lithium hydroxide. Livent generated the remainder of its revenues from the sale of lithium carbonate and lithium chloride. In 2017, Livent's revenues were attributable to the following product categories and types: 45% lithium hydroxide; 26% butyllithium; 17% high purity lithium metals and other specialty products; and 12% lithium carbonate and lithium chloride.

74. Livent's sales are predominantly directed to Asia, which accounts for 59%, as well as North America (23%) and Europe, the Middle East, and Africa (17%).

75. The Registration Statement touted that a majority of the Company's future sales were already secured through multi-year agreements. According to the Registration Statement, for example, "[i]n 2017 and for the six months ended June 30, 2018, more than 60% and approximately 57%, respectively, of our revenue was generated from customers with whom we have long-term agreements with terms ranging from two to more than five years in length."

76. According to the Company, its customers "consider securing long-term committed supply of performance lithium compounds to be critical to their future success." Thus, as production increased, the Company expected that the portion of total revenue generated under multi-year agreements would also increase and all of the Company's capacity expansions would be contracted with customers before production commenced.

77. Livent is among six leading producers for lithium compounds, including Albemarle Corp. ("Albemarle"), Ganfeng Lithium Co., Ltd. ("Ganfeng"), Orocobre Ltd. ("Orocobre"), Sociedad Quimica y Minera de Chile ("SQM"), and Tianqi Lithium Corp.

("Tianqi"). In 2017, these six companies accounted for approximately 86% of the global supply of lithium compounds as measured by lithium carbonate equivalent ("LCE").

78. However, at the time of the IPO, the industry faced further consolidation, including, for example, Tianqi's investment in SQM.

79. Tianqi is a Sichuan-based company principally engaged in the research, development, manufacture and distribution of lithium products. Tianqi primarily provides industrial-grade lithium carbonate and battery-grade lithium carbonate to domestic and overseas markets.

80. SQM is the second-largest lithium producer and engages in the production and distribution of fertilizers, potassium nitrate, iodine, and lithium chemicals. SQM operates six segments, including its Lithium and Derivatives Segment which produces, among other things, lithium carbonate for electrochemical materials for batteries. SQM is headquartered in Santiago, Chile.

81. In May 2018, several months before the IPO, Tianqi announced its plan to buy nearly a quarter of SQM from Nutrien Ltd. ("Nutrien"), a company formed by the merger of Agrium and Potash Corp. Nutrien was required to sell its SQM holdings as part of the terms of the merger. Tianqi's transaction garnered attention and scrutiny from regulators and antitrust authorities because of Tianqi and SQM's existing lithium market shares and their resultant substantial pricing power in the global lithium market.

82. In December 2018, Tianqi completed its acquisition of a 23.77 percent share in SQM.

E. The Registration Statement and the IPO

83. On August 27, 2018, Livent filed with the SEC its Registration Statement on Form S-1 (the "Form S-1"), which, following an amendment on October 1, 2018, was declared effective via a post-effective amendment filed on October 10, 2018.

84. On October 10, 2018, Livent announced the pricing of its initial public offering of 20 million shares of its common stock at $17.00 per share and that the Underwriter Defendants had been granted a 30-day option to purchase up to an additional 3 million shares of its common stock. The Company also announced that it intended to use the net proceeds from the IPO to make a distribution to FMC and to fund origination fees associated with its revolving credit facility.

85. On or about October 12, 2018, Livent filed with the SEC its final prospectus for the IPO on Form 424B4 (the "Prospectus"), which forms part of the Registration Statement (the Prospectus, and the Form S-1, as amended, are referred to collectively herein as the Registration Statement), and sold 23 million shares of Livent common stock (including 3,000,000 shares representing the exercise in full of the underwriters' overallotment on or about November 8, 2018) to the investing public.

86. Net proceeds from the IPO were approximately $369 million, after deducting underwriting discounts and commissions. After payment of financing fees and other IPO related costs, the net proceeds from the IPO were subsequently distributed to FMC.

F. Livent's Registration Statement Contained Material False and Misleading Statements and Omitted Material Information

87. Pursuant to SEC Regulation C, the Registration Statement was required to disclose material information necessary to ensure that representations in the Registration Statement were not misleading. Specifically, Rule 408, 17 C.F.R. § 230.408(a), states that "[i]n

addition to the information expressly required to be included in a registration statement, there shall be added such further material information, if any, as may be necessary to make the required statements, in light of the circumstances under which they are made, not misleading."

88. Further, under instructions to Form S-1, the Defendants were required to comply with Item 303 of Regulation S-K, 17 C.F.R. § 229.303. Specifically, Item 303, and the SEC's related interpretive releases thereto, requires issuers to disclose events and uncertainties, including any known trends that have had or are reasonably likely to cause the issuer's financial information not to be indicative of future operating results.

89. Moreover, Item 3 of Form S-1 also required that the Registration Statement furnish the information called for under Item 503 of Regulation S-K, 17 C.F.R. § 229.503, including, among other things, a discussion of the most significant factors that make the offering speculative or risky.

90. However, the Registration Statement was negligently prepared and, as a result, contained untrue statements of material fact, omitted material facts necessary to make the statements contained therein not misleading, and failed to make adequate disclosures required under the rules and regulations governing the preparation of such documents.

1. The Registration Statement Contained False and Misleading Statements of Material Fact About Livent's Lithium Carbonate Sourcing and Misrepresented The Company's Sourcing Agreement With Nemaska

91. The Registration Statement emphasized that Livent's success is dependent on sourcing of low cost lithium from its own production facilities and from "other sources," while acknowledging the Company's efforts to diversify its lithium sources. The Registration Statement stated the following in pertinent part:

> Our primary raw material is lithium, which we extract through solar evaporation and a proprietary process from naturally occurring lithium-rich brines located in

> the Andes Mountains of Argentina, which are believed to be one of the world's most significant and lowest cost sources of lithium. We process the brine into lithium carbonate at our co-located manufacturing facility in Fenix, Argentina and into lithium chloride at our nearby manufacturing facility in Güemes, Argentina.
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> ***We also purchase lithium carbonate from other sources from time to time, and we continually look to diversify our lithium sources. We purchased approximately 1.4 kMT of lithium carbonate from a third-party supplier in 2016. We did not purchase any lithium carbonate in 2017 from third-party suppliers***.

92. The Registration Statement also touted the Company's ability to increase lithium carbonate production at its "expandable" Argentina facility to "meet increasing demand" and source additional lithium carbonate from third-party suppliers, which allows the Company to manage production requirements, material costs, and optimize profitability. The Registration Statement stated, in pertinent part, as follows:

> We have been extracting lithium brine at our operations at Salar del Hombre Muerto in Argentina for more than 20 years ... ***We source the majority of our base lithium compounds for use in the production of performance lithium compounds from these low cost operations in Argentina*** … We also have the ***operational flexibility*** to procure lithium carbonate from third party suppliers as raw materials. ***This strategy allows us to manage our production requirements and raw material cost, creating opportunities to optimize profitability.***

93. Indeed, the Registration Statement repeatedly told investors that Livent was benefiting from its "low-cost position." For example, the Registration Statement stated, in pertinent part, as follows: "***The low-cost position we enjoy means that we can continue to invest in expanding our production capacity as demand grows and have confidence that we will generate attractive financial returns on our investment***."

