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Angie Avina

Cause No. DC-19-02668

CAROL GLOCK, Individually and on Behalf of All Others Similarly Situated,	§	IN THE DISTRICT COURT
Plaintiff,	§	DALLAS COUNTY, TEXAS
vs.	§	H-160TH JUDICIAL DISTRICT
FTS INTERNATIONAL, INC., MICHAEL J. DOSS, LANCE TURNER, GOH YONG SIANG, BOON SIMM, DOMENIC J. DELL'OSSO, JR., BRYAN J. LEMMERMAN, ONG TIONG SIN, CAROL J. JOHNSON, MAJU INVESTMENTS (MAURITIUS) PTE LTD, CHK ENERGY HOLDINGS, INC., CHESAPEAKE ENERGY CORPORATION, CREDIT SUISSE SECURITIES (USA) LLC and MORGAN STANLEY & CO. LLC,	§	
Defendants.	§	

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

Plaintiff Carol Glock ("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 FTS International, Inc. ("FTSI" 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 FTSI common stock in or traceable to the Company's February 5, 2018 initial public offering (the "IPO") seeking to pursue remedies under the Securities Act of 1933 (the "1933 Act").

JURISDICTION AND VENUE

3. The claims alleged herein arise under §§11 and 15 of the 1933 Act, 15 U.S.C. §§77k 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 that have had an impact in Texas and on members of the Class (defined herein) residing in Texas, including by conducting the IPO 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 Tex. Civ. Prac. & Rem. Code §15.002 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 FTSI stock at prices affected by these false and misleading statements by members of the Class residing in Dallas County. In addition, certain of the defendants reside in Dallas County and/or transact business in Dallas County.

PARTIES

7. Plaintiff Carol Glock purchased FTSI shares in or traceable to the IPO and has been damaged thereby.

8. Defendant FTS International, Inc. is a provider of hydraulic fracturing services. Its common stock trades on the New York Stock Exchange ("NYSE") under the ticker symbol "FTSI." FTSI may be served with process via its registered agent: Capital Services, Inc., 1675 South State Street, Suite B, Dover, Delaware 19901.

9. Defendant Michael J. Doss ("Doss") served as Chief Executive Officer ("CEO") and a director of FTSI at the time of the IPO. Doss may be served with process at 12717 Viewpoint Lane, Burleson, Texas 76028.

10. Defendant Lance Turner ("Turner") served as Chief Financial Officer ("CFO") and Treasurer of FTSI at the time of the IPO. Turner may be served with process at 11231 Snow White Drive, Dallas, Texas 75229.

11. Defendant Goh Yong Siang ("Siang") served as Chairman of the Board of Directors of FTSI (the "Board") at the time of the IPO. He was a Board designee of defendant Maju (defined below). Siang may be served with process c/o FTS International, Inc. at Capital Services, Inc., 1675 South State Street, Suite B, Dover, Delaware 19901.

12. Defendant Boon Sim ("Sim") served as a director of FTSI at the time of the IPO. Sim was as a Board designee of defendant Maju. Sim may be served with process at 25 West 69th Street, New York, New York 10023.

13. Defendant Domenic J. Dell'Osso, Jr. ("Dell'Osso") served as a director of FTSI at the time of the IPO. Dell'Osso was also the Executive Vice President and CFO of Chesapeake Energy (defined below) and a Board designee of Chesapeake Energy. Dell'Osso may be served with process at 15715 Craighurst Drive, Houston, Texas 77059.

14. Defendant Bryan J. Lemmerman ("Lemmerman") served as a director of FTSI at the time of the IPO. Lemmerman was also the Vice President of Business Development at Chesapeake Energy and a Board designee of Chesapeake Energy. Lemmerman may be served with process at 1709 Huntington Avenue, Nichols Hills, Oklahoma 73116.

15. Defendant Ong Tiong Sin ("Tiong Sin") served as a director of FTSI at the time of the IPO. Tiong Sin may be served with process at 15 Oakley Lane, Greenwich, Connecticut 06830.

16. Defendant Carol J. Johnson ("Johnson") was named as a director of FTSI in the Registration Statement for the IPO (defined below). She began serving as a director in February 2018. Johnson may be served with process at 823 Oxford Crest, Villanova, Pennsylvania 19085.

17. The defendants identified in ¶¶9-16 are referred to herein as the "Individual Defendants." Other than defendant Johnson, each of the Individual Defendants signed the Registration Statement. In addition, as directors and/or executive officers of the Company, the Individual Defendants participated in the solicitation and sale of FTSI shares to investors in the IPO for their own benefit and the benefit of FTSI.

18. Defendant Maju Investments (Mauritius) Pte Ltd ("Maju") was a controlling shareholder, together with defendant CHK (defined below), of FTSI at the time of the IPO. Maju may be served with process via its registered agent: SGG Corporate Services (Mauritius) Ltd., 33, Edith Cavell Street, Port Louis 11324, Mauritius.

19. Defendant CHK Energy Holdings, Inc. ("CHK") was a controlling shareholder, together with defendant Maju, of FTSI at the time of the IPO. Chesapeake (defined below) sold over 4.3 million FTSI shares in the IPO for over $77 million in gross proceeds. CHK may be served with process via its registered agent: CT Corporation System, 1999 Bryan Street, Suite 900, Dallas, Texas 75201.

20. Defendant Chesapeake Energy Corporation ("Chesapeake Energy") was the parent corporation of its wholly-owned subsidiary CHK (together, "Chesapeake"). Chesapeake Energy is an oil and gas exploration company and was a primary customer of FTSI leading up to the IPO, accounting for more than 10% of the Company's revenues in the nine months ended September 30, 2017. Chesapeake Energy may be served with process via its registered agent: The Corporation Company, 1833 South Morgan Road, Oklahoma City, Oklahoma 73128.

