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UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA

2015 APR 30 A 10:21

[REDACTED]
 [REDACTED] Individually and On Behalf of All
 Others Similarly Situated,

 Plaintiff,

 vs.

 RAYONIER ADVANCED MATERIALS,
 INC., PAUL G. BOYNTON, FRANK A.
 RUPERTO, and BENSON K. WOO,

 Defendants.

CIVIL ACTION NO.

CLASS ACTION

CLEAR US DISTRICT COURT
 MIDDLE DISTRICT OF FLORIDA
 3:15-CV-546-J-32PDB

COMPLAINT FOR VIOLATION OF
THE FEDERAL SECURITIES LAWS

JURY TRIAL DEMANDED

By and through its undersigned counsel, Plaintiff [REDACTED]

[REDACTED] alleges the following against Rayonier Advanced Materials, Inc. ("RYAM" or the "Company") and certain of the Company's executive officers and/or directors (the "Individual Defendants"). Plaintiff makes these allegations upon personal knowledge as to those allegations concerning Plaintiff and, as to all other matters, upon the investigation of counsel, which included, without limitation: (a) review and analysis of public filings made by RYAM and other related parties and non-parties with the U.S. Securities and Exchange Commission ("SEC"); (b) review and analysis of press releases and other publications disseminated by certain of the Defendants and other related non-parties; (c) review of news articles, shareholder communications, and postings on RYAM's website concerning the Company's public statements; and (d) review of other publicly available information concerning RYAM and the Individual Defendants.

NATURE OF THE ACTION

1. This is a federal securities class action against Rayonier Advanced Materials, Inc. (“RYAM”) and certain of its officers and/or directors for violations of the federal securities laws. Plaintiff brings this action on behalf of all persons or entities that purchased or otherwise received shares (via spin-off) of RYAM common stock between June 30, 2014 and January 28, 2015, inclusive (the “Class Period”), seeking to pursue remedies under the Securities Exchange Act of 1934 (the “Exchange Act”).

2. RYAM previously existed as the Performance Fibers Division of Rayonier, Inc. (“Rayonier”). On January 27, 2014, Rayonier announced that it would spin-off its Performance Fibers Division, to be effected as a tax-free spin-off¹ whereby 100 percent of the new company’s shares would be distributed to shareholders of Rayonier. RYAM was incorporated on January 16, 2014, in Delaware, as a wholly owned subsidiary of Rayonier, to hold the assets and liabilities associated with the performance fibers business in advance of the planned spin-off.

3. On June 30, 2014, Rayonier completed the spin-off of its Performance Fibers business from its Forest Resources and Real Estate segments (the “Separation”). The spin-off resulted in two independent, publicly-traded companies, with the Performance Fibers business being spun-off to Rayonier shareholders.

4. On November 10, 2014, Rayonier—the former parent company of RYAM—announced that it would be restating its financial results and that the Quarterly Reports issued for the fiscal periods ended March 31, 2014 and June 30, 2014, should no longer be relied upon. According to Rayonier, an internal review had uncovered issues relating to historical timber

¹ A tax-free spinoff occurs when a company divests a portion of its business in a manner that qualifies as a tax-free transaction under Section 355 of the Internal Revenue Code. The immediate benefit of such a transaction is that the legacy company does not incur any capital gain tax liability on the divestiture.

harvest levels, calculation of merchantable timber inventory, and resulting errors in the Company's reported depletion expenses. Specifically, Rayonier had incorrectly included in its merchantable timber inventory parcels of land that were specially designated, environmentally protected, or otherwise restricted. As a result, Rayonier's depletion expenses were understated during the periods listed. Rayonier also admitted material weakness in its internal controls regarding merchantable timber inventory.

5. On this news, the stock price of RYAM declined \$2.51 per share, or 9.1%, from \$27.57 per share on November 10, 2014 to close at \$25.06 per share on November 11, 2014.

6. On January 28, 2015, RYAM announced that it would be making massive adjustments to its environmental reserves.

7. In response to the surprising and disappointing news, RYAM's stock price declined \$0.92 per share or 5% from \$18.90 per share on January 27, 2015 to \$17.98 per share on January 28, 2015—on unusually large trading volume. The stock price fell an additional \$0.85 per share on January 29, 2015, for a 2-day decline of \$1.77 per share or 9.4%, wiping out an additional \$75 million in RYAM's market capitalization. The closing price of \$17.98 was a far cry from the Class Period high of \$44.18.

8. During the Class Period and including at the time of the Separation, Defendants misled RYAM's public investors by disseminating a series of materially false and misleading statements concerning RYAM's financial condition. In particular, as further alleged herein, RYAM improperly recorded and/or failed to record on its publicly issued financial statements material liabilities for environmental remediation and related obligations in violation of Generally Accepted Accounting Principles ("GAAP"). RYAM also failed to provide sufficient disclosure to investors to permit a meaningful evaluation of the true scope and extent of these

environmental remediation and related liabilities, which were associated with decades of environmental pollution. These materially misleading misstatements and omissions regarding the Company's financial results occurred, in large part, because of at least the following: (1) Defendants' incorrectly accounted for its remediation and long-term monitoring and maintenance for environmental liabilities; (2) as a result, the Company understated its Environmental Reserves; (3) as a result, the Company did not record appropriate reserves as required by GAAP; (4) as a result, the Company did not disclose a range of possible reserves for probable and reasonably estimable environmental remediation and related liabilities as required by GAAP; (5) as a result, RYAM did not properly estimate known and probable environmental remediation obligations as required by GAAP; (6) as a result, RYAM did not maintain adequate internal and financial controls.