94. The Registration Statement stated clearly to investors: "***Lithium hydroxide producers with access to low cost lithium bearing feedstock generally have an advantaged cost***

structure compare to producers sourcing from third parties[,]" and "***our lithium hydroxide operations were the lowest cost globally in 2017***."

95. The Registration Statement informed investors that the Company "consume[s] almost all of the lithium carbonate we produce internally, with ***minimal external sales***."

96. The Registration Statement also represented to investors that Livent had successfully negotiated an agreement with Nemaska regarding one of Livent's key third-party sourcing contracts despite their previous dispute, stating:

> In October 2016, we entered into a long-term supply agreement (the "Agreement") with Nemaska Lithium Shawinigan Transformation Inc. ("Nemaska"), a subsidiary of Nemaska Lithium Inc. based in Quebec, Canada. Pursuant to the Agreement, Nemaska is to provide lithium carbonate to us from an electrochemical plant that is under construction. Since completion of the project financing has significantly delayed the construction of its electrochemical plant, Nemaska has reported that it is not in position to start delivering lithium carbonate according to the schedule in the Agreement.
>
> To enforce our right to supply under the Agreement, in July 2018, we filed for arbitration before the International Chamber of Commerce (in accordance with the Agreement's terms). In an attempt to resolve the dispute, the parties have been actively negotiating a revised schedule as well as arrangements to see that (in spec) lithium carbonate be nonetheless supplied to us from alternative sources under the responsibility of Nemaska, with a view to providing us with product while minimizing Nemaska's exposure until its electrochemical plant is in operation.
>
> ***On September 25, 2018, the parties agreed on the final wording of a draft amended and restated supply agreement and, accordingly, also agreed to suspend the arbitration process under the expectation that the parties will agree on arrangements regarding alternative supply sources in the very near future***.

97. The statements referenced above in ¶¶91-96 were each inaccurate statements of material fact when made, because they failed to disclose and misrepresented the following material facts, material adverse trends, material uncertainties, or significant risks that existed at the time of the IPO:

(a) The Company was no longer producing enough lithium carbonate to meet production requirements, like it touted was the case in 2017, without purchasing lithium carbonate from third-party suppliers;

(b) Rather than being able to increase its own lithium carbonate production to meet demand, the Company needed to enter into contracts with third parties to source lithium carbonate, thereby reducing the Company's revenues and squeezing margins;

(c) Rather than source lithium carbonate from third-party suppliers through a touted strategy that creates opportunities to optimize profitability, the Company had to negotiate new third-party sourcing contracts that produced less stable and less favorable rates for the Company, which further diminished the Company's margins;

(d) Contrary to the disclosures in the Registration Statement, the Company had not reached an agreement on an amended and restated long-term supply agreement with Nemaska, which resulted in Nemaska canceling the supply contract shortly after the IPO, forcing the Company to re-source 8,000 kilo metric tons ("kMT") of lithium carbonate in 2019—an amount that equates to more than half of the Company's 2017 lithium carbonate production; and

(e) Moreover, the multi-year supply agreement which had been purportedly renegotiated "expressly" allowed Nemaska to terminate the agreement, as Nemaska would disclose after the IPO, and "throughout discussions with Livent," Nemaska had advised Livent that "it might have no option but to terminate the Supply Agreement."

2. The Registration Statement Contained False and Misleading Statements of Material Fact About Livent's Long-Term Customer Contracts and Failed to Disclose Their Detrimental Effect on Company Margins

98. The Registration Statement also represented that Livent's stable clients operating under long-term contracts provide the Company with meaningful visibility into future

production, demand, and revenue. The Registration Statement stated the following in pertinent part:

> Our customers demand very specific product performance characteristics, particularly from our battery-grade lithium hydroxide and butyllithium. Our products require a high level of manufacturing and technical expertise and undergo a stringent prequalification process before they are sold to customers. Our customers rely on our products for their high performance. ***For many we are one of only a few suppliers of performance lithium compounds, as many of our customers are unable or unwilling to adjust to alternate supply sources that may jeopardize the functionality of their end products and processes***.
>
> In 2017, we sold our lithium products to approximately 400 customers in approximately 37 countries, and approximately 77% of our sales were to customers outside of the United States. ***One customer accounted for approximately 14% of our total revenue in 2017. Our ten largest customers accounted in aggregate for approximately 45% of our revenue in 2017.***
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> * * *
>
> ***In 2017 and for the six months ended June 30, 2018, more than 60% and approximately 58%, respectively, of our revenue was generated from customers with whom we have long-term agreements with terms ranging from two to more than five years in length, including all sales to our largest customer and nine of our ten largest customers***. ***A significant portion of the remaining 2017 sales were to customers with whom our relationship has not changed materially during the past five years***. BEV automakers and battery and cathode manufacturers consider secure supply of high performance battery-grade lithium hydroxide as critical to their future success. These agreements generally specify an annual minimum purchase commitment at either a set price (usually reset annually) in a given year or within a pre-negotiated price range.

99. Not only did the Registration Statement use Livent's long-term contracts to emphasize the substantial revenue derived from these contracts, but it also touted the visibility into future production made possible by long-term contracts with longstanding customers, that purportedly enabled the Company to manage price volatility, stating in pertinent part:

> For instance, approximately 79% of our expected lithium hydroxide production in 2019 is under contract, affording us meaningful visibility into future production demand and revenue.
>
> * * *

> The prices of lithium have been, and may continue to be, volatile. ***We seek to manage volatility through the sale of performance lithium compounds and by entering into long term contracts with our customers***; however, such efforts may not be successful. We expect that prices for the performance lithium compounds we manufacture will continue to be influenced by various factors, including worldwide supply and demand as well as the business strategies of major producers.

100. Further, the Registration Statement assured investors that Livent's future sales were already secured based on "multi-year agreements" that provide "first-hand insight" into customer needs, stating in relevant part:

> Our performance lithium compounds are frequently produced to meet specific customer application and performance requirements. We have developed our capabilities in producing performance lithium compounds through decades of interaction with our customers, and our products are key inputs into their production processes. Our customer relationships provide us with first-hand insight into our customers' production objectives and future needs, which we in turn use to further develop our products.
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> * * *
>
> ***Majority of Future Sales Secured with Multi-Year Agreements*** We believe our consistent performance and our clear commitment to expanding production capacity have made us a preferred supplier in our target markets and have allowed us to secure multi-year supply agreements. ***In 2017 and for the six months ended June 30, 2018, more than 60% and approximately 58%, respectively, of our revenue was generated from customers with whom we have long-term agreements with terms ranging from two to more than five years in length. Our customers consider securing long-term committed supply of performance lithium compounds to be critical to their future success.*** As our production of lithium hydroxide increases, we expect the portion of our total revenue generated under multi-year agreements to increase. ***We expect that all of our capacity expansions will be contracted with customers before we commence production***.

