Cause No. DC-19-02030

MACOMB COUNTY EMPLOYEES' RETIREMENT SYSTEM, Individually and on Behalf of All Others Similarly Situated, Plaintiff, vs. VENATOR MATERIALS PLC, SIMON TURNER, KURT D. OGDEN, STEPHEN IBBOTSON, RUSS R. STOLLE, HUNTSMAN (HOLDINGS) NETHERLANDS B.V., HUNTSMAN INTERNATIONAL LLC, HUNTSMAN CORPORATION, CITIGROUP GLOBAL MARKETS INC., MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED, GOLDMAN SACHS & CO. LLC and J.P. MORGAN SECURITIES LLC, Defendants.	§	IN THE DISTRICT COURT DALLAS COUNTY, TEXAS _____ JUDICIAL DISTRICT

PETITION FOR VIOLATION OF THE SECURITIES ACT OF 1933 AND DEMAND FOR JURY TRIAL

Plaintiff Macomb County Employees' Retirement System ("plaintiff"), individually and on behalf of all others similarly situated, by plaintiff's undersigned attorneys, for plaintiff's petition against defendants, alleges the following based upon personal knowledge as to plaintiff and plaintiff's own acts and upon information and belief as to all other matters based on the investigation conducted by and through plaintiff's attorneys, which included, among other things, a review of U.S. Securities and Exchange Commission ("SEC") filings of Venator Materials PLC ("Venator" or the "Company"), the Company's press releases and analyst reports, media reports and other publicly disclosed reports and information about the Company. Plaintiff believes that substantial additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

RULE 47(D) DISCLOSURES

Plaintiff seeks relief in excess of $1,000,000.00.

DISCOVERY LEVEL

1. Due to the complexity of the case, discovery should be conducted pursuant to a discovery control plan under Level 3. *See* Texas Rule of Civil Procedure 190.4.

NATURE OF THE ACTION

2. This is a securities class action on behalf of all persons or entities who purchased Venator ordinary shares in or traceable to the Company's August 4, 2017 initial public offering (the "IPO") and/or in its December 1, 2017 secondary offering (the "SPO") seeking to pursue remedies under the Securities Act of 1933 (the "1933 Act").

JURISDICTION AND VENUE

3. The claims alleged herein arise under §§11, 12(a)(2) and 15 of the 1933 Act, 15 U.S.C. §§77k, 77l(a)(2) and 77o.

4. This Court has jurisdiction over the subject matter of this action pursuant to §22 of the 1933 Act and under Article V, §8 of the Texas Constitution and Tex. Gov't Code §§24.007-24.008. The amount in controversy exceeds the jurisdictional minimum of this Court. Section 22 of the 1933 Act expressly prohibits removal of this action to federal court.

5. Defendants, and each of them, have had substantial and continuous contacts with Texas that make the exercise of personal jurisdiction over them proper. Defendants, and each of them, have minimum contacts with Texas, because they, for example, reside in Texas, are citizens of Texas, have frequently traveled to Texas on business, and/or have authorized acts and actions which have had an impact in Texas and on members of the Class (defined herein) residing in Texas, including by conducting the IPO and the SPO from and in Texas from which the claims asserted herein arise, sufficient to justify the exercise of jurisdiction over them.

6. Venue is proper in Dallas County pursuant to §15.002 of the Civil Practice & Remedies Code and §22 of the 1933 Act. A substantial part of the events and omissions that give rise to the claims asserted herein occurred in Dallas County, including the dissemination of the statements herein alleged to be false and misleading into Dallas County and the purchase of Venator stock at prices affected by these allegedly false and misleading statements by members of the Class residing in Dallas County. In addition, certain of the Underwriter Defendants (defined below) for the IPO and the SPO have primary offices located in Dallas County and certain of the defendants transact business in Dallas County.

PARTIES

7. Plaintiff Macomb County Employees' Retirement System purchased Venator shares in or traceable to the IPO and in the SPO and has been damaged thereby.

8. Defendant Venator Materials PLC is the issuer of the ordinary shares sold in the IPO and the SPO. The Company is a manufacturer and marketer of chemical products, in particular

Titanium Dioxide or "TiO_2." TiO_2 is used to enhance whiteness, opacity and brightness in manufactured items. Venator may be served at Titanium House, Hanzard Drive, Wynyard Park, Stockton-On-Tees, TS22 5FD United Kingdom.

9. Defendant Simon Turner ("Turner") served as President, Chief Executive Officer ("CEO") and a director of Venator at the time of the IPO and the SPO. Turner may be served c/o Venator Materials PLC, Titanium House, Hanzard Drive, Wynyard Park, Stockton-On-Tees, TS22 5FD United Kingdom.

10. Defendant Kurt D. Ogden ("Ogden") served as Senior Vice President and Chief Financial Officer ("CFO") of Venator at the time of the IPO and the SPO. Ogden may be served c/o Venator Materials PLC, Titanium House, Hanzard Drive, Wynyard Park, Stockton-On-Tees, TS22 5FD United Kingdom.

11. Defendant Stephen Ibbotson ("Ibbotson") served as Vice President and Corporate Controller of Venator at the time of the IPO and the SPO. Ibbotson may be served c/o Venator Materials PLC, Titanium House, Hanzard Drive, Wynyard Park, Stockton-On-Tees, TS22 5FD United Kingdom.

12. Defendant Russ R. Stolle ("Stolle") served as Senior Vice President, General Counsel and Chief Compliance Officer ("CCO") of Venator at the time of the IPO and the SPO. Stolle may be served at 2 Hampton Place, Spring, Texas 77381.