9. In addition, throughout the Class Period including at the time of the spin-off, Defendants also misled RYAM's public investors about the true demand for its products, namely acetate. While defendants continuously touted that acetate demand was growing, in reality, demand was slowing, particularly because large customers in China had excess inventories.

10. As part of the spin-off process, RYAM incurred approximately \$950 million of new debt to effect the Separation. The debt consisted of \$325 million of term loans, borrowings of \$75 million under a revolving credit facility and \$550 million of senior notes. Approximately, \$906 million of borrowings from the debt issuance was distributed back to RYAM's former parent company. RYAM knowingly and/or recklessly made misleading and false statements so that it could effectuate the Separation and raise borrowings in amounts and on terms that it otherwise would not have been able to receive.

11. As a result of Defendants' wrongful acts and omissions, and the resulting decline in the market value of the Company's shares of common stock, Plaintiff and the other Class members have suffered significant losses and damages.

JURISDICTION AND VENUE

12. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§78j(b) and 78t(a)), and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

13. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §1331 and Section 27 of the Exchange Act (15 U.S.C. §78aa).

14. Venue is proper in this Judicial District pursuant to 28 U.S.C. §1391(b) and Section 27 of the Exchange Act (15 U.S.C. §78aa(c)). The Company's principal executive office is located in this district.

15. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including but not limited to the mails, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

16. Plaintiff █████ as set forth in the accompanying certification, incorporated by reference herein, acquired RYAM common stock at artificially inflated prices during the Class Period, and suffered damages as a result of the revelation of the alleged corrective disclosure.

17. Defendant Rayonier Advanced Materials is a Delaware corporation with its principal executive offices located at 1301 Riverplace Boulevard, Suite 2300, Jacksonville, Florida, 32207.

18. Defendant Paul G. Boynton (“Boynton”) has served as Chairman of the Board of Directors (“Chairman”), as well as President and Chief Executive Officer (“CEO”) of RYAM since June 27, 2014. He previously served as Chairman, President, and CEO of Rayonier, Inc.

19. Defendant Frank A. Ruperto (“Ruperto”) currently serves as Chief Financial Officer (“CFO”) and Senior Vice President, Finance and Strategy of RYAM. Following the Separation, Ruperto served as Senior Vice President, Corporate Development and Strategic Planning for RYAM. In November of 2014, he was appointed to his current positions as CFO and Senior Vice President, Finance and Strategy. He previously served as Senior Vice President, Corporate Development and Strategic Planning, of Rayonier, Inc.

20. Defendant Benson K. Woo (“Woo”) served as Senior Vice President and CFO of Rayonier Advanced Materials Inc. from June 27, 2014 until November 30, 2014.

21. Defendants Boynton, Ruperto, and Woo are collectively referred to as the “Individual Defendants.”

22. The Company and the Individual Defendants are collectively referred to herein as “Defendants.”

23. During the Class Period, the Individual Defendants, as senior executive officers and/or directors of RYAM, were privy to confidential, proprietary and material adverse non-public information concerning RYAM, its operations, finances, financial condition and present and future business prospects via access to internal corporate documents, conversations and connections with other corporate officers and employees, attendance at management and/or board of directors meetings and committees thereof, and via reports and other information provided to them in connection therewith. Because of their possession of such information, the

Individual Defendants knew or recklessly disregarded that the adverse facts specified herein had not been disclosed to, and were being concealed from, the investing public.

24. The Individual Defendants are liable as direct participants in the wrongs complained of herein. In addition, the Individual Defendants, by reason of their status as senior executive officers and/or directors, were “controlling persons” within the meaning of §20(a) of the Exchange Act, and had the power and influence to cause the Company to engage in the unlawful conduct complained of herein. Because of their positions of control, the Individual Defendants were able to and did, directly or indirectly, control the conduct of RYAM’s business.

SUBSTANTIVE ALLEGATIONS

Background of RYAM

25. RYAM is a producer of specialty cellulose fibers. Specialty cellulose fibers are natural polymers designed for certain manufacturing applications. Specifically, the cellulose fibers produced by RYAM are used in consumer-oriented products such as cigarette filters, liquid crystal displays, impact-resistant plastics, thickeners for food products, pharmaceuticals, cosmetics, high-tenacity rayon yarn for tires and industrial hoses, food casings, paints and lacquers.

26. RYAM states that its facilities are different from a traditional pulp or paper mill because it utilizes proprietary techniques to manufacture high purity cellulose, removing “nearly all of the non-cellulose materials that are considered impurities to [the Company’s] customers.”² The Company also states that it is committed to environmental responsibility, protecting habitats of endangered wildlife, and sustainable harvesting and procurement.³

² Rayonier Advanced Materials, Company FAQs, *available at* <http://rayonieramgeorgia.com/faqs/> (accessed on March 9, 2015).

³ *Id.*

27. RYAM operated as the Rayonier Performance Fiber division of Rayonier prior to the spin-off. RYAM operates multiple performance fiber manufacturing facilities.