101. The statements referenced above in ¶¶98-100 were each inaccurate statements of material fact when made, because they failed to disclose and misrepresented the following material facts, material adverse trends, material uncertainties, or significant risks that existed at the time of the IPO:

(a) The Company was saddled with an undisclosed long-standing contract to supply lithium hydroxide to a customer at a price much lower than any of the Company's existing contracts, and that customer was increasingly seeking delivery on the contract, which further squeezed the Company's diminishing margins; and

(b) Many of Livent's other long-term contracts were not actually advantageous to Livent's revenues because long-term customers had the ability (and did) delay lithium hydroxide purchases, which resulted in the Company having excess product that would need to be sold under short-term agreements at lower prices in the Chinese market.

3. The Registration Statement Contained False and Misleading Statements of Material Fact About Demand for Performance Lithium Compounds

102. The Registration Statement claimed that the Company was ***"seeing the benefits of our strategy to grow our business in performance lithium compounds, where demand continues to accelerate and pricing trends across our portfolio remain favorable."***

103. The Registration Statement also stated that "***EV battery manufacturers are increasingly using high nickel content cathode materials***" and that "[d]ue to the underlying chemistry, ***battery-grade lithium hydroxide is required in the manufacturing of high nickel content cathode material***, whereas lithium carbonate is used in lower energy density EV battery applications." The Registration Statement also explained to investors that "***early generation EV batteries*** use lithium carbonate-based cathode chemistries."

104. Under the title "Our Market Opportunity," the Registration Statement stated that "[t]he growth forecasted in the EV market ***has resulted in a significant increase in current and expected future demand for battery-grade lithium compounds***" and that the Company was "well positioned" to benefit from the increase in lithium demand from EV growth. The Registration Statement further stated, in pertinent part, as follows:

> ***The growth forecasted in the EV market has resulted in a significant increase in current and expected future demand for battery-grade lithium compounds****…* As EV adoption accelerates, we anticipate ***battery manufacturers will increasingly move to using high nickel content cathode materials in the manufacture of EV batteries***. High nickel content cathodes substantially improve energy density of batteries, enabling longer drive ranges. Battery-grade lithium hydroxide is a critical component in the production of high nickel content cathode materials… ***As one of the leading producers of battery-grade lithium hydroxide for EV applications, we are well positioned to benefit from this growth***.

105. Under another heading entitled "Positioned to Benefit from Substantial Growth in Electric Vehicles Sales," the Registration Statement stated that:

> ***Automotive OEMs have announced plans to introduce longer-range EV models using higher energy density batteries, and are increasingly doing so by moving to high nickel content cathode materials. This shift will increasingly require battery-grade lithium hydroxide in the production of cathode materials***.
>
> As an existing, proven global producer of battery-grade lithium hydroxide, ***we are well positioned to benefit from this expected increase in lithium demand from EV growth***. As one of the pioneers in the lithium industry, we have relationships throughout the lithium-ion battery value chain. Across the battery value chain, product performance requirement have continued to evolve since the first lithium-ion batteries were introduced in the early 1990's. We have developed our application and material knowledge by ***working with our customers over time to produce performance lithium compounds which meet evolving customer needs***.

106. The statements referenced above in ¶¶102-105 were each inaccurate statements of material fact when made, because they failed to disclose and misrepresented the following material facts, material adverse trends, material uncertainties, or significant risks that existed at the time of the IPO:

(a) EV battery producers were investing in and upgrading their production facilities to meet OEM demands and switching to production of older cathode chemistries in the interim (that do not require battery-grade lithium hydroxide);

(b) As a result of the investment in and upgrade of their production facilities, EV battery producers were delaying large-scale production of high nickel content cathode materials (that do require battery-grade lithium hydroxide);

(c) Contracted customers were "delaying" purchases of lithium hydroxide throughout the course of these upgrades; and

(d) Livent was forced to sell "excess" lithium hydroxide (that would have otherwise gone to these contracted customers) to short-term customers at reduced prices.

4. The Registration Statement Contained False and Misleading Statements of Material Fact About the Competition and Pricing it was Facing

107. The Registration Statement also touted Livent's market share and position, as well as limited competition, as Livent was at the time of the IPO one of six global lithium producers. Specifically, the Registration Statement emphasized Livent's "competitive advantage," stating in pertinent part:

> ***We are one of a few lithium compound producers with global manufacturing capabilities.*** We use the majority of the lithium carbonate we produce in the production of battery-grade lithium hydroxide in the United States and China. We use the lithium chloride we produce in the production of butyllithium products in the United States, the United Kingdom, China and India, as well as in the production of high purity lithium metal in the United States. ***We have significant know-how and experience in the lithium hydroxide, butyllithium and high purity lithium metal production processes and product applications, which we believe provides us with a competitive advantage in these markets***.
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> Our goal is to maintain a leading market share in battery-grade lithium hydroxide, butyllithium and high purity lithium metal. ***For high nickel content cathode materials, we believe we are one of a small number of producers capable of consistently delivering battery-grade lithium compounds that meet performance standards demanded by our customers.*** We have announced a capacity expansion to produce approximately 55 kMT of lithium hydroxide annually by the end of 2025, of which 18.5 kMT was in production at the end of 2017.
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> * * *
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> According to Roskill, the global supply of all lithium compounds was 270 kMT LCE in 2017. Six producers, including Livent, Albemarle Corporation ("Albemarle," previously Rockwood Holdings, Inc.), Sociedad Quimica y Minera ("SQM"), Tianqi Lithium Corporation ("Tianqi"), Jiangxi Ganfeng Lithium Co.

> Ltd. ("Jiangxi Ganfeng Lithium") and Orocobre Limited ("Orocobre"), accounted for approximately 86% of the total 2017 supply.

108. The Registration Statement contained a section entitled "Competition" in which the Registration Statement highlighted Livent's primarily international business and maintained that Livent would have a competitive advantage in the Chinese market despite expansion and consolidation plans of the five remaining producers, stating, in pertinent part, as follows:

> We sell our performance lithium compounds worldwide. ***Most markets for lithium compounds are global, with significant growth occurring in Asia, driven primarily by the development and manufacture of lithium-ion batteries***. The market for lithium compounds also faces some barriers to entry, including access to an adequate and stable supply of lithium, technical expertise and development lead time. According to Roskill, we are one of six producers, including SQM, Albemarle, Tianqi, Orocobre and Jiangxi Ganfeng Lithium, that accounted for approximately 85% of the global supply of lithium compounds as measured by LCE. Both Albemarle and SQM recently entered into agreements with Chilean regulators to expand their annual lithium extraction efforts in Chile by an additional 135 kMT by 2021 and by 72 kMT by 2019, respectively. Tianqi recently announced an intention to invest an additional $525 million to expand its refining capabilities with the goal of quadrupling its annual output of lithium carbonate by 2021. Orocobre has announced that it is increasing production from its brine source in Argentina. We expect additional capacity to be added by new and existing producers over time. We believe our lithium brines in Salar del Hombre Muerto, Argentina, considered by the industry to be one of the lowest cost source[s] of lithium, provide us with a ***distinct competitive advantage against these current or future entrants***.
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> We compete by providing advanced technology, high product quality, reliability, quality customer and technical service, and by operating in a cost efficient manner. We believe we are a leading provider of battery-grade lithium hydroxide in EV battery applications and of performance greases and benefit from low production costs and a history of efficient capital deployment. We also believe we are one of only two global suppliers of butyllithium. ***Our primary competitor for performance lithium compounds is Albemarle Corporation. We are the only producer of high purity lithium metal in the Western Hemisphere and enjoy competitive advantages from our vertically integrated manufacturing approach and low production costs. Our primary competitors within the lithium metal product category include Jiangxi Ganfeng Lithium and other Chinese producers***.