13. The defendants identified in ¶¶9-12 are referred to herein as the "Individual Defendants." Each of the Individual Defendants signed the registration statement for the IPO and the registration statement for the SPO. In addition, as directors and/or executive officers of the Company, the Individual Defendants participated in the solicitation and sale of Venator shares to investors in the IPO and the SPO for their own benefit and the benefit of Venator.

14. Defendant Huntsman (Holdings) Netherlands B.V. ("Huntsman Holdings") is a wholly-owned subsidiary of defendant Huntsman Corporation. Huntsman Holdings sold the shares offered in the IPO and the SPO. Huntsman Holdings may be served at Merseyweg 10, Botlek, Rotterdam, 3197 KG Netherlands.

15. Defendant Huntsman International LLC ("Huntsman International") is a wholly-owned subsidiary of defendant Huntsman Corporation. Huntsman International sold the shares offered in the IPO. Huntsman International may be served via its registered agent at Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808.

16. Defendant Huntsman Corporation ("Huntsman") is a multinational manufacturer and marketer of chemical products for consumers and industrial customers. Venator was spun off by Huntsman in the IPO, and Huntsman sold the shares offered in the IPO and the SPO through its wholly-owned subsidiaries defendants Huntsman Holdings and Huntsman International. Huntsman may be served via its registered agent The Corporation Trust Company, Corporation Trust Center, 1209 Orange Street, Wilmington, Delaware 19801.

17. The defendants identified in ¶¶14-16 are referred to herein as the "Selling Shareholders." The Selling Shareholders controlled Venator before, during and immediately after both the IPO and the SPO. Prior to the IPO, the Selling Shareholders beneficially owned all of Venator's ordinary shares and the business and operations of the Company. The Selling Shareholders selected the management and members of the Board of Venator prior to the IPO, many of whom were long-time Huntsman employees, and continued to exert control and influence over the Company throughout the relevant time period. Defendant Turner had worked at Huntsman for 18 years, most recently serving as its Division President, Pigments & Additives, from November 2008 to August 2017; defendant Ogden had worked at Huntsman for 13 years,

most recently serving as its Vice President, Investor Relations and Finance, from February 2009 until August 2017; and defendant Stolle had worked at Huntsman for 23 years, most recently serving as its Senior Vice President and Deputy General Counsel from January 2010 until August 2017. According to the SPO Registration Statement, "Huntsman controls a majority of the voting power of our outstanding ordinary shares. As a result, we are a 'controlled company' within the meaning of the corporate governance standards of the NYSE."

18. Defendants Citigroup Global Markets Inc. ("Citigroup") served as representative lead underwriter for the IPO and the SPO and sold millions of shares of Venator shares in both offerings, receiving certain fees and commissions. Defendant Citigroup may be served at 200 Crescent Court, Suite 900, Dallas, Texas 75201.

19. Defendant Merrill Lynch, Pierce, Fenner & Smith Incorporated ("Merrill") served as a lead underwriter for the IPO and the SPO and sold millions of shares of Venator shares in both offerings, receiving certain fees and commissions. Defendant Merrill may be served at 2121 San Jacinto, Suite 1100, Dallas, Texas 75201.

20. Defendant Goldman Sachs & Co. LLC ("Goldman") served as a lead underwriter for the IPO and the SPO and sold millions of shares of Venator shares in both offerings, receiving certain fees and commissions. Defendant Goldman may be served at 100 Crescent Court, Suite 1000, Dallas, Texas 75201.

21. Defendant J.P. Morgan Securities LLC ("JP Morgan") served as representative lead underwriter for the IPO and the SPO and sold millions of shares of Venator shares in both offerings, receiving certain fees and commissions. Defendant JP Morgan may be served at 100 Crescent Court, Suite 1300, Dallas, Texas 75201.

22. The defendants referenced in ¶¶18-21 are collectively referred to as the "Underwriter Defendants."

23. The Underwriter Defendants drafted and disseminated the IPO Registration Statement and the SPO Registration Statement (defined herein). The Underwriter Defendants' failure to conduct an adequate due diligence investigation was a substantial factor leading to the harm complained of herein.

SUBSTANTIVE ALLEGATIONS

24. Defendant Venator was previously organized as the pigments and additives division within defendant Huntsman, a multinational chemical producer and manufacturer. On October 28, 2016, Huntsman filed, through its subsidiary, a Form 10 registration statement with the SEC for the spin-off its Pigments & Additives and Textile Effects divisions. On January 17, 2017, Huntsman announced that it would retain its Textile Effects Division and only spin off its Pigments & Additives Division into a new entity named Venator Materials Corporation.

25. Following its separation from Huntsman, Venator retained two primary business segments: (i) Titanium Dioxide, which consists of the Company's TiO_2 business; and (ii) Performance Additives, which consists of its functional additives, color pigments, timber treatment and water treatment businesses. The Titanium Dioxide business represented the majority of the Company's revenues. For example, for the twelve months ended March 31, 2017, Venator achieved adjusted EBITDA of $112 million in its Titanium Dioxide segment and $72 million in its Performance Additives segment.

26. Titanium Dioxide is derived from titanium bearing ores and is a white inert pigment that provides whiteness, opacity and brightness in manufactured items such as coatings, plastics, paper, printing inks, fibers, food and personal care products. Venator claims to be one of the six major producers of TiO_2, which collectively account for approximately 60% of global TiO_2

production capacity. Venator alone claimed to have a nameplate production capacity of approximately 782,000 metric tons per year, accounting for approximately 11% of global TiO_2 production capacity and placing Venator among the top three TiO_2 producers in the world. Venator manufactures TiO_2 using both sulfate and chloride manufacturing processes, which the Company claims provides it with a competitive advantage by allowing for flexibility in the selection of raw materials.