28. Pursuant to the terms of the separation agreement between RYAM and its former parent company (the "Separation Agreement"), RYAM assumed the liabilities of numerous operational and non-operational facilities. According to RYAM, the Company is responsible for a total of 17 sites. In Rayonier's 2013 10-K filed on February 28, 2014, Rayonier stated that it currently believed that it had adequate reserves for the investigation and remediation of its properties and stated that they periodically reviewed its environmental liabilities and that cost estimates typically do not vary significantly on a quarter to quarter basis:

Numerous cost assumptions are used in estimating these obligations. Factors affecting these estimates include changes in the nature or extent of contamination, changes in the content or volume of the material discharged or treated in connection with one or more impacted sites, requirements to perform additional or different assessment or remediation, changes in technology that may lead to additional or different environmental remediation strategies, approaches and workplans, discovery of additional or unanticipated contaminated soil, groundwater or sediment on or off-site, changes in remedy selection, changes in law or interpretation of existing law and the outcome of negotiations with governmental agencies or non-governmental parties. *We periodically review our environmental liabilities and also engage third-party consultants to assess our ongoing remediation of contaminated sites.* A significant change in any of the estimates could have a material effect on the results of our operations.

Typically, these cost estimates do not vary significantly on a quarter to quarter basis.

29. At the time of the Separation, RYAM claimed to have environmental liabilities of \$73.9 million as of March 31, 2014, with an additional \$30 million of potential additional losses in excess of the established liabilities.

30. On January 29, 2014, RYAM filed with the SEC a registration statement on Form 10, relating to the distribution by Rayonier of 100% of the outstanding shares of common stock of the Company to the Rayonier shareholders.

31. On June 13, 2014, the Registration Statement became effective. The Registration Statement included a preliminary information statement that described the distribution and provided information regarding the Company's business and management.

32. On June 18, 2014, the Company filed with the SEC a Form 8-K which included the final information statement as Exhibit 99.1. The final information statement included the following representations regarding the Company's liabilities:

An analysis of activity in the liabilities for disposed operations for the three years ended December 31 follows:

(dollars in millions)	March 31,	December 31,		
	2014	2013	2012	2011
Balance, beginning of period	\$ 76.4	\$ 81.7	\$ 90.8	\$ 93.2
Expenditures charged to liabilities	(2.5)	(8.6)	(9.9)	(9.2)
Increase to liabilities	—	3.3	0.8	6.8
Balance, end of period	73.9	76.4	81.7	90.8
Less: Current portion	(6.4)	(6.8)	(8.1)	(9.9)
Non-current portion	\$ 67.5	\$ 69.6	\$ 73.6	\$ 80.9

Below are disclosures for specific site liabilities where current estimates exceed 10 percent of the total liabilities for disposed operations at March 31, 2014. An analysis of the activity for the three months ended March 31, 2014 and the year ended December 31, 2013 is as follows:

Sites	Activity (in millions)						
	2012 Liability	2012 Expenditures	Increase (Reduction) to 2013 Liabilities	2013 Liability	2013 Expenditures	Increase (Reduction) to 2014 Liabilities	March 31, 2014 Liability
Augusta, Georgia	\$ 12.1	\$ (1.0)	\$ 0.8	\$ 11.9	\$ (0.5)	\$ —	\$ 11.4
Spartanburg, South Carolina	14.0	(1.4)	(0.8)	11.8	(0.4)	—	11.4
East Point, Georgia	10.9	(0.8)	(0.2)	9.9	(0.1)	—	9.8
Baldwin, Florida	9.1	(1.1)	2.7	10.7	(0.2)	—	10.5
Other SWP sites	20.9	(2.1)	(0.2)	18.6	(0.3)	—	18.3
Total SWP	67.0	(6.4)	2.3	62.9	(1.5)	—	61.4
Port Angeles, Washington	9.5	(1.5)	1.4	9.4	(0.4)	—	9.0
All other sites	5.2	(0.7)	(0.4)	4.1	(0.6)	—	3.5
TOTAL	\$ 81.7	\$ (8.6)	\$ 3.3	\$ 76.4	\$ (2.5)	\$ —	\$ 73.9

Augusta, Georgia — SWP operated a wood treatment plant at this site from 1928 to 1988. The majority of visually contaminated surface soils have been removed, and remediation activities currently consist primarily of a groundwater treatment and recovery system. The site operates under a 10-year hazardous waste permit issued pursuant to the Resource Conservation and Recovery Act, which expires in 2014. Current cost estimates could change if recovery or discharge volumes increase or

decrease significantly, or if changes to current remediation activities are required in the future. Total spending as of March 31, 2014 was \$68.8 million. Liabilities are recorded to cover obligations for the estimated remaining remedial and monitoring activities through 2033.

Spartanburg, South Carolina — SWP operated a wood treatment plant at this site from 1925 to 1989. Remediation activities include: (1) a recovery system and biological wastewater treatment plant, (2) an ozone-sparging system treating soil and groundwater and (3) an ion-exchange resin system treating groundwater. In 2012, SWP entered into a consent decree with the South Carolina Department of Health and Environmental Control which governs future investigatory and assessment activities at the site. Depending on the results of this investigation and assessment, additional remedial actions may be required in the future. Therefore, current cost estimates could change. Total spending as of March 31, 2014 was \$40.6 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial and monitoring activities through 2033.