109. The statements referenced above in ¶¶107-108 were each inaccurate statements of material fact when made, because they failed to disclose and misrepresented the following material facts, material adverse trends, material uncertainties, or significant risks that existed at the time of the IPO:

(a) Despite the Company's purported "competitive advantage" against current and future entrants in the market for lithium compounds, Livent had lost and would continue to lose market share to competitors due to, *inter alia*, consolidation (*e.g.*, Tianqi's acquisition of a minority stake in SQM), resulting in Chinese customers' unwillingness to enter into contractual commitments with Livent unless the Company lowered its prices.

5. The Registration Statement Failed to Disclose and Misrepresented Significant Risks that Made the IPO More Speculative and Risky

110. The risk disclosures in the Registration Statement failed to advise investors about significant, then-existing (as opposed to merely potential) factors that made the IPO more speculative or risky than the Registration Statement disclosed.

111. Specifically, the Registration Statement inaccurately described as ***potential*** certain risks associated with reductions in orders from Livent's customers, which "could" have an adverse effect on its business, financial condition, and results of operations, rather than actual events and known trends or uncertainties that had already manifested. The Registration Statement stated, in pertinent part, as follows:

> ***We derive a substantial portion of our revenue from a limited number of customers, and the loss of, or a significant reduction in orders from, a large customer could have a material adverse effect on our business and operating results***.
>
> ***In any particular period, a substantial amount of our total revenue could come from a relatively small number of customers***. For the year ended December 31, 2017, one customer accounted for approximately 14% of our total revenue. For the six months ended June 30, 2018, a separate customer accounted for approximately 10% of our total revenue. Our ten largest customers accounted in

> the aggregate for approximately 45% and 51% of our total revenue for the year ended December 31, 2017 and the six months ended June 30, 2018, respectively. It is likely that we will continue to derive a significant portion of our revenue from a relatively small number of customers in the future. If we were to lose any material customer, such loss could have a material adverse effect on our business, financial condition and results of operations.

112. The Registration Statement also inaccurately described as ***potential***, certain risks associated with the increase in raw material costs, which "could" in the future have an adverse effect on its business, financial condition, and results of operations, rather than actual events and known trends or uncertainties that had already manifested. The Registration Statement stated the following in pertinent part:

> ***Our competitiveness and profitability are dependent in part upon our ability to control production costs, maintain efficient operations and make continuous improvements to enhance production efficiency***. We extract lithium from naturally occurring lithium-rich brines located in the Andes Mountains of Argentina using a proprietary process and cost effectively convert it into lithium carbonate and lithium chloride. We have taken several initiatives in recent years to improve our production efficiency, including applying different production technologies, installing advanced equipment and machinery, and optimizing the production processes and techniques. The prices of other raw materials sourced from external suppliers are determined principally by market forces and changes in governmental policies, as well as our bargaining power with our suppliers. ***Any significant increase in raw materials costs from current levels could increase our cost of sales and have an adverse effect on our gross profit margins if we are unable to pass such price increases to our customers.*** In 2017 and for the six months ended June 30, 2018, more than 60% and approximately 58%, respectively, of our revenue was generated from customers with whom we have long-term agreements with terms ranging from two to more than five years in length. These agreements generally provide for a specific price in a given year, with annual adjustment. As a result, our margins will benefit from declines in raw material prices, but would decline if raw material prices increase, until prices under these long-term agreements are reset. ***In general, where we have limited sources of raw materials, we have developed contingency plans to minimize the effect of any interruption or reduction in supply, such as sourcing from other suppliers or maintaining safety stocks***.

113. The statements referenced above in ¶¶111-112 were each inaccurate statements of material fact because while noting only the ***potential*** negative impacts on its business, financial condition, and result of operations, the Registration Statement failed to disclose and

misrepresented the following significant, ***then-existing*** material events and adverse known trends or uncertainties that Livent ***had already been*** facing at the time of the IPO:

(a) The Company was no longer producing enough lithium carbonate to meet production requirements, like it touted was the case in 2017, without purchasing lithium carbonate from third-party suppliers;

(b) Rather than being able to increase its own lithium carbonate production to meet demand, the Company needed to enter into contracts with third parties to source lithium carbonate, thereby reducing the Company's revenues and squeezing margins;

(c) Rather than source lithium carbonate from third-party suppliers through a touted strategy that creates opportunities to optimize profitability, the Company had to negotiate new third-party sourcing contracts that produced less stable and less favorable rates for the Company, which further diminished the Company's margins;

(d) Contrary to the disclosures in the Registration Statement, the Company had not reached an agreement on an amended and restated long-term supply agreement with Nemaska, which resulted in Nemaska canceling the supply contract shortly after the IPO, forcing the Company to re-source 8,000 kMT of lithium carbonate in 2019—an amount that equates to more than half of the Company's 2017 lithium carbonate production; and

(e) Moreover, the multi-year supply agreement which had been purportedly renegotiated "expressly" allowed Nemaska to terminate the agreement, as Nemaska would disclose after the IPO, and "throughout the discussions with Livent," Nemaska had advised Livent that "it might have no option but to terminate the Supply Agreement."

114. The Registration Statement also inaccurately described as ***potential***, certain risks associated with the Company's reliance on long-term contracts with a small set of customers,

which "may" in the future have an adverse effect on its business, financial condition, and results of operations, rather than actual events and known trends or uncertainties that had already manifested. The Registration Statement stated the following in pertinent part:

> **Lithium prices can be volatile, especially due to changes in supply.**
> The prices of lithium have been, and may continue to be, volatile. ***We seek to manage volatility through the sale of performance lithium compounds and by entering into long term contracts with our customers; however, such efforts may not be successful***. We expect that prices for the performance lithium compounds we manufacture will continue to be influenced by various factors, including worldwide supply and demand as well as the business strategies of major producers. Some of the major producers (including us) have increased production, which affects overall global supply. In addition, certain market analysts predict a significant increase in global lithium capacity over the next seven years, although there is a high degree of uncertainty about the status of new lithium production capacity expansion projects being developed by current and potential competitors. Declines in lithium prices could have a material adverse effect our business, financial condition and results of operations.

115. The statements referenced above in ¶114 were each inaccurate statements of material fact because while noting only the ***potential*** negative impacts on its business, financial condition, and result of operations, the Registration Statement failed to disclose and misrepresented the following significant, ***then-existing*** material events and adverse known trends or uncertainties that Livent ***had already been*** facing at the time of the IPO:

(a) The Company was saddled with an undisclosed long-standing contract to supply lithium hydroxide to a customer at a price much lower than any of the Company's existing contracts and that customer was increasingly seeking delivery on the contract, which further squeezed the Company's diminishing margins; and

(b) Many of Livent's other long-term contracts were not actually advantageous to Livent's revenues because long-term customers had the ability (and did) delay lithium hydroxide purchases, which resulted in the Company having excess product that would need to sold under short-term agreement at lower prices into the Chinese market.