27. On January 30, 2017, a fire ravaged a Venator facility located in Pori, Finland. The facility was one of the Company's most important plants for manufacturing Titanium Dioxide. The Pori facility had a nameplate capacity of 130,000 metric tons, which represented approximately 17% of the Company's total TiO_2 nameplate capacity and approximately 2% of total global demand for the chemical. Unbeknownst to investors, the damage that resulted from the disaster was so extensive that the facility was essentially beyond repair, and any attempt to restore full functionality to the facility would cost in ***excess of $1 billion***, well above the $500 million insurance policy limits applicable to the disaster. In addition, the Company had permanently lost ***15% of its total nameplate capacity*** as a result of the fire.

28. At the time, Huntsman failed to disclose the true extent of the damage. Instead, on January 31, 2017, Huntsman issued a press release stating that the "fire brigade responded quickly and extinguished the fire." The press release continued:

> Pori has a capacity of 130,000 metric tons, which represents approximately 15% of Huntsman's total titanium dioxide capacity and approximately 10% of total European demand. The site is insured for property damage as well as earnings losses. Huntsman is committed to repairing the facility as quickly as possible to ensure that customers can continue to receive the quality products offered by our Pori site.

29. Following the fire, Huntsman reorganized its separation from Venator as an initial public offering of shares, rather than a tax-free spin-off. As a result, the shares would not be

distributed to existing Huntsman shareholders, as would have been the case in the spin-off, but rather were offered to the general public for sale.

30. On May 5, 2017, Venator filed a registration statement for the IPO on Form S-1, which, after several amendments, was declared effective on August 2, 2017 (the "IPO Registration Statement"). On August 4, 2017, Venator filed a prospectus for the IPO on Form 424B4 (the IPO Prospectus"), which incorporated and formed part of the IPO Registration Statement (collectively, the "IPO Registration Statement"). By means of the IPO Registration Statement, Venator offered and sold more than 26 million ordinary shares at $20 per share for over $522 million in gross proceeds. The proceeds from the IPO went to Huntsman and not to Venator.

FALSE AND MISLEADING STATEMENTS IN THE IPO REGISTRATION STATEMENT

31. The IPO 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.

32. Specifically, the IPO Registration Statement failed to disclose the true extent of the fire damage to Venator's Pori facility, the cost to rehabilitate the facility, and the impact to Venator's business and operations as a result of the damage to the facility. The IPO Registration Statement described the impact of the Pori facility fire in pertinent part as follows:

> *Pori Fire*
>
> On January 30, 2017, our TiO_2 manufacturing facility in Pori, Finland experienced fire damage, and it is currently not fully operational. We are committed to repairing the facility as quickly as possible. We expect the Pori facility to restart in phases as follows: approximately 20% capacity in the second quarter of 2017; approximately 40% capacity in the second quarter of 2018; and full capacity around the end of 2018. During the first quarter of 2017, we recorded a loss of $32 million for the write-off of fixed assets and lost inventory in other operating (income) expense, net in our condensed combined statements of

operations (without taking into account the insurance recoveries discussed below). In addition, we recorded a loss of $4 million of costs for cleanup of the facility through March 31, 2017. ***The Pori facility has a nameplate capacity of up to 130,000 metric tons per year, which represents approximately 17% of our total TiO_2 nameplate capacity and approximately 2% of total global TiO2 demand.***

The site is insured for property damage as well as business interruption losses subject to retained deductibles of $15 million and 60 days, respectively, with a limit of $500 million. The separation agreement provides that Venator will have the benefit of the property and business interruption insurance proceeds related to covered repair costs or covered lost profits incurred following this offering related to the Pori Fire. We have established a process with our insurer to receive timely advance payments for the reconstruction of the facility as well as lost profits. We expect to have pre-funded cash on our balance sheet resulting from these advance insurance payments. We have agreed with our insurer to have monthly meetings to review relevant site activities and interim claims as well as regular progress payments.

On February 9, 2017, we received $54 million as an initial partial progress payment from our insurer. During the first quarter of 2017, we recorded $32 million of income related to insurance recoveries in other operating (income) expense, net in our condensed combined statements of operations and we recorded $22 million as deferred income in accrued liabilities for costs not yet incurred. On May 2, 2017 and July 10, 2017, we received progress payments from our insurer of approximately $76 million and $11 million, respectively.[1]

33. The IPO Registration Statement also indicated that the Pori facility would be fixed with insurance proceeds within the policy limit. For example, the IPO Registration Statement stated that the "site is insured for property damage as well as business interruption losses" and that Venator was "working with [its] insurer to recoup losses incurred as a result of the fire." Similarly, the IPO Registration Statement stated: "We have established a process with our insurer to receive timely advance payments for the reconstruction of the facility as well as lost profits."