East Point, Georgia — SWP operated a wood treatment plant at this site from 1908 to 1984. This site operates under a 10-year Resource Conservation and Recovery Act hazardous waste permit, which is currently in the renewal process. In 2009, SWP entered into a consent order with the Environmental Protection Division of the Georgia Department of Natural Resources which requires that SWP perform certain additional investigatory, analytical and potentially, remedial activity. Therefore, while active remedial measures are currently ongoing, additional remedial measures may be necessary in the future. Total spending as of March 31, 2014 was \$21.9 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial and monitoring activities through 2033.

Baldwin, Florida — SWP operated a wood treatment plant at this site from 1954 to 1987. This site operates under a 10-year hazardous waste permit issued pursuant to the Resource Conservation and Recovery Act, which expires in 2016. Visually contaminated surface soils have been removed, and current remediation activities primarily consist of a groundwater recovery and treatment system. Investigation and assessment of other potential areas of concern are ongoing in accordance with the facility's Resource Conservation and Recovery Act permit and additional remedial activities may be necessary in the future. Therefore, current cost estimates could change. Total spending as of March 31, 2014 was \$21.9 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial and monitoring activities through 2033.

Port Angeles, Washington — Rayonier operated a dissolving pulp mill at this site from 1930 until 1997. The site and the adjacent marine areas (a portion of Port Angeles harbor) have been in various stages of the assessment process under the Washington Model Toxics Control Act ("MTCA") since about 2000, and several voluntary interim soil clean-up actions have also been performed during this time. In 2010, Rayonier entered into an agreed order with the Washington Department of Ecology ("Ecology"), under which the MTCA investigatory, assessment and

feasibility and alternatives study process will be completed on a set timetable, subject to approval of all reports and studies by Ecology. Upon completion of all work required under the agreed order and negotiation of an approved remedy, additional remedial measures for the site and adjacent marine areas may be necessary in the future. Total spending as of March 31, 2014 was \$43.1 million. Liabilities are recorded to cover obligations for the estimated assessment, remediation and monitoring obligations that are deemed probable and estimable at this time.

The estimated expenditures for environmental investigation, remediation, monitoring and other costs for all disposed operations will be approximately \$8 million in 2014 and \$7 million in 2015. Such costs will be charged against the established liabilities for disposed operations, which include environmental assessment, remediation and monitoring costs. Management believes established liabilities are sufficient for costs expected to be incurred over the next 20 years with respect to its disposed operations. Remedial actions for these sites vary, but include on-site (and in certain cases off-site) removal or treatment of contaminated soils and sediments, recovery and treatment/remediation of groundwater, and source remediation and/or control.

In addition, these prior disposed operations are exposed to the risk of reasonably possible additional losses in excess of the established liabilities. As of March 31, 2014, this amount could range up to \$30 million, allocable over several of the applicable sites, and arises from uncertainty over the availability, feasibility or effectiveness of certain remediation technologies, additional or different contamination that may be discovered, development of new or more effective environmental remediation technologies and the exercise of discretion in interpretation of applicable law and regulations by governmental agencies.

Materially False and Misleading Statements Issued During the Class Period

33. Throughout the Class Period, in regular press releases, conference calls and filings with the SEC, RYAM and the Individual Defendants repeatedly made false and misleading statements and omissions concerning the Company's business practices. RYAM repeatedly misrepresented that it was compliant with various agreements concerning its environmental responsibilities, had adequate environmental reserves and internal controls, and was engaged in sustainable practices.

34. The Class Period begins on June 30, 2014, the first day of trading after the Company's June 18, 2014 Form 8-K, when RYAM began regular trading on the NYSE.⁴ The Company issued a Form 8-K with several attachments relevant to and explaining the terms of the spin-off. The Company also issued a press release which stated, in pertinent part, the following:

Rayonier Advanced Materials Celebrates Launch as Independent Company

Stock begins "regular-way" trading on New York Stock Exchange at the Opening Bell today

JACKSONVILLE, Fla., June 30, 2014 – Rayonier Advanced Materials Inc. (NYSE:RYAM) today marked its launch as an independent publicly traded specialty chemicals company. The company's separation from Rayonier occurred at 11:59 p.m., Eastern Time, on June 27, 2014, by means of a tax-free distribution of 100% of the outstanding common stock of Rayonier Advanced Materials to Rayonier shareholders of record as of the close of business on June 18, 2014. As "regular-way" trading commences, S&P Dow Jones Indices also recently announced the planned inclusion of Rayonier Advanced Materials in the S&P MidCap 400 GICS Specialty Chemicals Sub-Industry index.

"This separation marks another major and exciting milestone in Rayonier's long history, and we look forward to our promising future as an independent company," said Paul Boynton, Chairman, President and CEO. "We wish our colleagues at Rayonier well as they begin charting their course as the leading pure-play land resources and real estate company. I'm confident that *Rayonier Advanced Materials' independence will give our new company the freedom to grow and pursue our own strategic objectives for the benefit of our shareholders.*"

As an independent company, Rayonier Advanced Materials is the world's leading producer of high-value, specialty cellulose fibers, with proprietary cellulosic chemistry expertise and manufacturing process knowledge developed over 85 years. The company's plants in Florida and Georgia manufacture a wide range of customized high purity products using both hardwood and softwood. The company is expected to continue to generate strong cash flows and pay a dividend competitive with other specialty chemical companies. Rayonier Advanced Materials has secured a BB+/Ba2 grade credit rating.