116. The Registration Statement also inaccurately described as ***potential***, certain risks associated with adoption of battery technologies that do not rely on performance lithium compounds, which could in the future have an adverse effect on its business, financial condition, and results of operations, rather than actual events and known trends or uncertainties that had already manifested. The Registration Statement stated the following in pertinent part:

> We believe the primary risks to our business and operations are ... development and adoption of battery technologies that do not rely on performance lithium compounds as an input, as our current business and prospects depend on the ***continued use and adoption*** of battery technologies that rely on performance lithium compounds as a critical input...

117. The statements referenced above in ¶116 were each inaccurate statements of material fact because while noting only the ***potential*** negative impacts on its business, financial condition, and result of operations, the Registration Statement failed to disclose and misrepresented the following significant, ***then-existing*** material events and adverse known trends or uncertainties that Livent ***had already been*** facing at the time of the IPO:

(a) EV battery producers were investing in and upgrading their production facilities to meet OEM demands and switching to production of older cathode chemistries in the interim (that do not require battery-grade lithium hydroxide);

(b) As a result of the investment in and upgrade of their production facilities, EV battery producers were delaying large-scale production of high nickel content cathode materials (that do require battery-grade lithium hydroxide);

(c) Contracted customers were "delaying" purchases of lithium hydroxide throughout the course of these upgrades; and

(d) Livent was forced to sell "excess" lithium hydroxide (that would have otherwise gone to these contracted customers) to short-term customers at reduced prices.

118. The Registration Statement inaccurately described as ***potential*** certain risks associated with the Company's competition and its market share, which "may" in the future have an adverse effect on its business, financial condition, and results of operations, rather than actual events and known trends or uncertainties that had already manifested. The Registration Statement stated the following in pertinent part:

> ***We face competition in our business.***
> We compete globally against a number of other lithium producers. Competition is based on several key criteria, including technological capabilities, service, product performance and quality, and price. Some of our competitors are larger than we are and may have greater financial resources. These competitors may also be able to maintain greater operating and financial flexibility. ***If we fail to compete effectively, we may be unable to retain or expand our market share, which could have a material adverse effect on our business, results of operations and financial condition.*** See "Business—Competition."

119. The statements referenced above in ¶118 were each inaccurate statements of material fact because while noting only the ***potential*** negative impacts on its business, financial condition, and result of operations, the Registration Statement failed to disclose and misrepresented the following significant, ***then-existing*** material events and adverse known trends or uncertainties that Livent ***had already been*** facing at the time of the IPO:

(a) Despite the Company's purported "competitive advantage" against current and future entrants in the market for lithium compounds, Livent had lost and would continue to lose market share to competitors due to, *inter alia*, consolidation (*e.g.*, Tianqi's acquisition of a minority stake in SQM), resulting in Chinese customers' unwillingness to enter into contractual commitments with Livent unless the Company lowered its prices.

V. EVENTS AFTER THE IPO

120. On November 6, 2018, during a third quarter 2018 ("3Q18") earnings conference call, in response to a question about demand trends in China, Defendant Graves admitted that

"[w]e certainly saw some data that others have provided and heard anecdotal evidence" concerning a "meaningful shift" in demand for lithium hydroxide products.

121. On February 11, 2019, Livent released its fourth quarter 2018 ("4Q18") financial results and provided a 2019 earnings forecast. While the Company met analyst earnings targets for the quarter, it missed top line sales targets. In addition, Livent's sales and earnings forecasts for its first quarter 2019 ("1Q19") and full year 2019 all fell short of analyst consensus targets.

122. On the same day, the Company issued a press release discussing its 4Q18 and full year results for the three and twelve months ended December 31, 2018. In this release, Livent announced issues with its China customers, stating:

> However, as has been widely noted, Chinese economic conditions weakened very late in 2018 and ***our lithium hydroxide customers in China were unwilling to make firm commitments for price and volume at levels that were acceptable to us.*** Therefore, Livent elected to increase its volume commitments to customers outside of China, particularly in South Korea and Japan, and as a result we expect our volumes in China to remain flat.
>
> The company expects higher costs in 2019 driven by raw materials and VAT on exports out of China, partially offset by favorable foreign exchange. ***In addition, overall profit margins will be reduced by the impact of purchased lithium carbonate.***
>
> Graves concluded, "We expect these costs to be largely temporary in nature. The requirement to purchase third party carbonate will end when the first phase of our lithium carbonate expansion comes online in Argentina, which we currently expect by mid-2020."

123. On February 12, 2019, during the 4Q18 conference call, Defendant Graves explained the factors that contributed to the Company's disappointing 4Q18 results and weak 2019 forecasts. Graves shed light on the Company's dwindling contractual commitments in China, stating:

> Before I turn to our 2019 guidance, I want to discuss how the year-end process for contract negotiations for 2019 played out…. ***Contracting for lithium hydroxide began in late 2018 and early verbal indications from customers suggested increases to volumes and stable to slightly higher prices across all regions.*** In

> particular, we saw significant increase in demand from customers in South Korea and Japan, reflecting the continued migration towards lithium hydroxide based cathode technologies in these countries.
>
> ***In China, however, it became apparent … that our existing customers were not willing to enter into annual or longer contractual commitments for lithium hydroxide … unless we were willing to commit to prices that were lower than prices we were achieving elsewhere in the world.***
>
> *   *   *
>
> ***Consequently, we expect our volumes sold to Chinese customers will not increase in 2019 compared to 2018.***

124. Nevertheless, with respect to the move to performance lithium compounds in China, while Defendant Grave's noted that the market "remains a largely lithium carbonate market," "the move to high nickel content cathodes, the move towards the use of lithium hydroxide, the change of battery technology is clear — it's extremely clear."

125. Defendant Graves also disclosed that customers were seeking to purchase base compound lithium carbonate from Livent and

> given these developments we made the decision to continue to supply carbonate volumes in line with 2018 levels. ***As a result, we have entered into several contracts with lithium carbonate producers to supply carbonate to us in 2019 as feedstock.*** More specifically, our plan is for all of this material to be used in the production of our lithium hydroxide in China. Our production experience allows us to purchase a reasonably wide range of lithium carbonate and manage our hydroxide operations to produce final product that meets required customer specifications.
>
> *   *   *
>
> As you can imagine, ***we are the world's lowest cost producer of lithium carbonate so when we purchase lithium carbonate, it does have a negative impact on our overall margins***.

126. On the same call, Defendant Graves described "***higher costs from raw materials and VAT incurred due to higher exports out of China***" as a "***further headwind to 2019 Adjusted EBITDA,***" explaining Livent's shift toward third-party carbonate sourcing and the

financial impact of that shift, *i.e.*, "margins on the sale of lithium carbonate will be lower due to the higher cost of third-party purchases."

127. In particular, Defendant Graves explained that guidance for 2019 EBITDA would be lower than full-year 2018 by approximately 3 percentage points and that "[t]his decline is driven by the ***lower effective margin on lithium carbonate*** as both lower realized prices and higher costs arising from the purchase of third-party material depress our overall adjusted EBITDA margin."