34. The IPO Registration Statement also claimed that Venator was "well-positioned to capitalize" on growth opportunities in the Titanium Dioxide market. Key to this purported positioning was the Company's "782,000 metric tons" of annual nameplate capacity, which

[1] Emphasis has been added throughout unless otherwise noted.

included 130,000 metric tons from the Pori facility, as if the facility were operating at full capacity. These representations indicated not only that Venator would be able to bring the Pori facility back to full capacity in the near term, but that the Company would grow financial results beyond historical figures. The IPO Registration Statement described Venator's "Competitive Strengths" in pertinent part:

> - *Well-Positioned to Capitalize on TiO_2 Market Recovery and Growth Opportunities*. We believe that our Titanium Dioxide segment is well-positioned to take advantage of an improvement in the TiO_2 industry cycle. [TZ Mineral International Pty Ltd. ("TZMI")] estimates that global TiO_2 demand grew by approximately 8% in 2016 while production capacity grew by approximately 1%. We expect this growth in demand to create an environment favorable for TiO_2 price increases. We realized approximately $300 per metric ton improvement in pricing over the course of 2016. TZMI estimates that the market price of global high quality TiO_2 will grow by more than $600 per metric ton, the equivalent of more than 24%, from December 31, 2016 through the end of 2017. We have announced price increases for each of the first three quarters of 2017: $160 per metric ton in the first quarter, $250 per metric ton in the second quarter and an additional $250 per metric ton in the third quarter. ***With approximately 782,000 metric tons of annual nameplate production capacity, we believe that we are well-positioned to capitalize on recovering TiO_2 demand and prices.*** According to TZMI, most North American and European plants are currently running at full operating rates with long delivery lead times. If prices continue to increase in and beyond 2017, and as capacity utilization increases globally, TiO_2 margins are expected to increase. Additionally, with specialty and differentiated products accounting for approximately half of our 2016 TiO_2 sales, we believe we can benefit from our attractive market positioning throughout the cycle.

35. Similarly, the IPO Registration Statement claimed that the Company's "782,000 metric tons" of annual nameplate capacity, which again included full production from the Pori facility, made it a leader in the Titanium Dioxide industry. It stated in pertinent part:

> - *Global Producer with Leading Market Positions*. We are a leading global producer in many of our key product lines. We are one of the six major producers of TiO_2, and we are among the three largest TiO_2 producers, with nameplate production capacity of approximately 782,000 metric tons per year, accounting for approximately 11% of global TiO_2 production capacity. We believe we are the leader in the specialty TiO_2 industry

> segment, which includes products that sell at a premium and have more stable margins. We believe we are the TiO_2 market leader in the fibers and films, cosmetics and food end markets, and are at the forefront of innovation in these applications, with an exciting pipeline of new products and developments that we believe will further enhance our competitive position. We have a leading position in differentiated markets, including performance plastics and printing inks, as well as in a variety of niche market segments where innovation and specialization are high. We believe the differentiation of our products allows us to generate greater growth prospects and stronger customer relationships.

36. The statements in ¶¶32-35 were materially false and misleading when made because they failed to disclose the following adverse facts that existed at the time of the IPO:

(a) the fire damage at the Pori facility was far more extensive than disclosed to investors, rendering the facility virtually beyond repair and destroying even plants and equipment outside of the immediate fire zone, critically damaging the facility's infrastructural components such that they could not be reasonably rebuilt or replaced, and necessitating a series of mechanical construction phases with concurrent rolling commissioning;

(b) the true cost to rebuild the Pori facility exceeded $1 billion, hundreds of millions of dollars beyond the limits of the Company's insurance policy applicable to the disaster;

(c) the Company was paying rebuilding premiums, and thereby incurring tens of millions of dollars in excessive costs, in a futile attempt to expedite the rehabilitation process;

(d) Venator had lost, essentially without prospect of rehabilitation, 80% of the production capacity of the Pori facility;

(e) the Company's annual Titanium Dioxide nameplate capacity as stated in the IPO Registration Statement had been inflated by approximately 104,000 metric tons, or 15%;

(f) because of (a)-(e) above, the Pori facility was significantly more likely to be abandoned by Venator than rebuilt; and

(g) the Company needed to incur over $400 million in restructuring expense associated with the closure and replacement of the Pori facility.

37. Moreover, Item 303 of SEC Regulation S-K, 17 C.F.R. §229.303(a)(3)(ii), required defendants to "[d]escribe any known trends or uncertainties that have had or that the registrant reasonably expects will have a material favorable or unfavorable impact on the sales or revenues or income from continuing operations." Similarly, Item 503 of SEC Regulation S-K, 17 C.F.R. §229.503, requires, in the "Risk Factors" section of registration statements and prospectuses, "a discussion of the most significant factors that make the offering speculative or risky" and requires each risk factor to "adequately describe[] the risk." The failure of the IPO Registration Statement to disclose the true extent of the fire damage at the Pori facility and the time and cost it would take to rebuild the facility or procure a replacement violated 17 C.F.R. §229.303(a)(3)(ii), because these undisclosed would (and did) have an unfavorable impact on the Company's sales, revenues and income from continuing operations. This failure also violated 17 C.F.R. §229.503, because these specific risks were not adequately disclosed, or disclosed at all, even though they were some of the most significant factors that made an investment in Venator shares speculative or risky.

EVENTS FOLLOWING THE IPO

38. On September 11, 2017, the Board approved transaction bonuses to be paid to defendant Turner, the Company's President and CEO, in the amount of $500,000 for overseeing the IPO. The Board also approved transaction bonuses to be paid to defendant Ogden, the Company's Senior Vice President and CFO, and defendant Stolle, the Company's Senior Vice President, General Counsel and CCO, each in the amount of $400,000 for their roles in the offering.