21. The defendants identified in ¶¶18-20 are referred to herein as the "Controlling Shareholders." The Controlling Shareholders controlled FTSI before, during and immediately after the IPO. Pursuant to an investor right's agreement with the Company, the Controlling Shareholders were deemed to beneficially own 74.5% of FTSI stock at the time of the IPO and thus were able to exert majority voting control over the Company. In addition, the Controlling Shareholders had designated a majority of the Company's Board at the time of the IPO. Following the IPO, the Controlling Shareholders also retained the right to nominate two directors to the Board so long as they beneficially owned at least 15% of FTSI's capital stock and one director so long as they beneficially owned 5% to 15% of FTSI's capital stock. The Controlling Shareholders also appointed the most senior ranks of the Company's management, including defendants Doss and Turner, through their selection by the Board prior to the IPO. According to the Registration Statement, after the IPO the Controlling Shareholders "continue[d] to exercise significant influence over matters requiring stockholder approval, ***and their interests may conflict with those of our other stockholders***."[1]

22. Defendant Credit Suisse Securities (USA) LLC ("Credit Suisse") served as representative lead underwriter for the IPO and sold millions of shares of FTSI shares in the offering, for which it received certain fees and commissions. Defendant Credit Suisse may be served with process at 200 Crescent Court, Suite 1100, Dallas, Texas 75201.

23. Defendant Morgan Stanley & Co. LLC ("Morgan Stanley") served as representative lead underwriter for the IPO and sold millions of shares of FTSI shares in the offering, for which it received certain fees and commissions. Defendant Morgan Stanley may be

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[1] All emphasis herein has been added unless otherwise noted.

served with process via its registered agent: CT Corporation System, 1999 Bryan Street, Suite 900, Dallas, Texas 75201.

24. The defendants referenced in ¶¶22-23, together with Chesapeake, are collectively referred to as the "Underwriter Defendants." The Underwriter Defendants drafted and disseminated the Registration Statement. The Underwriter Defendants' failure to conduct an adequate due diligence investigation was a substantial factor leading to the harm complained of herein.

SUBSTANTIVE ALLEGATIONS

25. Defendant FTSI was originally formed in 2000. In 2011, the Company's prior owners sold their majority interests to an investor group that included the Controlling Shareholders. The Company was then converted from a limited liability company into a corporation in 2012. Its stock trades on the NYSE under the ticker symbol "FTSI."

26. FTSI claims to be one of the largest providers of hydraulic fracturing services in North America. Colloquially known as "fracking," hydraulic fracturing is a well stimulation technique in which rock is fractured by pressurized liquid in order to allow for the extraction of otherwise difficult to exploit hydrocarbons. FTSI seeks to enhance hydrocarbon flows from oil and natural gas wells drilled by its customers, which generally consist of exploration and production ("E&P") companies in shale and other unconventional resource formations. FTSI provided its services in five active basins in the United States: the Permian Basin, the Eagle Ford Shale, the Haynesville Shale, the SCOOP/STACK region, and the Marcellus/Utica Shale.

27. From 2014 to 2016, a significant decline in oil and natural gas prices led to a reduction in drilling activity by E&P companies and a corresponding reduction in demand for the Company's services. Total working hydraulic fracturing horsepower in North America declined from approximately 15 million in 2014 to only approximately 6 million in 2016. Many hydraulic

fracturing companies idled equipment or declined to repair and replace equipment as it broke down given the lack of incentive to enter the market. As a result, the competition faced by FTSI decreased.

28. At the time of the IPO, FTSI claimed that it was in the midst of an extraordinary turnaround following this market downturn. Beginning in November 2016, an anticipated rise in oil and natural gas prices led to a corresponding uptick in well drilling and completion activity by E&P companies. Despite the dramatic reduction in available horsepower industry wide, FTSI remained one of the largest hydraulic fracturing providers in North America, with 1.6 million in hydraulic horsepower across its fleet. As a result, FTSI claimed that it was experiencing "a surge in demand for [its] services" that had allowed it to raise prices "significantly" in 2017 and reactivate 10 fleets from the 2016 nadir. By the end of 2017, FTSI claimed that it had 27 active fleets, and that this number would continue to increase in 2018 based on existing demand for FTSI's services. For the first nine months of 2017, FTSI stated that its total revenues had increased 165% to over $1 billion as compared to about $380 million for the first nine months of 2016.

29. A significant portion of this revenue growth was attributable to services that FTSI had provided to defendant Chesapeake Energy. Chesapeake Energy was the only company to account for more than 10% of FTSI's revenue for the first nine months of 2017, making it the largest source of FTSI's revenues leading up to the IPO. The revenue from related parties during this time had increased from approximately $2.7 million in 2016 to approximately $101.3 million in 2017, a one-year increase of over 3,650%, primarily due to the increase in revenues from related-party Chesapeake Energy. This marked a sudden shift from prior practice. In 2015 and 2016, Chesapeake Energy had not accounted for more than 10% of the Company's revenues, and it was not even among FTSI's top three customers. This increase in revenue followed the execution of a

master commercial agreement between Chesapeake Energy and the Company dated December 24, 2016. The IPO offering materials also highlighted Chesapeake Energy as one of FTSI's largest customers going forward.