⁴ See Rayonier Advanced Materials, Press Release, *Rayonier Advanced Materials Celebrates Launch as Independent Company*, available at <http://www.sec.gov/Archives/edgar/data/1597672/000119312514254467/d747040dex992.htm>.

35. On July 30, 2014 RYAM issued a press release entitled “Rayonier Advanced Materials Reports Second Quarter Results.” Therein, the Company, in relevant part, stated:

Rayonier Advanced Materials Reports Second Quarter Results

JACKSONVILLE, Fla., July 30, 2014 – Rayonier Advanced Materials Inc. (NYSE:RYAM) today reported financial results for the second quarter of 2014. On June 27, 2014, Rayonier Advanced Materials Inc. (the “Company”) was spun-off from Rayonier Inc. The Company’s financial statements for the three and six months ended 2014 were prepared on a “carve-out” basis, reflecting an allocation of costs incurred by its former parent company. The carve-out financials are not indicative of the expected cost structure or future financial results of Rayonier Advanced Materials as an independent company.

“With the spin-off completed, we will now focus our attention on pursuing long-term growth opportunities, expanding our specialty chemical business, and increasing shareholder value,” said Paul G. Boynton, Chairman, President and CEO.

Financial Summary

The following table summarizes the second quarter and year-to-date results for 2014 and 2013, respectively:

(millions of dollars, except earnings per share)	2Q14		2Q13		2Q14 YTD		2Q13 YTD	
	Per Diluted		Per Diluted		Per Diluted		Per Diluted	
	\$	Share	\$	Share	\$	Share	\$	Share
Net income	\$ 5	\$ 0.11	\$49	\$ 1.16	\$ 36	\$ 0.84	\$129	\$ 3.06
One time separation & legal costs, net	25	0.59	2	0.05	27	0.64	2	0.05
Reversal of reserve related to the taxability of the CBPC	(5)	(0.11)	—	—	(5)	(0.11)	—	—
Tax benefit due to exchange of AFMC for CBPC	—	—	—	—	—	—	(19)	(0.45)
Pro forma net income	<u>\$25</u>	<u>\$ 0.59</u>	<u>\$51</u>	<u>\$ 1.21</u>	<u>\$ 58</u>	<u>\$ 1.37</u>	<u>\$112</u>	<u>\$ 2.66</u>
EBITDA	\$24		\$85		\$ 88		\$188	
One time separation & legal costs	<u>36</u>		<u>3</u>		<u>39</u>		<u>3</u>	
Pro forma EBITDA	<u>\$60</u>		<u>\$88</u>		<u>\$127</u>		<u>\$191</u>	

Second quarter and year-to-date 2014 sales of \$213 million and \$456 million were \$42 million and \$83 million below the prior year periods, respectively, reflecting the previously announced lower cellulose specialties prices and the timing of sales orders. Pro forma operating income of \$43 million and \$89 million for the three and six months ended 2014 were \$32 million and \$73 million below the prior year periods, respectively, due to the decline in sales as well as continued higher wood, energy and depreciation costs. Year-to-date results also reflect additional manufacturing costs related to equipment issues at the Jesup plant.

Capital Structure

On May 22, 2014, the company issued \$550 million ten-year senior notes at an interest rate of 5.5% in a private placement with institutional investors. Prior to separation from Rayonier Inc., the Company also secured additional financing through a five-year \$110 million term loan, a seven-year \$290 million term loan and a five-year \$250 million revolving credit facility. Available liquidity as of June 28, 2014 totaled \$243 million in cash and debt facilities.

Outlook

Committed cellulose specialties sales volumes for 2014 remain consistent with 2013, despite the previously announced loss of volume from a 2013 customer. The Company continues to seek the previously targeted 30,000 tons of incremental cellulose specialties volumes, but intends to feather this into the market only as it is ready to be absorbed. Additionally, through the first half of 2014, costs have exceeded budgeted projections and will likely remain somewhat elevated through the remainder of the year. The higher costs and continued inability to place the incremental tons will cause the Company to be approximately 25 percent below 2013 segment EBITDA, or 10 percentage points below the previous guidance.

"As the market remains in transition, we will continue to focus on operational excellence and build stronger partnerships with our customers. Going forward, as the market grows, our newly converted line positions us well to grow with future demand and diversify without additional investment," stated Boynton.

36. On the same day, the Company held a conference call discussing the results, and

Defendant Woo stated, in pertinent part, the following:

This is an unusual quarter. As we have just completed our spin-off, the financial information for the quarter and six months reflect allocated costs incurred by our former parent. Therefore, the financials are not indicative of the company's expected cost structure or future financial results as an independent company. Sales and production costs were not impacted by the carve-out accounting treatment.

37. On August 5, 2014, RYAM filed its Quarterly Report with the SEC on Form 10-Q for the 2014 fiscal first quarter. The Company's form 10-Q was signed by Defendant Woo, and stated the following in relevant part:

LIABILITIES FOR DISPOSED OPERATIONS

In accordance with the Separation Agreement, as between Rayonier and the Company, the Company assumed certain environmental liabilities not included in the Company's historical combined financial statements, as these operations were previously managed by Rayonier. These environmental liabilities relate to previously disposed operations, which include Rayonier's Port Angeles, Washington dissolving pulp mill that was closed in 1997; Rayonier's wholly-owned subsidiary, Southern Wood Piedmont Company ("SWP"), which ceased operations other than environmental investigation and remediation activities in 1989; and other miscellaneous assets held for disposition. SWP owns or has liability for ten inactive former wood treating sites that are subject to the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and/or other similar federal or state statutes relating to the investigation and remediation of environmentally-impacted sites.