39. On October 27, 2017, Venator issued a release providing its financial results for the quarter ended September 30, 2017. The release stated that Venator had experienced favorable operating results during the quarter and provided the following "highlights": (1) net income of $51

million compared to a net loss of $5 million in the prior-year period; (2) adjusted EBITDA of $134 million compared to $21 million in the prior-year period; (3) diluted earnings per share of $0.48 and adjusted diluted earnings per share of $0.70; and (4) successful completion of the IPO, which had generated $750 million in new financing for the Company. The release also provided an update on the Pori facility. While the release stated that costs as a result of the Pori fire were now likely to exceed the $500 million policy limit by $100 to $150 million, it represented that this increased cost estimate was primarily due to the favorable market and increased prices for TiO_2. The release also stated that the most profitable segments of the Pori facility would be completed in 2018, with less profitable segments ultimately being completed at a later date. The release stated in pertinent part:

> Due to prevailing strong market conditions, our TiO_2 selling prices continue to improve and our business is benefitting from the improved profitability and cash flows. This also has the effect of increasing our insurance claim for lost earnings from the Pori site. Consequently, the combination of increased TiO_2 profitability and estimated reconstruction costs indicate that we will exceed our $500 million insurance limit. We expect to contain these over-the-limit costs within $100 - 150 million and account for them as capital expenditures.
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> Prior to the fire, 60% of the site capacity produced specialty products which, on average, contributed approximately 75% of the site EBITDA. We are already running at 20% of previous capacity and we intend to restore manufacturing of the balance of these more profitable specialty products as quickly as possible in 2018. The remaining 40% of site capacity is more commoditized and may be reintroduced at a slower pace depending on market conditions, cost and projected long term return.

40. That same day, during a conference call to discuss the results, defendant Turner stated that the more profitable "specialty" part of the Pori facility would be brought online first, which would purportedly allow Venator to generate "75% of Pori earnings potential, the total specialty business at Pori by the end of 2018." In response to an analyst question about the remaining capacity, defendant Turner reassured investors, stating: "So we're not saying it's going to be delayed. We're not saying we won't do it."

41. On November 27, 2017, Venator filed a registration statement for the SPO on Form S-1, which was declared effective on November 29, 2017 (the "SPO Registration Statement"). On December 1, 2017, Venator filed a prospectus for the SPO on Form 424B4 (the "SPO Prospectus"), which incorporated and formed part of the SPO Registration Statement (collectively, the "SPO Registration Statement"). By means of the SPO Registration Statement, Venator offered and sold more than 23.7 million ordinary shares at $22.50 per share for over $533 million in gross proceeds. As in the IPO, the proceeds from the SPO went to defendant Huntsman and not to Venator.

FALSE AND MISLEADING STATEMENTS IN THE SPO REGISTRATION STATEMENT

42. The SPO 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.

43. Specifically, like the IPO Registration Statement, the SPO Registration Statement failed to disclose the true extent of the fire damage to Venator's Pori facility, the cost to rehabilitate the facility, and the impact to Venator's business and operations of the damage to the facility. The SPO Registration Statement described the impact of the Pori facility fire in pertinent part as follows:

Pori Fire

> On January 30, 2017, our TiO_2 manufacturing facility in Pori, Finland experienced fire damage and we continue to repair the facility. Prior to the fire, 60% of the site capacity produced specialty products which, on average, contributed greater than 75% of the site EBITDA from January 1, 2015 through January 30, 2017. The Pori facility had a nameplate capacity of up to 130,000 metric tons per year, which represented approximately 17% of our total TiO_2 capacity and approximately 2% of total global TiO_2 demand. We are currently operating at 20% of total prior capacity but producing only specialty products, and we currently intend to restore manufacturing of the balance of these more profitable specialty products by the fourth quarter of 2018. The remaining 40% of site capacity is more

> commoditized and we will determine if and when to rebuild this commoditized capacity depending on market conditions, costs and projected long term returns relative to our other investment opportunities.

44. The SPO Registration Statement represented that the modest increase in estimated costs above the insurance policy limits related to the Pori facility fire was primarily due to favorable market conditions and increased TiO_2 selling prices, stating as follows:

> We have recorded a loss of $31 million for the write-off of fixed assets and lost inventory in other operating income, net in our condensed consolidated and combined statements of operations for the nine months ending September 30, 2017. In addition, we recorded a loss of $18 million of costs for cleanup of the facility in other operating income, net through September 30, 2017. ***The site is insured for property damage as well as business interruption losses subject to retained deductibles of $15 million and 60 days, respectively, with an aggregate limit of $500 million. Due to prevailing strong market conditions, our TiO_2 selling prices continue to improve and our business is benefitting from the resulting improved profitability and cash flows. This also has the effect of increasing our total anticipated business interruption losses from the Pori site***. We currently believe the combination of increased TiO_2 profitability and recently estimated reconstruction costs will result in combined business interruption losses and reconstruction costs in excess of our $500 million aggregate insurance limit. We currently expect to contain these over-the-limit costs within $100 million to $150 million, and to account for them as capital expenditures and fund them from cash from operations, which will decrease our liquidity in the periods those costs in excess of our insurance limits are incurred. . . .
>
> The fire at our Pori facility did not have a material impact on our 2017 third quarter operating results as losses incurred were offset by insurance proceeds. We received $141 million of non-refundable partial progress payments from our insurer through September 30, 2017 and we received an additional $112 million payment on October 9, 2017. During the first nine months of 2017, we recorded $128 million of income related to property damage and business interruption insurance recoveries in other operating income, net and cost of goods sold in our condensed consolidated and combined statements of operations to offset property damage and business interruption losses recorded during the period. We recorded $17 million as deferred income in accrued liabilities as of September 30, 2017 for insurance proceeds received for costs not yet incurred. The difference between payments received from our insurers of $141 million and the sum of income of $128 million and deferred income of $17 million is related to the foreign exchange movements of the U.S. Dollar against the Euro during the first nine months of the year.