30. FTSI claimed that, based on its visibility into existing and expected demand trends, its pricing power and revenue growth would continue into 2018. For example, FTSI stated that, based on "continued requests from customers for additional fleets," it could reactivate all of its 32 fleets, a 19% fleet increase, within nine months following the IPO. The Company also boasted in-house manufacturing capabilities, which purportedly offered the Company a pricing advantage compared to its competitors who had to source parts and repairs from third-party providers. According to FTSI, the Company's in-house capabilities would allow it to increase its "long-term cost advantage [over its] competitors," as the wear and tear on in-use equipment increased over time and due to increased drilling intensity. The Company further stated that it experienced more consistent operating and earnings results due to its "dedicated fleet strategy," whereby it "dedicate[d] one or more of [its] fleets exclusively to the customer for a period of time." The Company contrasted this arrangement with "'spot work,'" whereby fleets were deployed as work became available without any long-term customer commitment. This customer commitment purportedly "reduce[d] [FTSI's] month-to-month revenue volatility and improve[d] [its] revenue and profitability." As a result of these, and similar factors, FTSI represented to investors that "continued growth" in the Company's service areas "will result in increased demand for [its] services as commodity prices continue to stabilize or increase."

31. Unbeknownst to investors, at the time of the IPO, FTSI was facing several adverse trends in its business. For example, a glut of hydraulic fracturing companies had re-entered the market following the rise in oil and natural gas prices placing intense downward pressure on the

price for the Company's services. While the Registration Statement represented that the Company's fortunes and demand for its services would ***increase*** with the rise in the price of commodities, in fact it was actually ***decreasing***, as previously idled competitors flooded the market with counter bids that undercut the Company's pricing power. As a result, rather than increase its activity fleet size by as much as 19%, FTSI was positioned to materially reduce the number of active fleets in service over the course of the year even as oil prices continued to rise. Furthermore, because FTSI had so significantly increased its prices in 2017 (by approximately 56% on average year-over-year), it was positioned to be among the worst affected by this increase in supply, as customers readily accepted bids by competitors offering cheaper alternatives, and FTSI's vaunted operational efficiencies and in-house manufacturing capabilities did nothing to offset this downward pricing pressure.

32. Compounding these problems, the Company's "dedicated" fleet strategy was not what was represented in the Registration Statement, exposing the Company to a material risk of lost revenues. Rather than a long-term commitment by FTSI's customers, in fact FTSI services provided pursuant to "dedicated" contracts could be curtailed at the customer's option and ahead of schedule, offering little of the certainty in revenues and profitability promised by the Registration Statement. Indeed, the Company was experiencing customer churn and several of FTSI's major "dedicated" customers were looking to end their contracts with the Company shortly after the IPO, forcing the Company to take a greater proportion of its work on an as-needed "spot" basis where it would be subject to greater downward pricing pressures and operational volatility.

33. Moreover, the Company had temporarily inflated its total revenues leading up to the IPO by increasing revenues for services rendered to Chesapeake and other related parties by ***more than 3,650%*** as compared to 2016 and creating the false impression that this revenue increase

was the result of a new commercial arrangement, thereby implying a long-term trend. This allowed Chesapeake to sell over $77 million worth of FTSI stock in the IPO, after which it promptly reduced its commercial dealings with FTSI at a greater rate than non-related Company customers. The fact that the significant increase in revenues that Chesapeake had paid to FTSI was the result of a temporary increase in related-party activity, rather than a long-term reordering of the business arrangement between the two companies, should have been disclosed to investors in the Registration Statement but was not.

34. On February 10, 2017, FTSI filed a registration statement for the IPO on Form S-1, which, after several amendments, was declared effective on February 1, 2018. On February 5, 2018, FTSI filed a prospectus for the IPO on Form 424B1 (the "Prospectus"), which incorporated and formed part of the registration statement (collectively, the "Registration Statement"). By means of the Registration Statement, defendants offered and sold 22.4 million shares of common stock at $18 per share for over $403 million in gross proceeds. Of these, defendant Chesapeake sold 4.3 million shares of common stock for over $77 million in gross proceeds. None of the proceeds from Chesapeake's sale of FTSI stock went to the Company.

MATERIALLY FALSE AND MISLEADING STATEMENTS IN THE REGISTRATION STATEMENT

35. 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.

36. Specifically, the Registration Statement represented that FTSI was experiencing a "surge" in demand for its services due to recent increases in the prices of oil and natural gas. The Registration Statement further stated that, as a result of this surging demand, FTSI had increased

it number of active fleets by more than 50% in order to capitalize on a shortfall in the hydraulic fracturing supply available for E&P customers. The Registration Statement further represented that this surge in demand was so high that the Company could reactive ***all*** of its 32 fleets within nine months following the IPO, a 19% increase over the Company's then-current level of fleet activity. The Registration Statement stated in pertinent part:

> We have 1.6 million total hydraulic horsepower across 32 fleets, with 27 fleets active as of January 8, 2018. ***We are experiencing a surge in demand for our services, which has led us to reactivate 10 fleets since the beginning of 2017***.
>
> * * *
>
> In November 2016, May 2017 and November 2017, certain oil producing nations and the Organization of the Petroleum Exporting Countries, or OPEC, agreed to limit production of crude oil with the goal of raising oil prices. As a result, U.S. E&P companies have increased their level of horizontal drilling and completion activity and, hence, demand for hydraulic fracturing services has increased from the lows seen in mid-2016. This increase in demand has led to higher utilization, and in some cases shortages, of available horsepower. ***We believe the increase in activity coupled with an undersupply of available horsepower has particularly benefited us, and we believe all of our remaining inactive fleets can be returned to active service within nine months, if market conditions require***.