...

The Company believes established liabilities are sufficient for probable costs expected to be incurred over the next 20 years with respect to its disposed operations. Remedial actions for these sites vary, but include on-site (and in certain cases off-site) removal or treatment of contaminated soils and sediments, recovery and treatment/remediation of groundwater, and source remediation and/or control.

38. The Form 10-Q also contained required Sarbanes-Oxley certifications, signed by Defendants Boynton and Woo, that stated the following:

1. I have reviewed this Form 10-Q of Rayonier Advanced Materials Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

- b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

39. On September 4, 2014, RYAM filed an amendment to its previously filed quarterly report for the 2014 fiscal first quarter, incorporating by reference several documents including the Separation Agreement and Executive Severance Plan. The amendment was accompanied by Sarbanes-Oxley Certifications, signed by Defendants Boynton and Woo, substantially similar to those contained in ¶38.

40. On October 29, 2014, RYAM issued a press release entitled "Rayonier Advanced Materials Reports Solid Third Quarter Results." Therein the Company, in relevant part, stated the following:

Rayonier Advanced Materials Reports Solid Third Quarter Results

- **Reaffirms Full Year Guidance**
- **Extends Significant Customer Contract**
- **Focuses on Initiatives that Drive Growth and Profitability**

JACKSONVILLE, Fla., Oct. 29, 2014 - Rayonier Advanced Materials (NYSE:RYAM) today reported third quarter 2014 net income of \$19 million, or \$0.46 per share, compared to \$40 million, or \$0.95 per share, for the third quarter 2013. Third quarter 2014 pro forma net income was \$22 million, or \$0.53 per share, compared to \$40 million, or \$0.95 per share, for the same period in the prior year.

Paul G. Boynton, Chairman, President and CEO commented, "We are pleased with third quarter results, our first on a stand-alone basis. We achieved pro forma EBITDA margin of approximately 27 percent and remain on-track to meet our previously announced guidance for 2014. Additionally, we successfully extended an existing contract with a significant long-term customer and look forward to growing with them in the future."

...

Third quarter 2014 sales of \$254 million were \$28 million favorable to the prior year period as lower prices were more than offset by higher cellulose specialties sales volumes, as anticipated. Full year cellulose specialties volumes are expected to be comparable to 2013.

Pro forma net income declined in third quarter 2014, as increased sales were more than offset by higher costs. Wood and energy costs have moderated since the first half of 2014, but continue to be above 2013 levels. Additionally, interest and corporate expenses increased as a result of being an independent company.

Year-to-date sales of \$710 million were \$55 million below the prior year primarily due to lower prices. Year-to-date pro forma net income reflects lower cellulose specialties prices while costs increased due to higher wood, energy, interest and corporate expenses.

Cash provided by operating activities, for the nine-month period ending September 27, 2014 was \$128 million compared to \$189 million for the period ending September 30, 2013. Year-to-date adjusted free cash flow was \$68 million and \$88 million for 2014 and 2013, respectively.

Outlook

"As we finish the year, we continue to focus on operational excellence and producing the highest quality cellulose specialties. We recognize the current market dynamics and have embarked on initiatives to preserve and enhance profitability, protect and expand cellulose specialties sales, and grow outside our existing business. We are confident these initiatives will drive our profitability and shareholder value." stated Boynton.

Basis of Presentation

This is the first quarter for Rayonier Advanced Materials as a stand-alone business. As previously reported, the Company was spun-off from Rayonier Inc. ("Rayonier") on June 27, 2014 and is comprised of Rayonier's former Performance Fibers segment. The Company's financial statements prior to June 27, 2014 were prepared on a "carve-out" basis, reflecting an allocation of costs incurred by its former parent company. The carve-out financials exclude the allocation of interest expense and are not necessarily indicative of the expected cost structure or future financial results of Rayonier Advanced Materials as an independent company.

41. On the same day, the Company held a conference call discussing the RYAM's financial results. Defendant Woo acknowledged that the Company chose not to include environmental costs in its pro forma adjustments, yet never disclosed why or what those adjustments would be separately:

Thanks, Paul. Let me start by reminding you that all periods prior to the third quarter are reflective of carve-out accounting treatment. As such, the overall

results may not be indicative of the standalone company. However, sales and production costs are comparable between periods.

With this backdrop, let's look at page three to review our financial highlights. This morning we reported third quarter pro forma earnings of \$22 million or \$0.53 per share. The pro forma adjustments remove one-time separation and legal costs as well as environmental charges from the results.

42. On November 4, 2014, RYAM filed its Quarterly Report with the SEC on Form 10-Q for the 2014 fiscal third quarter. The Company's Form 10-Q was signed by Defendant Woo and stated the following in relevant part:

LIABILITIES FOR DISPOSED OPERATIONS

In accordance with the Separation Agreement, as between Rayonier and the Company, the Company assumed certain environmental liabilities not included in the Company's historical combined financial statements, as these operations were previously managed by Rayonier. These environmental liabilities relate to previously disposed operations, which include Rayonier's Port Angeles, Washington dissolving pulp mill that was closed in 1997; Rayonier's wholly-owned subsidiary, Southern Wood Piedmont Company ("SWP"), which ceased operations other than environmental investigation and remediation activities in 1989; and other miscellaneous assets held for disposition. SWP owns or has liability for ten inactive former wood treating sites that are subject to the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 and/or other similar federal or state statutes relating to the investigation and remediation of environmentally-impacted sites.