128. Defendant Graves also attributed the Company's flat Q1 revenue in large part to one large lithium contract that ***has been in place for several years*** at a ***much lower price*** than any of the Company's other contracts, stating:

> However, our Adjusted EBITDA is significantly impacted by the customer mix. ***This is predominantly due to one large lithium hydroxide contract that has been in place for several years and therefore has a much lower price than any of our other contracts, including other contracts with this same customer.***
>
> * * *
>
> ***There are cost impacts associated with this decision too, since we will ship a significant proportion of these volumes out of our China facility, meaning we will incur costs of VAT.*** Last year we exported very little volume out of China in Q1, whereas this year we have committed almost all of our China production for the quarter to customers outside the country.

129. On this news, Livent's share price fell from a close of $13.12 to $12.55 on heavy trading volume.

130. On February 18, 2019, only one week after Livent announced its 4Q18 financial results, Nemaska issued a press release entitled "*Nemaska Lithium Terminates FMC (Livent) Supply Agreement*." Therein, Nemaska disclosed:

> ***[Nemaska] has terminated its multi-year supply agreement*** (the "Supply Agreement") with Livent Corporation (previously FMC Corporation – hereinafter "Livent"). The Supply Agreement pertains to the provision of up to 8,000 tonnes

> per year (28,000 tonnes in total during the term of the contract) of lithium carbonate starting April 1, 2019.
>
> As disclosed in the Corporation's financial statements for the year ended June 30, 2018 (Note 23 – Subsequent Events), ***the Corporation and Livent have had discussions with a view to amend the Supply Agreement and throughout the discussions with Livent, the Corporation has advised Livent that it might have no option but to terminate the Supply Agreement*** and repay Livent the USD10M payment (received by the Corporation in April 2017) plus a similar amount as a termination fee, ***which the Supply Agreement expressly allows it to do***. Despite good faith negotiations, the Corporation was unable to reach a mutually satisfactory outcome with Livent. As a result, the Corporation has no choice but to exercise its contractual right to terminate the Supply Agreement. Livent has advised the Corporation that it is seeking arbitration, which the Corporation will vigorously defend.

131. On February 28, 2019, it was announced that Ronald Stark was replacing Defendant Pfeiffer was the Company's Chief Accounting Officer, effective as of March 1, 2019.

132. On May 7, 2019, the Company again disclosed disappointing results for its 1Q19. Specifically, Livent missed analyst estimates on both revenue and earnings. In addition, the Company lowered its 2019 outlook.

133. In particular, the Company's press release disclosed that revenue decreased 4 percent compared to the same quarter in 2018.

134. With respect to the Company's lowered outlook for 2019, the Company pointed, in part, to "delays of 2019 order of high-performance lithium hydroxide by a small number of customers, which will lead to lower volumes and lower average realized prices for Livent's lithium hydroxide sales in 2019." Moreover, Livent disclosed that it did "not expect to see a meaningful change in demand for high-performance lithium hydroxide for use in high-nickel cathode chemistries until late 2019 or early 2020 and ... reduced its full-year forecasts for volume and pricing accordingly."

135. The press release quoted Defendant Graves as follows:

> "***We are seeing weaker near-term demand for our high-performance lithium hydroxide, as several major customers have informed us about recent decisions to delay their own commercial launches of high-nickel cathode chemistries***," continued Graves. "***This will result in lower delivered volumes of lithium hydroxide to those customers in 2019 than previously indicated and lower overall sales volumes for the year. In addition, it will result in Livent selling more hydroxide in China for use in cathode chemistries where performance requirements are not high***."

136. The press released continued: "As a result, Livent has revised its full-year guidance" down to "a range of $435 million to $475 million," compared to a range of $495 million to $525 million announced to investors on February 11, 2019.

137. Also on May 7, 2019, Credit Suisse issued an analyst report on Livent entitled "*1Q EBITDA OK, But Guide Cut is Just Terrible*." In this report, Credit Suisse analysts reported the following:

> We view results as negative given two consecutive quarters of weak guidance, which has clearly ***impacted investor confidence in the story / investor perception of LTHM's contract structures***.

138. On May 8, 2019, during the conference call to discuss Livent's 1Q19 results, Defendant Graves revealed that Livent's production for several of its customers was delayed, explaining that:

> Before turning to Q2 and the 2019 outlook for Livent, Slide 5 provides an overview of the lithium market conditions that are most relevant to Livent, which will help frame both our Q2 and full-year guidance. As the large global auto OEMs continue to commit capital to and provide further detail on the next-generation electric vehicles, the need for batteries with higher nickel chemistries is becoming increasingly clear. This, in turn, is placing the challenge of meeting the higher performance and safety requirements onto the battery chain and especially onto the cathode materials producers. In recent conversations with a few of our large, established cathode and battery customers, ***it is becoming increasingly clear that the current facilities being used to manufacture high-nickel cathodes will require additional investment in their processes to meet OEM demands. The result of making these investments is a delay in large-scale production of high-nickel chemistries across several of our customers.***
>
> ***To offset the lower volumes of high-nickel cathodes and to improve short-term profitability during this transition, many of these established cathode***

> ***manufacturers are increasing their production of older cathode chemistries.*** This has been further reinforced by the changes to incentive structures in China, which has created a window in 2019 for producers of these existing chemistries to delay the introduction of next-generation cathode materials.
>
> However, many of these older chemistries can't use either lithium carbonate or lithium hydroxide. ***As a result of the lower performance requirements in these applications, higher performance lithium hydroxide, such as that sold by Livent, does not generate the same price premium as in high-nickel applications and, today, is priced relative to the lithium carbonate equivalent. This is consistent with pricing patterns we have seen in these applications historically.***

139. In addition to these production delays leading Livent's customers to switch to older cathode chemistries that do not generate the same price premium for Livent's higher performance lithium hydroxide, Livent disclosed to investors that negative results were attributable, in part, to its single lower-priced contract customer who had been seeking higher volume deliveries. The Company also announced that it would have excess hydroxide that would be sold under shorter term contracts, similarly harming the Company's revenues:

> We will have higher lithium hydroxide volumes available from the third line in China. However, the benefits of this relative to the same period a year ago will be offset by lower carbonate sales, negative customer mix and higher operating cost. Regarding customer mix, just as in the first quarter, ***one large lithium hydroxide contract that has been in place for several years and has a much lower price than any of our other contracts is driving this mix effect during the quarter.*** This customer continues to seek the delivery of more of its committed volumes from Livent in the first half of the year. We now estimate that this customer will have received roughly two-thirds of its 2019 contracted volumes by the end of the second quarter.
>
> * * *
>
> ***I stated earlier that some of our contracted lithium hydroxide customers are delaying their purchases of hydroxide from us as they suspend production of their high-nickel cathode materials while they make additional investments in their existing processes.*** This delay means that we will have excess hydroxide volumes available in the quarter that will not be sold under existing contracts and will instead likely be sold under shorter term arrangements, primarily in China.

140. With respect to 2019 guidance, Defendant Graves stated, "We now expect full year revenue of $435 million to $475 million, essentially flat with 2018. Adjusted EBITDA will

be between $125 and $145 million, ***reflecting lower average realized prices for lithium hydroxide and lithium carbonate, as well as higher operating costs***."