37. Similarly, the Registration Statement stated that booming demand coupled with a lower level of market competition following the prior market downturn had allowed FTSI to "significantly" raise the price of its services. According to the Registration Statement, the average price of FTSI contracts had grown approximately 56% since the end of 2016. The Registration Statement stated in pertinent part:

> ***The surge in demand for our services has allowed us to raise our prices significantly***. Oil prices have more than doubled since the 12-year low of $26.14 in February 2016, reaching a high of $64.89 in January 2018 and averaging $50.80 in 2017. Similarly, the U.S. horizontal rig count has increased by 155%, from a low of 314 rigs as of May 27, 2016 to 802 rigs as of January 19, 2018, according to an industry report. ***The large growth in E&P drilling activity has caused demand for pressure pumping services to exceed the supply of readily available fleets, which has led average pricing for our services to rise more than approximately***

> ***56% since the fourth quarter of 2016. These price increases started in January 2017 and continued to progress to higher levels throughout 2017***.
>
> *   *   *
>
> As commodity prices improved, we experienced an increase in demand for our services in the second half of 2016. ***This increase in activity combined with a lower level of available hydraulic fracturing equipment in the market allowed us to request increased pricing for our services. Many of our customers agreed to price increases that took effect in the first quarter of 2017***.
>
> Higher commodity prices enabled our customers to significantly increase their activity levels in the first nine months of 2017, which resulted in an increase in the horizontal rig count from 532 at the end of 2016 to 794 at September 29, 2017, according to a report by Baker Hughes, Inc. ***This increase in customer activity levels increased the demand for hydraulic fracturing services above the available supply. As a result, our customers agreed to additional price increases in 2017, and we activated additional idle fleets to meet this demand***.

38. Adding to FTSI's purported pricing power at the time of the IPO was the Company's ostensible cost advantages over the competition. In particular, the Registration Statement highlighted FTSI's improved operational efficiencies over the preceding two years, which had purportedly positioned the Company to further grow earnings and increase "record" operational results "as activity levels increase." The Registration Statement stated in pertinent part:

> During the last two years, we implemented measures to reduce our operating costs and to improve our operating efficiency including reducing the number of our active fleet as demand for our services declined. We focused on our ability to operate our active fleets for as many hours per day and days per month as possible in order to limit the non-productive time of our active fleets. ***As a result, we have increased our average stages per active fleet per quarter to record levels. These operational improvements occurred despite significant reductions in our operating costs, including reducing our quarterly selling, general and administrative expense by approximately 60% from 2014 levels***.
>
> ***We maintained these improved cost and efficiency levels in the fourth quarter of 2017, which, combined with the recent rise in pricing for our services, allowed us to achieve EBITDA levels greater than what we experienced in 2014***. We achieved these results despite having considerably lower pricing and fewer active fleets on average than we had in 2014. ***We believe we can continue to***

> ***sustain these cost reductions and efficiency improvements as activity levels increase***.

39. Similarly, the Registration Statement stated that the Company's in-house manufacturing and servicing capabilities allowed it to keep costs low as compared to FTSI's competitors. This purportedly unique ability to offer pricing advantages was likewise portrayed as "increasing" following the IPO as "trends in [the Company's] industry continue toward increasing proppant levels and service intensity." The Registration Statement stated in pertinent part:

> We manufacture and refurbish many of the components used by our fleets, including consumables, such as fluid-ends. We also perform substantially all the maintenance, repair and refurbishment of our hydraulic fracturing fleets, including the reactivation of our idle equipment. Our cost to produce components and reactivate idle fleets is significantly less than the cost to purchase comparable quality components and fleets from third-party suppliers. For example, we manufacture fluid-ends and power-ends at a cost that is approximately 50% to 60% less than purchasing them from outside suppliers. In addition, we perform full-scale refurbishments of our fracturing units at a cost that is approximately half the cost of utilizing an outside supplier. We estimate that this cost advantage saves us approximately $85 million per year at peak production levels. ***As trends in our industry continue toward increasing proppant levels and service intensity, the added wear-and-tear on hydraulic fracturing equipment will increase the rate at which components need to be replaced for a typical fleet, increasing our long-term cost advantage versus our competitors that do not have similar in-house manufacturing capabilities***.
>
> Our manufacturing capabilities also reduce the risk that we will be unable to source important components, such as fluid-ends, power-ends and other consumable parts. During periods of high demand for hydraulic fracturing services, external equipment vendors often report order backlogs of up to nine months. Our competitors may be unable to source components when needed or may be required to pay a much higher price for their components, or both, due to bottlenecks in supplier production levels. We have historically manufactured, and believe we have the capacity to manufacture, all major consumable components required to operate all 32 of our fleets at full capacity. We also designed and assembled all of our 32 existing fleets using internal resources and believe we can assemble new fleets internally at a substantial discount to the cost of buying them new from third-party providers.

40. The Registration Statement stated that, as a result of these favorable business and industry trends, FTSI's revenues had ballooned from approximately $380 million during the first nine months of 2016 to over $1 billion during the first nine month of 2017. The Registration Statement represented that the Company's improved revenues were "primarily due to an increase in the number of stages completed and an increase in the prices for our services in 2017, ***both of which were driven by increased customer demand***." The Registration Statement further stated that FTSI's net income had swung from a $141 million loss in the first nine months of 2016 to a $108 million gain in the first nine months of 2017. Similarly, the Registration Statement stated that, "[d]ue to improving industry conditions and our operational efficiencies during the first nine months of 2017," FTSI had "generated positive operating income for the first time since 2014 and positive net income for the first time since 2011." The following is an excerpt of key financial information for the Company that was provided in the Registration Statement:

	Year Ended December 31,		Nine Months Ended September 30,	
(Dollars in millions, except per share amounts)	2015	2016	2016	2017
Statements of Operations Data:				
Revenue	$ 1,375.3	$ 532.2	$ 379.8	$ 1,007.4
Costs of revenue, excluding depreciation and amortization(1)	1,257.9	510.5	369.7	709.9
Selling, general and administrative	154.7	64.4	51.5	62.0
Depreciation and amortization	272.4	112.6	87.5	65.2
Impairments and other charges(2)	619.9	12.3	10.7	1.4
Loss (gain) on disposal of assets, net	5.9	1.0	1.1	(1.6)
Gain on insurance recoveries	—	(15.1)	(15.1)	(2.9)
Operating income (loss)	(935.5)	(153.5)	(125.6)	173.4
Interest expense, net	77.2	87.5	66.1	64.8
Loss (gain) on extinguishment of debt, net	0.6	(53.7)	(53.7)	—
Equity in net loss (income) of joint venture affiliate	1.4	2.8	2.6	(0.1)
Income (loss) before income taxes	(1,014.7)	(190.1)	(140.6)	108.7
Income tax expense (benefit)(3)	(1.5)	(1.6)	—	0.9
Net income (loss)	$ (1,013.2)	$ (188.5)	$ (140.6)	$ 107.8
Net loss attributable to common stockholders	$ (1,158.1)	$ (370.1)	$ (272.7)	$ (56.8)
Basic and diluted earnings (loss) per share attributable to common stockholders	$ (0.32)	$ (0.10)	$ (0.08)	$ (0.02)
Shares used in computing basic and diluted earnings (loss) per share (in millions)	3,589.7	3,586.5	3,586.5	3,586.4
Balance Sheet Data (at end of period):				
Cash and cash equivalents	$ 264.6	$ 160.3		$ 193.8
Total assets	$ 907.4	$ 616.8		$ 827.1
Total debt	$ 1,276.2	$ 1,188.7		$ 1,191.6
Convertible preferred stock(4)	$ 349.8	$ 349.8		$ 349.8
Total stockholders' equity (deficit)	$ (830.5)	$ (1,019.0)		$ (911.2)
Pro Forma Data(5):				
Pro forma net income (loss)		$ (166.4)		$ 125.2
Pro forma basic and diluted earnings (loss) per share attributable to common stockholders		$ (1.56)		$ 1.18
Pro forma shares used in computing basic and diluted earnings (loss) per share (in millions)(6)		106.4		106.4

(Footnotes omitted.)

41. The Registration Statement represented that a significant contributor to the rise in total revenue for the Company was the increase in revenue from related parties, most notably defendant Chesapeake Energy. The Registration Statement provided the following table and stated in pertinent part:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(Dollars in millions)	**2016**	**2017**	**2016**	**2017**
Revenue	$ 123.8	$ 409.8	$ 377.1	$ 906.1
Revenue from related parties	1.6	39.2	2.7	101.3
Total revenue	$ 125.4	$ 449.0	$ 379.8	$ 1,007.4
Total fracturing stages	4,367	8,196	11,135	22,672
Active fleets(1)	15.7	24.8	15.1	22.4
Total fleets(2)	32.0	32.0	32.0	32.0

(1) Active fleets is the average number of fleets operating during the period. As of December 31, 2016 and September 30, 2017, we had 17 and 26 active fleets, respectively.

(2) Total fleets is the total number of fleets owned during the period.

* * *

> ***The increase in revenue from related parties in the third quarter and first nine months of 2017 were due to increases in the activity levels for Chesapeake [Energy]***.

* * *

> Chesapeake is one of our largest stockholders and is a wholly owned subsidiary of one of our customers, Chesapeake [Energy]. We recognized revenue from Chesapeake [Energy] for well-completion services in the amount of $32.1 million and $2.5 million for the years ended December 31, 2015 and 2016, respectively, and $101.3 million for the nine months ended September 30, 2017.

42. According to the Registration Statement, FTSI had entered into a new "master commercial agreement dated December 24, 2016" with subsidiaries of Chesapeake Energy that "govern the performance of services and the supply of materials or equipment to Chesapeake [Energy]." The Registration Statement further listed Chesapeake Energy as the ***first*** E&P company among its most important customers for which FTSI's "services enhance hydrocarbon flow from oil and natural gas wells." These representations implied that the increased offering of services to Chesapeake by FTSI, and corresponding receipt of service revenues by the Company, would continue after the IPO.

43. The Registration Statement not only painted a picture of a company experiencing surging growth and dominant market performance, but represented that these favorable trends would continue following the IPO based on then-occurring and observable business activity. For example, the Registration Statement stated that FTSI anticipated that "***customer activity levels will remain strong into 2018, which should provide an opportunity to activate additional fleets at***

favorable operating margins." It continued: "Our 28th fleet is scheduled to be activated at the end of January 2018" and "[w]e are also focused on minimizing cost inflation in this environment to optimize our operating margins." The Registration Statement represented that this scheduled increase in demand stemmed from orders that the Company was receiving from its customers at the time. The Registration Statement stated: "***Based on continued requests from customers for additional fleets, we are in the process of reactivating additional equipment at our in-house manufacturing facility. We believe we can reactivate all of our idle equipment . . . over the next nine months***."