...

a) The increase to liabilities is primarily due to certain legal requirements relating to the provision of annual financial assurance regarding environmental remediation and post closure care at certain disposed sites. The Company is subject to these requirements as a result of the Distribution. To comply with the requirements, the Company purchased surety bonds from an insurer, with the Company's repayment obligations (if the bonds are drawn upon) secured by the issuance of a letter of credit by the Company's revolving credit facility lender. As a result of its obligations to procure financial assurance annually for the foreseeable future, the Company recorded an \$18.4 million increase to liabilities for disposed operations. See Note 12 — *Guarantees* for additional information.

Below are the disclosures for specific site liabilities where current estimates exceed 10 percent of the total liabilities for disposed operations at September 27, 2014. An analysis of the activity from the separation to September 27, 2014 is as follows:

	Activity (in millions)			
	Liabilities Assumed at Separation	Expenditures	Increase (Reduction) to Liabilities	September 27, 2014 Liability
Augusta, Georgia	\$ 10.8	\$ (0.3)	\$ 7.3	\$ 17.8
Spartanburg, South Carolina	10.9	(0.3)	5.0	15.6
East Point, Georgia	9.4	(0.4)	4.3	13.3
Baldwin, Florida	10.2	(0.3)	2.1	12.0
Other SWP sites	18.1	(0.4)	1.1	18.8
Total SWP	59.4	(1.7)	19.8	77.5
Port Angeles, Washington	8.1	(0.4)	0.1	7.8
All other sites	6.4	(0.1)	0.1	6.4
TOTAL	\$ 73.9	\$ (2.2)	\$ 20.0	\$ 91.7

A brief description of each of these sites is as follows:

Augusta, Georgia — SWP operated a wood treatment plant at this site from 1928 to 1988. The majority of visually contaminated surface soils have been removed, and remediation activities currently consist primarily of a groundwater treatment and recovery system. The site operates under a 10-year hazardous waste permit issued pursuant to the Resource Conservation and Recovery Act, which expires in 2014 and is currently in the renewal process. Current cost estimates could change if recovery or discharge volumes increase or decrease significantly, or if changes to current remediation activities are required in the future. Total spending as of September 27, 2014 was \$69.7 million. Liabilities are recorded to cover obligations for the estimated remaining remedial, monitoring activities and financial assurance costs through 2033.

Spartanburg, South Carolina — SWP operated a wood treatment plant at this site from 1925 to 1989. Remediation activities include: (1) a recovery system and biological wastewater treatment plant, (2) an ozone-sparging system treating soil and groundwater and (3) an ion-exchange resin system treating groundwater. In 2012, SWP entered into a consent decree with the South Carolina Department of Health and Environmental Control which governs future investigatory and assessment activities at the site. Depending on the results of this investigation and assessment, additional remedial actions may be required in the future. Therefore, current cost estimates could change. Total spending as of September 27, 2014 was \$41.4 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial, monitoring activities and financial assurance costs through 2033.

East Point, Georgia — SWP operated a wood treatment plant at this site from 1908 to 1984. This site operates under a 10-year Resource Conservation and Recovery Act hazardous waste permit, which is currently in the renewal process.

In 2009, SWP entered into a consent order with the Environmental Protection Division of the Georgia Department of Natural Resources which requires that SWP perform certain additional investigatory, analytical and potentially, remedial activity. Therefore, while active remedial measures are currently ongoing, additional remedial measures may be necessary in the future. Total spending as of September 27, 2014 was \$22.8 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial, monitoring activities and financial assurance costs through 2033.

Baldwin, Florida — SWP operated a wood treatment plant at this site from 1954 to 1987. This site operates under a 10-year hazardous waste permit issued pursuant to the Resource Conservation and Recovery Act, which expires in 2016. Visually contaminated surface soils have been removed, and current remediation activities primarily consist of a groundwater recovery and treatment system. Investigation and assessment of other potential areas of concern are ongoing in accordance with the facility's Resource Conservation and Recovery Act permit and additional remedial activities may be necessary in the future. Therefore, current cost estimates could change. Total spending as of September 27, 2014 was \$22.5 million. Liabilities are recorded to cover obligations for the estimated remaining assessment, remedial, monitoring activities and financial assurance costs through 2033.

Port Angeles, Washington — Rayonier operated a dissolving pulp mill at this site from 1930 until 1997. The site and the adjacent marine areas (a portion of Port Angeles harbor) have been in various stages of the assessment process under the Washington Model Toxics Control Act ("MTCA") since about 2000, and several voluntary interim soil clean-up actions have also been performed during this time. In 2010, Rayonier entered into an agreed order with the Washington Department of Ecology ("Ecology"), under which the MTCA investigatory, assessment and feasibility and alternatives study process will be completed on a set timetable, subject to approval of all reports and studies by Ecology. Upon completion of all work required under the agreed order and negotiation of an approved remedy, additional remedial measures for the site and adjacent marine areas may be necessary in the future. Total spending as of September 27, 2014 was \$44.3 million. Liabilities are recorded to cover obligations for the estimated assessment, remediation, monitoring obligations and financial assurance costs that are deemed probable and estimable at this time.