45. The SPO Registration Statement also indicated that the Pori facility would not have a material adverse impact to Venator's earnings beyond the relatively modest increase in business

disruption costs. For example, the SPO Registration Statement stated that the Pori facility fire "did not have a material impact on our 2017 third quarter operating results as losses incurred were offset by insurance proceeds." The SPO Registration Statement also stated that the "site is insured for property damage as well as business interruption losses." Similarly, the SPO Registration Statement stated: "We have established a process with our insurer to receive timely advance payments for the reconstruction of the facility as well as business interruption losses, subject to policy limits."

46. The SPO Registration Statement also continued to represent that Venator was "well-positioned to capitalize" on growth opportunities in the Titanium Dioxide market. Key to this purported positioning was the Company's "782,000 metric tons" of annual nameplate capacity, which included 130,000 metric tons from the Pori facility, as if the facility were operating at full capacity. These representations indicated not only that Venator would be able to bring the Pori facility back to full capacity in the near term, but that the Company would grow financial results beyond historical figures. The SPO Registration Statement described Venator's "Competitive Strengths," in pertinent, part as follows:

- *Well-Positioned to Capitalize on Strength of TiO_2 Market and Growth Opportunities*. We believe that our Titanium Dioxide segment is well-positioned to take advantage of improvements in the TiO_2 industry cycle. TZMI estimates that global TiO_2 demand grew by approximately 8% in 2016 and forecasts growth of approximately 2% in 2017. TZMI further estimates that production capacity grew by approximately 1% in 2016 and forecasts growth of approximately 2% in 2017. We expect a favorable supply/demand balance will further promote an environment favorable for TiO_2 price increases. We realized approximately $300 per metric ton improvement in pricing over the course of 2016. TZMI estimates that the market price of global high quality TiO_2 will grow by more than $600 per metric ton, the equivalent of more than 26%, from December 31, 2016 through the first quarter of 2018. We announced price increases for each of the first three quarters of 2017: $160 per metric ton in the first quarter, $250 per metric ton in the second quarter and $250 per metric ton in the third quarter. Additionally, we are seeking price increases of up to $180 per

> metric ton in the fourth quarter with regional variations. With approximately 782,000 metric tons of annual nameplate production capacity, we believe that we are well-positioned to capitalize on recovering TiO_2 demand and prices. According to TZMI, most North American and European plants are currently running at full operating rates with long delivery lead times. If prices continue to increase in and beyond 2017, and additional savings through our business improvement program are delivered, TiO_2 margins are expected to increase. Additionally, with specialty and differentiated products accounting for approximately half of our 2016 TiO_2 sales, we believe we can benefit from our attractive market positioning throughout the cycle.

47. Similarly, the SPO Registration Statement claimed that the Company's "782,000 metric tons" of annual nameplate capacity, which again included full production from the Pori facility, made it a leader in the Titanium Dioxide industry. It stated in pertinent part:

> • *Global Producer with Leading Market Positions*. ***We are a leading global producer in many of our key product lines. We are one of the six major producers of TiO_2, and we are among the three largest TiO_2 producers, with nameplate production capacity of approximately 782,000 metric tons per year, accounting for approximately 11% of global TiO_2 production capacity***. We believe we are the leader in the specialty TiO_2 industry segment, which includes products that sell at a premium and have more stable margins. We believe we are the TiO_2 market leader in the fibers and films, cosmetics and food end markets, and are at the forefront of innovation in these applications, with an exciting pipeline of new products and developments that we believe will further enhance our competitive position. We have a leading position in differentiated markets, including performance plastics and printing inks, as well as in a variety of niche market segments where innovation and specialization are high. We believe the differentiation of our products allows us to generate greater growth prospects and stronger customer relationships.

48. The statements in ¶¶43-47 were materially false and misleading when made because they failed to disclose the following adverse facts that existed at the time of the SPO:

(a) the fire damage at the Pori facility was far more extensive than disclosed to investors, rendering the facility virtually beyond repair and destroying even plants and equipment outside of the immediate fire zone, critically damaging the facility's infrastructural components

such that they could not be reasonably rebuilt or replaced, and necessitating a series of mechanical construction phases with concurrent rolling commissioning;

(b) the true cost to rebuild the Pori facility exceeded $1 billion, hundreds of millions of dollars beyond the limits of the Company's insurance policy applicable to the disaster;

(c) the Company was paying rebuilding premiums, and thereby incurring tens of millions of dollars in excessive costs, in a futile attempt to expedite the rehabilitation process;

(d) Venator had lost, essentially without prospect of rehabilitation, 80% of the production capacity of the Pori facility;

(e) the Company's annual Titanium Dioxide nameplate capacity had been inflated by approximately 104,000 metric tons, or 15%;

(f) because of (a)-(e) above, the Pori facility was significantly more likely to be abandoned by Venator than rebuilt; and

(g) the Company needed to incur over $400 million in restructuring expense associated with the closure and replacement of the Pori facility.

49. Moreover, the failure of the SPO Registration Statement to disclose the true extent of the fire damage at the Pori facility and the time and cost it would take to rebuild the facility or procure a replacement violated 17 C.F.R. §229.303(a)(3)(ii), because these undisclosed facts would (and did) have an unfavorable impact on the Company's sales, revenues and income from continuing operations. This failure also violated 17 C.F.R. §229.503, because these specific risks were not adequately disclosed, or disclosed at all, even though they were some of the most significant factors that made an investment in Venator shares speculative or risky.