44. Critical to the Company's ability to maintain and grow revenues following the IPO was its purported focus on "dedicated" customer contracts. According to the Registration Statement, these contracts allowed FTSI to secure committed work from customers "until the agreement expires or is terminated in accordance with its terms." According to the Registration Statement, this arrangement differed from "spot" work whereby services are performed on an as-needed basis. The Registration Statement stated that the Company's dedicated work strategy improved its revenues and profits, provided the Company with significant visibility into the work needs of its customer base, reduced "month-to-month revenue volatility," and would be leveraged to deepen and grow the Company's customer base following the IPO. The Registration Statement stated in pertinent part:

> We primarily enter into service agreements with our customers for one or more "dedicated" fleets, rather than providing our fleets primarily for "spot work." ***Under our typical dedicated fleet agreement, we deploy one or more of our hydraulic fracturing fleets exclusively to the customer to follow the customer's completion schedule and job specifications until the agreement expires or is terminated in accordance with its terms. By contrast, under a typical spot work agreement, the fleet moves between customers as work becomes available. We believe that our strategy of pursuing dedicated fleet agreements leads to higher fleet utilization, as measured by the number of days each fleet is working per***

month, which we believe reduces our month-to-month revenue volatility and improves our revenue and profitability.

* * *

In order to achieve the highest revenue potential and highest returns on our invested capital, we run all of our fleets in 24-hour operations allowing us to optimize the revenue-producing ability of our active fleets. In addition, rather than perform "spot work," ***we prefer to dedicate each of our fleets to a specific customer, integrating our fleet into their drilling program schedule. These arrangements allow us to increase the number of days per month that our fleet is generating revenue and allow our crews to better understand customer expectations resulting in improved efficiency and safety***.

* * *

In addition, ***as a result of our pure-play focus on hydraulic fracturing and dedicated fleet strategy, our operations teams have extensive knowledge of the geographies in which we operate as well as the technical specifications and other requirements of our customers***.

* * *

Deepen and expand relationships with customers that value our completions efficiency

We service our customers primarily with dedicated fleets and 24-hour operations. ***We dedicate one or more of our fleets exclusively to the customer for a period of time, allowing for those fleets to be integrated into the customer's drilling and completion schedule. As a result, we are able to achieve higher levels of utilization, as measured by the number of days each fleet is working per month, which increases our profitability***. In addition, we operate our fleets on a 24-hour basis, allowing us to complete our services more efficiently with the least amount of downtime. Accordingly, we seek to partner with customers that have a large number of wells needing completion and that value efficiency in the performance of our service. Specifically, we target customers whose completions activity typically involves minimal downtime between stages, a high number of stages per well, multiple wells per pad and a short distance from one well pad site to the next. This strategy aligns with the strategy of many of our customers, who are trying to achieve a manufacturing-style model of drilling and completing wells in a sequential pattern to maximize effective acreage. ***We plan to leverage this strategy to expand our relationships with our existing customers as we continue to attract new customers***.

45. The Registration Statement also stated that demand for hydraulic fracturing services was expected to "grow significantly" following the IPO and to continue to outstrip supply.

Because of the Company's purported competitive advantages, the Registration Statement represented that FTSI was, at the time of the IPO, "***well positioned to capitalize on the continued increase in the onshore oil and natural gas exploration and production market***." The Registration Statement stated in pertinent part:

> Our industry grew rapidly until a significant decline in oil and natural gas prices from 2014 to 2016 caused a dramatic reduction in drilling and completion activity. ***As oil and natural gas prices have recovered from their 2016 lows, E&P companies in the United States have increased their level of horizontal drilling, resulting in an uptick in demand for hydraulic fracturing services that has strained available supply***.
>
> Technological advances in oil and natural gas extraction continued through the downturn and have increased the efficiency of E&P companies, leading to an increase in demand for hydraulic fracturing units relative to each active drilling rig. In particular, drilling speeds have increased dramatically, allowing rigs to drill longer laterals in fewer days. The longer lateral lengths increase the demand for pressure pumping services relative to the rig count as evidenced by significant increases in both the number of stages per well and the amount of proppant used per well, particularly in recent years. As a result, E&P companies are able to complete more stages using fewer rigs, and many analysts expect ***demand for hydraulic fracturing services to significantly outpace growth in the horizontal rig count***.
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> **Our Strategy**
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> Our primary business objective is to be the largest pure-play provider of hydraulic fracturing services within U.S. unconventional resource basins. We intend to achieve this objective through the following strategies:
>
> ***Capitalize on expected recovery and demand for our services***
>
> ***As demand for oilfield services in the United States recovers, the hydraulic fracturing sector is expected to grow significantly***. We believe that the cost per barrel of oil from unconventional onshore production is one of the lowest in the United States, and, as a result, E&P capital has shifted towards this type of production. Industry reports have forecasted that the number of horizontal wells drilled in the United States will increase at a compound annual growth rate, or CAGR, of 20.7% from 2016 through 2020. . . . ***As one of the largest hydraulic fracturing service providers in North America, we believe we are well positioned to capitalize on the continued increase in the onshore oil and natural gas exploration and production market***.

46. In addition, the Registration Statement represented that FTSI's dominant market share and geographic diversity insulated the Company from revenue volatility and improved its bargaining position with suppliers and customers. As a result, the Registration Statement stated that FTSI was positioned to "gain market share and win new business" following the IPO. It stated in pertinent part:

> With 1.6 million total hydraulic horsepower in our fleet, we are one of the largest hydraulic fracturing service providers in North America. We operate in five of the most active major unconventional basins in the United States, including the Permian Basin, the SCOOP/STACK Formation, the Marcellus/Utica Shale, the Eagle Ford Shale and the Haynesville Shale, which provide us exposure to a variety of oil and natural gas producers as well as geographies. We are one of the top three hydraulic fracturing providers across this operating footprint based on market share. According to an industry report from December 2017, these five operating basins will account for approximately 80% of well-completion spending in 2018 and 2019.
>
> ***This geographic diversity reduces the volatility in our revenue due to basin trends, relative oil and natural gas prices, adverse weather and other events***. Our five hydraulic fracturing districts enable us to rapidly reposition our fleets based on demand trends among different basins. Additionally, our large market share in each of our operating basins allows us to spread our fixed costs over a greater number of fleets. ***Furthermore, our large scale strengthens our negotiating position with our suppliers and our customers***.
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> * * *
>
> ***Our geographic breadth also provides us with opportunities to capitalize on customer relationships in one basin in order to win business in other basins in which the customer operates. We intend to leverage our scale, standardized equipment and cost structure to gain market share and win new business***.