141. Defendant Graves added, "***Based on reduced demand for our high-performance lithium compounds from a number of our larger customers***, we have reduced our forecast for full year production and sales of lithium hydroxide by roughly 2,000 tons," and that "***[t]he largest drivers of the hydroxide average price reduction are customer mix and lower sales prices on hydroxide sold under short-term arrangements in China***."

142. In response to an analyst question on pricing for lithium hydroxide, Defendant Graves explained the impact of decreasing prices on the Company's current volume, demonstrating the true consequence of the Company's lower-priced long-term contract:

> ***What we have now is as we take 2,000 tons of higher-priced product that we expected to go away because the customers have given us an indication they're unlikely to need it. We also have that 20% of uncontracted volume at pretty low prices.*** You see prices remaining in China, in some of the independent market resource — research documents, they pretty much reflect what we see in the market, too. ***And so it's an averaging effect across this lost volume, which was at a higher price, plus the uncontracted business, which will be sold in lower-priced market in China.***

143. Defendants Graves expounded on Livent's strategy for selling its uncontracted volumes in China in response to an analyst question while acknowledging the Company's disadvantageous position, stating:

> ***The strategy — and I'll put quotes on that, "strategy" of selling in China, it is frankly not something when we get to this position that we have a lot of choice over, where most of our customers outside China prefer to buy under contracts that they put in place at the start of the year.*** And so the industry as a whole, largely for our product, at least, I don't speak for every lithium product, is largely contracted for volumes for most of the rest of the year. So placing product into other places requires a change to the positive in the expectations of customers outside China if we're going to do that, and that's not what we're seeing at the moment. ***So we really don't have a lot of choice.*** The market for short-term placement of product is the China market. ***We will obviously keep exploring other areas that offer a better return for us.***

144. On this news, Livent's share price fell from a close of $10.73 to $9.03 on May 8, 2019. Over the following days, Livent's share price continued to decline, closing at $8.06 on May 10, 2019.

145. On May 9, 2019, Livent announced the resignation of Vice President and Chief Growth Officer Thomas Schneberger ("Schenberger"), effective May 31, 2019. Schneberger was part of Livent's "Proven Management Team" and, at the time of the IPO, was Livent's Chief Operating Officer. Prior to this position, Schenberger served as Vice President and Global Business Director of FMC's lithium business. He worked at FMC for 11 years prior to working at Livent. The Company disclosed this departure in a terse SEC filing stating that: "On May 9, 2019, Livent Corporation (the "Company") announced that Thomas Schneberger, Vice President and Chief Growth Officer of the Company, will leave the Company effective as of the close of business on May 31, 209 to pursue other opportunities."

146. The next day, Livent issued a press release stating that "Rasmus Gerdeman, Head of Investor Relations, is leaving the company to pursue other opportunities."

147. In the seven months since the IPO, Livent's share price has declined by more than 50 percent. As of the date of filing this action, on May 13, 2019, Livent's common stock closed at $7.61 per share—55.24% less than the $17 per share IPO price.

VI. CLASS ACTION ALLEGATIONS

148. Plaintiff brings this action as a class action pursuant to Pennsylvania Rules of Civil Procedure 1702 and 1708 on behalf of a class consisting of all persons and entities who purchased or otherwise acquired Livent's publicly traded common stock pursuant and/or traceable to the Registration Statement for Livent's IPO of 23 million shares, and who were damaged thereby (the "Class"). Excluded from the Class: the Defendants and Individual Defendants' immediate family members; the officers, directors, and affiliates of Livent, FMC,

and the Underwriter Defendants, at all relevant times; Livent's employee retirement and/or benefit plan(s) and their participants and/or beneficiaries to the extent they purchased or acquired Livent common stock through any such plan(s); any entity in which Defendants have or had controlling interest; and the legal representatives, heirs, successors or assigns of any excluded person or entity.

149. The members of the Class are so numerous that joinder of all members is impracticable. The exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery. Plaintiff believes that there are hundreds or thousands of members in the proposed Class as the Company offered 23 million shares of common stock in the IPO. Record owners and other members of the Class may be identified from records maintained by Livent 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.

150. 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 as set forth herein.

151. 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.

152. 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 Defendants violated the Securities Act;

(b) whether the Registration Statement was negligently prepared and contained inaccurate statements of material fact and/or omitted material information required to be stated therein; and

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

153. 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.

VII. CAUSES OF ACTION

COUNT I
FOR VIOLATION OF § 11 OF THE SECURITIES ACT
Against Livent, The Individual Defendants, And The Underwriter Defendants

154. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

155. This Cause of Action is brought pursuant to Section 11 of the Securities Act, 15 U.S.C. § 77k, on behalf of the Class, against Defendant Livent, each of the Individual Defendants, and each of the Underwriter Defendants.

156. This cause of action does not sound in fraud. Plaintiff does not claim that any of the Defendants committed intentional or reckless misconduct or that any of the Defendants acted with scienter or fraudulent intent. This claim is based solely on negligence and/or strict liability. Plaintiff expressly disclaims any allegations of scienter or fraudulent intent in these non-fraud

claims except that any challenged statements of opinion or belief made in connection with the IPO are alleged to have been materially misstated statements of opinion or belief when made.

157. The Registration Statement issued in connection with the IPO was inaccurate and misleading, contained untrue statements of material facts, omitted material facts necessary to make the statements made not misleading, and omitted material facts required to be stated therein.

158. Livent is the registrant for the IPO. As such, Livent is strictly liable for the materially inaccurate statements contained in the Registration Statement and the failure of the Registration Statement to be complete and accurate. By virtue of the Registration Statement containing material misrepresentations and omissions of material fact necessary to make the statements therein not false and misleading, Livent is liable under Section 11 of the Securities Act to Plaintiff and the Class.

159. None of the Defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the Registration Statement were true and without omissions of any material facts and were not misleading.

160. The Individual Defendants each signed the Registration Statement and caused its issuance. The Individual Defendants each had a duty to make a reasonable and diligent investigation of the truthfulness and accuracy of the statements contained in the Registration Statement. They each had a duty to ensure that such statements were true and accurate and that there were no omissions of material fact that would make the statements misleading. By virtue of each of the Individual Defendants' failure to exercise reasonable care, the Registration Statement contained misrepresentations of material facts and omissions of material facts necessary to make

the statements therein not misleading. As such, each of the Individual Defendants is liable under Section 11 of the Securities Act to Plaintiff and the Class.

161. Each of the Underwriter Defendants, as an underwriter of the securities offered in the IPO pursuant to the Registration Statement, had a duty to make a reasonable and diligent investigation of the truthfulness and accuracy of the statements contained in the Registration Statement. They each had a duty to ensure that such statements were true and accurate and that there were no omissions of material fact that would make the statements misleading. By virtue of each of the Underwriter Defendants' failure to exercise reasonable care, the Registration Statement contained misrepresentations of material facts and omissions of material facts necessary to make the statements therein not misleading. As such, each of the Underwriter Defendants is liable under Section 11 of the Securities Act to Plaintiff and the Class.