EVENTS FOLLOWING THE SPO

50. On February 23, 2018, Venator issued a release providing its financial results for the quarter ended December 31, 2017 – the same quarter during which defendants had conducted

the SPO. The press release stated that the cost estimates to rebuild the Pori facility had increased significantly and would exceed insurance proceeds by as much as $375 million, ***more than double*** the estimate provided in the SPO Registration Statement. The release stated that part of this increased cost was due to Venator "paying a fast-track premium" to accelerate the reconstruction of more profitable specialty production segments of the Pori facility. Further, the release stated that the less profitable commodity portion of the facility would not be completed until 2020 at the earliest.

51. On May 1, 2018, Venator issued a release providing its financial results for the quarter ended March 31, 2018. The release stated that the production capacity had essentially not improved at the Pori facility at all since the IPO, as the facility was still only operating at 20% capacity, despite the receipt of hundreds of millions of dollars in insurance proceeds that were purportedly being put towards reconstruction costs. Further, the release also stated that the reconstruction process was substantially more complicated than previously portrayed, as the "reconstruction process entails a series of mechanical construction phases with concurrent rolling commissioning." The release stated that, as a result, even the facility's specialty production segment could not be completed in 2018.

52. On July 31, 2018, Venator issued a release providing its financial results for the quarter ended June 30, 2018. The release discussed "strategic developments" at the Pori facility, which essentially acknowledged that the fire damage was far more extensive than represented in the IPO and SPO offering documents. As a result, the costs of a full rebuild would substantially exceed $375 million in self-funded costs above the insurance policy limits. The release stated in pertinent part:

> Earlier this year we took steps to strengthen our Pori, Finland, project resources and improve our probability of success. Within the past few months, we

> engaged additional outside experts and hired and re-allocated additional internal resources for the project, with an objective of improving both the execution and cost management of the project, and to update our view on the total cost of rebuilding the site. This process identified that additional reconstruction would be required outside the immediate fire zone, leading to increased costs. Unfortunately, our contractor on the site also experienced a recent and significant safety incident, which paused construction for several weeks while the incident was under investigation, which also has extended the reconstruction timeline. These recent changes and events have led us to believe now that a full rebuild and commissioning may require more self-funding than our previous estimate of $325 to $375 million and may result in a longer period of time for project completion. As a result of these recent developments and in light of our potential acquisition of the Ashtabula complex, we are reviewing options within our manufacturing network, including the option of transferring the production of Pori's specialty and differentiated products to elsewhere in our network, and are pacing our on-going construction activities at Pori accordingly during this period of review.

53. On September 12, 2018, Venator issued a release announcing that the Company was abandoning the Pori facility. At the time, the facility was only operating at 20% capacity, meaning that production capacity at the facility had ***still*** not increased by any meaningful amount since the IPO, despite Venator having received $551 million in insurance proceeds and incurring $247 million in CapEx and clean-up costs as of June 30, 2018. A slide presentation accompanying the release stated that Venator would incur up to $150 million in closure costs for the facility.

54. During an investor conference call to discuss the closure of the Pori facility, defendant Turner essentially admitted that the Company had failed to disclose the true extent of the fire damage. When asked by an analyst whether Venator had provided a "misestimate of the initial amount of damage from the fire" and whether "the actual work that needed to be done was missed," defendant Turner agreed that "***it was a combination of factors, both of which, you've mentioned already***."

55. On October 30, 2018, Venator issued a release providing its financial results for the quarter ended June 30, 2018. The release stated that the Company had incurred a restructuring charge related to the Pori facility of $415 million during the quarter. In addition, a slide

presentation accompanying the release stated that the total projected cash costs related to the Pori facility were estimated at $430 million.

56. On December 14, 2018, Venator filed a business update on Form 8-K. The release stated that the Company's Vice President of Color Pigments, Jan Buberl, had resigned. The release further stated that Buberl would not be replaced, and that two additional executive officer positions had been eliminated and "more aggressive working capital management" plans implemented in order to reduce fixed costs and improve cash flows. The release cited the transfer of specialty products from Pori to other sites as part of Venator's turnaround plans.

57. By December 17, 2018, the price of Venator shares had fallen to $3.65 per share, ***82% below*** the price at which Venator shares had been sold to investors in the IPO and ***84% below*** the price at which Venator shares had been to investors sold in the SPO.

CLASS ACTION ALLEGATIONS

58. Plaintiff brings this action as a class action on behalf of all persons or entities who purchased Venator shares in or traceable to IPO and/or in the SPO (the "Class"). Excluded from the Class are defendants and their families, the officers, directors and affiliates of the defendants, at all relevant times, and members of their immediate families, and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

59. The members of the Class are so numerous that joinder of all members is impracticable. Venator shares are actively traded on the NYSE under the ticker symbol "VNTR" and millions of shares were sold in the IPO and the SPO. While the exact number of Class members is unknown to plaintiff at this time and can only be ascertained through appropriate discovery, plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Venator 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, including being given an opportunity to exclude themselves from the Class.

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

61. 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.

62. 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 1933 Act;

(b) whether statements made by defendants to the investing public in the offering materials for the IPO and the SPO misrepresented material facts about the business, operations and risks of investing in Venator; and

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

63. 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.

FIRST CAUSE OF ACTION

For Violation of §11 of the 1933 Act
Against Venator, the Individual Defendants and the Underwriter Defendants

64. Plaintiff repeats and realleges ¶¶1-63 by reference.

65. This Cause of Action is brought pursuant to §11 of the 1933 Act, 15 U.S.C. §77k, on behalf of the Class, against Venator, the Individual Defendants and the Underwriter Defendants.