47. The Registration Statement further represented that FTSI was uniquely positioned to benefit from continued rising commodity prices due to numerous existing "trends in [its] industry" that would insulate the Company from sector volatility and allow the Company to continue favorable growth trends "as commodity prices recover." These factors included: (i) continued growth in oil and natural gas production; (ii) increased exploitation of unconventional deposits; (iii) increased drilling speed; (iv) increased drilling intensity; (v) a reduction of

competition in the hydraulic fracturing industry; (vi) increased levels of well recompletions; (vii) the development of new markets for FTSI's services; and (viii) increased demand for oil and natural gas. The Registration Statement stated in pertinent part:

> Recently, oil prices have increased since the 12-year low recorded in February 2016, reaching a high of \$64.89 in January 2018 and averaging \$50.80 in 2017. As commodity prices have rebounded, we have experienced an increase in the level of demand for our services. ***Although our industry traditionally has been volatile, the following trends in our industry should benefit our operations and our ability to achieve our business objectives as commodity prices recover***:
>
> *Large production growth from U.S. oil and natural gas formations.* The average oil field production in the United States grew at a compound annual growth rate of 8.4% over the period from 2010 through 2016 due to production gains from unconventional reservoirs. According to the U.S. Energy Information Administration, or EIA, U.S. tight oil production grew from approximately 430,000 barrels per day in 2007 to over 4.6 million barrels per day in 2017 through November, representing 70% of total U.S. crude oil production in 2017 (as of the end of November). A majority of this increase came from the Permian Basin, the SCOOP/STACK Formation, the Marcellus/Utica Shale, the Eagle Ford Shale and the Haynesville Shale, which are our five operating basins, as well as the Williston Basin. ***We expect that this continued growth will result in increased demand for our services as commodity prices continue to stabilize or increase***.
>
> *Increased use of horizontal drilling to develop high-pressure U.S. resource basins.* The horizontal rig count as a percentage of the overall onshore rig count has increased every year since 2007, when horizontal rigs represented only approximately 25% of the total U.S. onshore rig count to approximately 86% at the end of 2017. ***We believe horizontal drilling activity will continue to grow as a portion of overall onshore wells drilled in the United States, primarily due to E&P companies increasingly developing unconventional resources such as shales. Successful economic production of these unconventional resource basins frequently requires hydraulic fracturing services like those we provide***.
>
> *Faster drilling speed.* The speed of drilling rigs is increasing significantly, which has increased the number of wells drilled for a given rig count. ***The speed of drilling means that more fracturing fleets are needed for every active drilling rig***. On average there used to be four drilling rigs for each fracturing fleet, but that ratio is now less than 3-to-1, and continuing to decline. As a result, E&P companies are able to complete more stages using fewer rigs, and industry sources expect that total stages completed in 2017 will surpass 2014 levels at a significantly lower corresponding rig count.
>
> *Increasing completions intensity.* Longer lateral lengths for horizontal wells and more sand per lateral foot require increased horsepower to execute a

completion, which means that more fracturing units will be required for each fleet. The increased amount of sand per lateral foot also increases the wear-and-tear on each unit's components and parts, which increases the repair and maintenance costs for each fleet. ***We expect that the projected increase in drilling speed and sand intensity will result in an increased demand for, and diminished supply of, pressure pumping services***.

Reduced supply of hydraulic fracturing services from our competitors. The hydraulic fracturing industry in the United States is characterized by a few large providers (six with over 1 million horsepower), several medium sized providers (nine with between 1 million and 300,000 horsepower) and a significant number of smaller providers. We believe that many of these providers have been deferring or declining to repair their hydraulic fracturing equipment as it breaks down from ordinary use. This phenomenon of providers choosing to retire rather than repair broken equipment is often referred to as "attrition." According to an industry report, the total working horsepower in North America declined from approximately 15 million in 2014 to approximately 6 million in 2016. Additionally, the large number of small service providers in our industry may make it an attractive candidate for industry consolidation, which would further reduce competition. ***These factors should lead to a better balance of supply and demand and to higher pricing levels for our services***.

Completion of refracturings and drilled-but-uncompleted wells. As producing shale wells age, their level of production declines, typically falling 60% to 70% in the first year. Refracturing these wells can increase production levels. As the number and age of producing unconventional wells increases, the market for recompletions is expected to increase. In addition, because the cost of recompleting a well is generally lower than the total cost of drilling and completing a new well, ***the demand for recompletions is expected to increase relative to demand for new completions during depressed commodity price environments***.

Potential development of international markets for our hydraulic fracturing services. There has been growing international interest in the development of unconventional resources such as oil and natural gas shales. This interest has resulted in a number of recently completed joint ventures between major U.S. and international E&P companies related to shale basins in the United States and acquisitions of significant acreage in shale basins in the United States by large, non-U.S. E&P companies. ***We believe that these acquisitions and joint ventures, which generally require the international partner to commit to significant future capital expenditures, will provide additional demand for hydraulic fracturing services in the coming years. Additionally, such activity may stimulate development of oil and natural gas shales outside the United States, such as the recent activity by our SinoFTS joint venture in Chongqing, China***.