162. None of the untrue statements or omissions of material fact in the Registration Statement alleged herein was a forward-looking statement. Rather, each such statement concerned existing facts. Moreover, the Registration Statement did not properly identify any of the untrue statements as forward-looking statements and did not disclose information that undermined the putative validity of those statements.

163. By reason of the conduct herein alleged, each Defendant named in this Count violated, and/or controlled a person who violated, Section 11 of the Securities Act.

164. Plaintiff and the Class have sustained damages. The value of Livent common stock has declined substantially subsequent to and due to violations by Defendants named in this Count.

165. At the time of their purchases of Livent common stock, Plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct

alleged herein and could not have reasonably discovered those facts prior to the disclosures alleged herein. Less than one year has elapsed from the time that Plaintiff discovered or reasonably could have discovered the facts upon which this Complaint is based and the time that Plaintiff commenced this action. Less than three years has elapsed between the time that the securities upon which this cause of action is brought were offered to the public and the time that Plaintiff commenced this action.

COUNT II
FOR VIOLATION OF § 12(a)(2) OF THE SECURITIES ACT
Against Livent, The Individual Defendants, And The Underwriter Defendants

166. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

167. This cause of action is brought pursuant to Section 12(a)(2) of the Securities Act, 15 U.S.C. § 77l(a)(2), on behalf of the Class, against Livent, the Individual Defendants, and the Underwriter Defendants.

168. This Cause of Action does not sound in fraud. Plaintiff does not allege that any of the Defendants committed intentional or reckless misconduct or that any of the Defendants acted with scienter or fraudulent intent, which are not elements of a Section 12(a)(2) claim. This claim is based solely on negligence and/or strict liability. Plaintiff expressly disclaims any allegations of scienter or fraudulent intent in these non-fraud claims except that any challenged statements of opinion or belief made in connection with the IPO are alleged to have been materially misstated statements of opinion or belief when made.

169. The Defendants named in this Count were sellers, offerors, and/or solicitors of purchasers of the Company's common stock pursuant to the defective Prospectus.

170. The Prospectus contained untrue statements of material fact, omitted to state other facts necessary to make statement made therein not misleading, and omitted to state material

facts required to be stated therein. The actions of solicitation by the Defendants named in this Count included participating in the preparation of the false and misleading Prospectus, roadshow, and marketing of Livent common stock to investors, such as Plaintiff and the other members of the Class.

171. Defendants named in this Count owed to the purchasers of Livent's ordinary shares, including Plaintiff and other members of the Class, the duty to make a reasonable and diligent investigation of the statements contained in the Registration Statement to ensure that such statements were true and that there was no omission to state a material fact required to be stated in order to make the statements contained therein not misleading. By virtue of each of these Defendants' failure to exercise reasonable care, the Registration Statement contained misrepresentations of material facts and omissions of material facts necessary to make the statements therein not misleading.

172. Plaintiff did not know, nor in the exercise of reasonable diligence could Plaintiff have known, of the untruths and omissions contained in the Prospectus at the time Plaintiff purchased Livent shares.

173. By reason of the conduct alleged herein, the Defendants named in this Count violated Section 12(a)(2) of the Securities Act. As a direct and proximate result of such violation, Plaintiff and the other members of the Class who purchased Livent shares pursuant to the Registration Statement sustained substantial damages in connection with their share purchases. Accordingly, Plaintiff and the other members of the Class who hold the shares issued pursuant to the Registration Statement have the right to rescind and recover the consideration paid for their shares with interest thereon or damages as allowed by law or in equity. Class members who have sold their Livent shares seek damages to the extent permitted by law.

COUNT III
FOR VIOLATION OF § 15 OF THE SECURITIES ACT
<u>Against The Individual Defendants And FMC</u>

174. Plaintiff repeats and realleges each and every allegation above as if fully set forth herein.

175. This Cause of Action is brought pursuant to Section 15 of the Securities Act, 15 U.S.C. § 77o, on behalf of the Class, against each of the Individual Defendants and against FMC.

176. This Cause of Action does not sound in fraud. Plaintiff does not allege that any of the Defendants committed intentional or reckless misconduct or that any of the Defendants acted with scienter or fraudulent intent, which are not elements of a Section 15 claim. This claim is based solely on negligence and/or strict liability. Plaintiff expressly disclaims any allegations of scienter or fraudulent intent in these non-fraud claims except that any challenged statements of opinion or belief made in connection with the IPO are alleged to have been materially misstated statements of opinion or belief when made.

177. The Individual Defendants each were control persons of Livent by virtue of their positions as directors and/or senior officers of Livent. The Individual Defendants each had a series of direct and/or indirect business and/or personal relationships with other directors and/or officers and/or major shareholders of Livent.

178. Each of the Individual Defendants participated in the preparation and dissemination of the Registration Statement, and otherwise participated in the process necessary to conduct the IPO. Because of their positions of control and authority as senior officers and/or directors each of the Individual Defendants were able to, and did, control the contents of the Registration Statement, which contained materially untrue information and/or omitted material information required to be disclosed to prevent the statements made therein from being misleading.

179. FMC, by virtue of its ordinary shares ownership, its control of the Company's Board, and its own admissions in the Registration Statement, controlled Livent and each of the Individual Defendants. FMC participated in the preparation and dissemination of the Registration Statement and otherwise participated in the process necessary to conduct the IPO. Because of its position of control and authority as a controlling shareholder and its position as a selling shareholder in the IPO, FMC was able to, and did, control the contents of the Registration Statement, which contained materially untrue information and/or omitted material information required to be disclosed to prevent the statements made therein from being misleading.

180. As control persons of Livent, each of the Individual Defendants and FMC are liable jointly and severally with and to the same extent as Livent for its violation of Section 11 of the Securities Act.

VIII. PRAYER FOR RELIEF

WHEREFORE, Plaintiff, on behalf of itself and the other members of the Class, prays for relief and judgment, as follows:

(a) Determining that this action is a proper class action, certifying Plaintiff as Class representative, and appointing Plaintiff's counsel as Class Counsel;

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

(c) Awarding rescission or a rescissory measure of damages;

(d) Awarding Plaintiff and the Class their reasonable costs and expenses incurred in this action, including attorneys' fees, accountants' fees, and expert fees, and other costs and disbursements; and

(e) Awarding Plaintiff and the Class such other relief including equitable and/or injunctive relief as deemed appropriate by the Court.

IX. JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury of all issues so triable.

DATED: July 26, 2019

Respectfully submitted,

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Counsel for Plaintiff

CERTIFICATE OF SERVICE

I, Alfred L. Fatale III, hereby certify that, on the 26th day of July 2019, I caused to be served the foregoing Amended Complaint via electronic filing and/or e-mail on all counsel of record.

Dated: July 26, 2019

<u>/s/ Alfred L. Fatale III</u>
Alfred L. Fatale III

VERIFICATION

I, David Sullivan, as Executive Director of Plymouth County Retirement Association, verify that the statements made in this Amended Complaint filed on July 26, 2019 are true and correct to the best of my information, knowledge and belief. I understand that false statements made herein are subject to the penalties of 18 PA. C.S., Subsection 4904, relating to unsworn falsification to authorities.

Dated: July 26, 2019

/s/ David Sullivan
David Sullivan
Executive Director
Plymouth County Retirement Association