66. This Cause of Action does not sound in fraud. Plaintiff does not allege that the Individual Defendants or the Underwriter Defendants had scienter or fraudulent intent, which are not elements of a §11 claim.

67. The IPO Registration Statement and the SPO Registration Statement were inaccurate and misleading, contained untrue statements of material fact, omitted to state other facts necessary to make the statements made not misleading, and omitted to state material facts required to be stated therein.

68. Venator is the registrant for the IPO and the SPO. The defendants named herein were responsible for the contents and dissemination of the IPO Registration Statement and the SPO Registration Statement.

69. As the issuer of the shares, Venator is strictly liable to plaintiff and the Class for the misstatements and omissions.

70. None of the defendants named herein made a reasonable investigation or possessed reasonable grounds for the belief that the statements contained in the IPO Registration Statement or the SPO Registration Statement were true and without omission of any material facts and were not misleading.

71. By reason of the conduct alleged herein, each defendant violated, and/or controlled a person who violated, §11 of the 1933 Act.

72. Plaintiff purchased Venator shares pursuant and/or traceable to the IPO Registration Statement and the SPO Registration Statement.

73. Plaintiff and the Class have sustained damages. The value of Venator shares has declined substantially subsequent to and due to defendants' violations.

74. At the time of their purchases of Venator shares, plaintiff and other members of the Class were without knowledge of the facts concerning the wrongful conduct alleged herein. Less than one year has elapsed from the time that plaintiff discovered or reasonably could have discovered the facts upon which this petition is based to the time that plaintiff filed this petition. 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 plaintiff filed this petition.

SECOND CAUSE OF ACTION

For Violation of §12(a)(2) of the 1933 Act Against All Defendants

75. Plaintiff repeats and realleges ¶¶1-74 by reference.

76. This Cause of Action is brought pursuant to §12(a)(2) of the 1933 Act, 15 U.S.C. §771(a)(2), on behalf of the Class, against all defendants.

77. This Cause of Action does not sound in fraud. Plaintiff does not allege that the Individual Defendants, the Selling Shareholders or the Underwriter Defendants had scienter or fraudulent intent, which are not elements of a §12(a)(2) claim.

78. By means of the defective IPO Prospectus and the SPO Prospectus, these defendants promoted and sold Venator shares to plaintiff and other members of the Class for the benefit of themselves and their associates.

79. The IPO Prospectus and the SPO Prospectus contained untrue statements of material fact and concealed and/or failed to disclose material facts, as detailed above. Defendants

owed plaintiff and other members of the Class who purchased Venator shares pursuant to the IPO Prospectus and the SPO Prospectus the duty to make a reasonable and diligent investigation of the statements contained in the IPO Prospectus and the SPO Prospectus 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. Defendants, in the exercise of reasonable care, should have known of the misstatements and omissions contained in the IPO Prospectus and the SPO Prospectus as set forth above.

80. Plaintiff did not know, nor in the exercise of reasonable diligence could plaintiff have known, of the untruths and omissions contained in the IPO Prospectus and the SPO Prospectus at the time plaintiff purchased Venator shares.

81. By reason of the conduct alleged herein, defendants violated §12(a)(2) of the 1933 Act. As a direct and proximate result of such violation, plaintiff and the other members of the Class who purchased Venator shares pursuant to the IPO Prospectus and the SPO Prospectus 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 IPO Prospectus and the SPO Prospectus have the right to rescind and recover the consideration paid for their shares, and hereby tender their shares to the defendants sued herein. Class members who have sold their Venator shares seek damages to the extent permitted by law.

THIRD CAUSE OF ACTION

For Violation of §15 of the 1933 Act Against Venator, the Selling Shareholders and the Individual Defendants

82. Plaintiff repeats and realleges ¶¶1-81 by reference.

83. This Cause of Action is brought pursuant to §15 of the 1933 Act against Venator, the Selling Shareholders and the Individual Defendants.

84. The Individual Defendants each were controlling persons of Venator by virtue of their positions as directors and/or senior officers of Venator. 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 Venator. The Individual Defendants signed the IPO Registration Statement and the SPO Registration Statement and were responsible for their contents. The Company, meanwhile, controlled the Individual Defendants and all of its employees.

85. The Selling Shareholders were the majority owners and controlled the Company before, during and after the IPO and the SPO. In addition to controlling a majority of Venator's voting shares, the Selling Shareholders also appointed and had significant influence over Venator's management and members of its Board.

86. The defendants named herein each were culpable participants in the violations of §11 and/or §12(a)(2) of the 1933 Act alleged in the Causes of Action above, based on their having signed or authorized the signing of the IPO Registration Statement and the SPO Registration Statement, selling Venator shares in the IPO and/or the SPO and/or having otherwise participated in the process that allowed the IPO and the SPO to be successfully completed.

PRAYER FOR RELIEF

WHEREFORE, plaintiff prays for relief and judgment as follows:

A. Determining that this action is a proper class action, designating plaintiff as a Class representative under Texas Rule of Civil Procedure 42, and plaintiff's counsel as Class counsel;

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

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

D. Awarding rescission or a rescissory measure of damages; and

E. Awarding such equitable/injunctive or other relief as the Court may deem just and proper, including permitting any putative Class members to exclude themselves by requesting exclusion through noticed procedures.

JURY DEMAND

Plaintiff hereby demands a trial by jury.

DATED: February 8, 2019

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