Increase in demand for oil and natural gas. The EIA projects that the average WTI price will increase through 2040 from growing demand and the development of more costly oil resources. The EIA also anticipates continued

> growth in long-term U.S. domestic demand for natural gas. We believe that as demand for oil and natural gas increases, E&P activity will rise and demand for our services will increase. Recent events including declines in North American production, attrition in the supply of horsepower in our industry and agreements by OPEC and certain other oil-producing countries to reduce oil production have provided upward momentum for energy prices. ***If near-term commodity prices stabilize at current levels or recover further, we expect a more active demand environment during 2018 and 2019 than was experienced in 2015 and 2016***.

48. The statements in ¶¶36-47 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) that the hydraulic fracturing market was experiencing intense and increasing competition and a glut of increased supply as companies re-entered the market and increased output due to a rise in the price of commodities;

(b) that FTSI was not positioned to capitalize on increased demand for hydraulic fracturing services in the industry overall, but rather was positioned to lose market share and suffer decelerating revenue growth and, ultimately, decreased revenues as competitors flooded the market and undercut the Company's prices for its services, even as commodity prices increased;

(c) that, as FTSI suffered decreased demand for its services and intense price competition, it was not positioned to increase its fleet size by 19% in the nine months following the IPO, but rather needed to materially reduce its fleet size;

(d) that FTSI was facing downward pricing pressures due to an increase in hydraulic fracturing supply, and the Company's efforts to raise prices by 56% on average year-over-year leading up to the IPO had made the Company uniquely vulnerable to price competition, and such price increases were temporary and did not reflect sustained market power, limiting the Company's ability to secure new contracts and exposing it to reduced work and renegotiated pricing for its services with current customers;

(e) that the Company's purportedly superior services, market share, geographic diversity, improved operational efficiencies and in-house manufacturing capabilities did not insulate it from intense downward pricing pressures in the hydraulic fracturing industry, and, indeed, the Company was set to be disproportionately impacted by adverse pricing trends;

(f) that the Company's "dedicated" work contracts did not guarantee the provision of services by FTSI for a specific duration or that the Company would receive a set amount of revenues or profit, but rather that the work provided by FTSI pursuant to such contracts could be ceased and/or renegotiated at the customer's discretion, thereby exposing the Company to significant revenue and profit volatility;

(g) that the Company was experiencing customer churn and at least three of FTSI's major customers were on the brink of prematurely terminating "dedicated" contracts with the Company;

(h) that the 3,650% increase in revenues from related parties leading up the IPO reflected a temporary increase in the provision of services to defendant Chesapeake Energy rather than a long-term business trend, and the provision of services by FTSI to Chesapeake Energy would decrease at a greater rate than the provision of services provided to non-related parties following the IPO; and

(i) as, a result of (a)-(h) above, the Company's business, financial results and prospects as presented in the Registration Statement were materially false and misleading when made.

49. 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 net sales or revenues

or income from continuing operations." Similarly, Item 503 of SEC Regulation S-K, 17 C.F.R. §229.503(c), 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 Registration Statement to disclose that a glut of hydraulic fracturing supply and competitive disadvantages faced by the Company was undermining FTSI's ability to capitalize on increased demand for hydraulic fracturing services industry wide and had positioned the Company to lose contracts and face significant downward pricing pressures violated 17 C.F.R. §229.303(a)(3)(ii), because these undisclosed risks were known to the Company and 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(c), 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 FTSI shares speculative or risky.

50. Following the IPO, the price of FTSI stock declined. By February 13, 2019, the price of FTSI shares had fallen to $9.29 per share, nearly ***50% below*** the price at which FTSI shares had been sold to investors in the IPO only one year previously.

CLASS ACTION ALLEGATIONS

51. Plaintiff brings this action as a class action on behalf of all persons or entities who purchased FTSI common stock in or traceable to IPO (the "Class"). Excluded from the Class are defendants and their families, the officers, directors and affiliates of 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.

52. The members of the Class are so numerous that joinder of all members is impracticable. FTSI shares are actively traded on the NYSE under the ticker symbol "FTSI" and

millions of shares were sold in the IPO. 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 FTSI 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.

53. 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.

54. 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.

55. 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 misrepresented material facts about the business, operations and risks of investing in FTSI; and

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

56. 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 FTSI, the Individual Defendants and the Underwriter Defendants

57. Plaintiff repeats and realleges ¶¶1-56 by reference.

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

59. 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.

60. The Registration Statement was 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.

61. FTSI is the registrant for the IPO. As the issuer of the shares, FTSI is strictly liable to plaintiff and the Class for the misstatements and omissions.

62. The defendants named herein were responsible for the contents and dissemination of the Registration Statement. 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 omission of any material facts and were not misleading.

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

64. Plaintiff purchased FTSI shares pursuant and/or traceable to the Registration Statement.

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

66. At the time of their purchases of FTSI 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 §15 of the 1933 Act
Against FTSI, the Controlling Shareholders and the Individual Defendants

67. Plaintiff repeats and realleges ¶¶1-66 by reference.

68. This Cause of Action is brought pursuant to §15 of the 1933 Act against FTSI, the Controlling Shareholders and the Individual Defendants.

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

70. The Controlling Shareholders were the majority owners and controlled the Company before, during and after the IPO. In addition to controlling a majority of FTSI's voting

shares, the Controlling Shareholders also appointed and had significant influence over FTSI's management and members of its Board.

71. The defendants named herein each were culpable participants in the violations of §11 of the 1933 Act alleged in the Cause of Action above, based on their having signed or authorized the signing of the Registration Statement, selling FTSI shares in the IPO and/or having otherwise participated in the process that allowed the IPO 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; and

D. 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 22, 2019

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