The Company is exposed to the risk of reasonably possible additional losses in excess of the established liabilities. *As of September 27, 2014, this amount could range up to \$33 million*, attributable to several of the above described and other applicable sites, and arises from uncertainty over the availability, feasibility and effectiveness of certain remediation technologies, additional or different contamination that may be discovered, development of new or more effective environmental remediation technologies, potential changes in applicable law and

regulations, and the exercise of discretion in interpretation of applicable law and regulations by governmental agencies.

Subject to the previous paragraph, the Company believes established liabilities are sufficient for probable costs expected to be incurred over the next 20 years with respect to its disposed operations. Remedial actions for these sites vary, but include on-site (and in certain cases off-site) removal or treatment of contaminated soils and sediments, recovery and treatment/remediation of groundwater, and source remediation and/or control.

43. The same 10-Q also contained the required Sarbanes-Oxley Certifications, signed by Defendants Woo and Boynton, substantially similar to those contained in ¶38.

44. The statements contained in ¶¶35-43 were false and misleading for at least the following reasons: (1) Defendants incorrectly accounted for its remediation and long-term monitoring and maintenance for environmental liabilities; (2) as a result, the Company understated its Environmental Reserves; (3) as a result, the Company did not record appropriate reserves as required by GAAP; (4) as a result, the Company did not disclose a range of possible reserves for probable and reasonably estimable environmental remediation and related liabilities as required by GAAP; (5) as a result, RYAM did not properly estimate known and probable environmental remediation obligations as required by GAAP; (6) as a result, RYAM did not maintain adequate internal and financial controls. By knowingly or recklessly failing to record adequate reserves as required under GAAP, Defendants depicted RYAM in a misleadingly positive light. As a result of the foregoing, Defendants' statements regarding the Company's financial performance and expected earnings were false and misleading and lacked a reasonable basis when made.

The Truth Comes to Light

45. On November 10, 2014, Rayonier—the former parent company of RYAM—announced that it would be restating its financial results and that the Quarterly Reports issued for

the fiscal periods ended March 31, 2014 and June 30, 2014, should no longer be relied upon. According to Rayonier, an internal review had uncovered issues relating to historical timber harvest levels, calculation of merchantable timber inventory, and resulting errors in the Company's reported depletion expenses. Specifically, Rayonier had incorrectly included in its merchantable timber inventory parcels of land that were specially designated, environmentally protected, or otherwise restricted. As a result, Rayonier's depletion expenses were understated during the periods listed. Rayonier also admitted material weakness in its internal controls regarding merchantable timber inventory.

46. That same day, widely-followed financial website *Seeking Alpha* issued an article entitled "Rayonier Advanced Materials hit by Rayonier restatement," noting that RYAM was "*down alongside Rayonier*" which earlier restated results lower and that "*the management team which looks to have botched the first half doings at Rayonier is now running Rayonier Advanced Materials.*"

47. In reaction to the Rayonier restatement and related news stories linking RYAM management to its former parent, RYAM's stock price declined \$1.79 per share, or 6.4%, from \$27.97 per share on Friday November 7, 2014 to \$26.18 per share on Monday November 10, 2014—on unusually large trading volume. RYAM's stock price dropped an additional \$1.12 per share on heavy volume the next day to \$25.06 per share on November 11, 2014—for a 2-day drop of \$2.91 per share or 10.4% wiping out over \$76 million of RYAM's market capitalization.

48. On November 28, 2014, the Friday after Thanksgiving and prior to open of the markets, RYAM issued a press release entitled "Rayonier Advanced Materials Consolidates Management Positions," which announced that Defendant Woo would be stepping down as Senior Vice President and CFO, effective November 30, 2014. The release went on to state that

Defendant Ruperto—already Senior Vice President, Corporate Development and Strategic Planning at the time—would also be taking on the role of CFO. The Company stated that “[a]s we discussed in our third quarter earnings call, the company has embarked on an effort to evaluate opportunities to become more efficient, which includes a review of senior roles within the company.”

49. In reaction to the management shake-up, particularly so soon after Defendant Woo took over the CFO role, RYAM’s stock price dropped \$0.44 per share or 2% from \$25.09 per share November 26, 2014 to \$24.65 on November 28, 2014 on extremely heavy trading volume of more than 4.8 million shares traded.

50. On December 15, 2014, *Seeking Alpha* issued another article about the Company entitled “Rayonier Advanced Materials: It Should Not Take a Genius To Run This Business.” The author noted that “*many RYAM investors have become leery of RYAM because the newly spun company is loaded with debt and there have been questions surrounding the accounting credibility and management roles.*”

51. Then, on January 28, 2015, RYAM announced that it would be materially increasing its environmental reserves. The press release disclosed major adjustments to RYAM’s Environmental Reserves:

Environmental Reserves Adjustment

The Company maintains reserves for environmental liabilities associated with its disposed operations relating to former dissolving wood pulp mills and wood treating sites. The reserves are largely based on internal and third-party information relating to the nature and severity of the conditions, the interpretation of applicable laws and regulations, projected outcomes of negotiations to determine appropriate remedial actions and the associated estimated costs.

In the fourth quarter of 2014, the Company’s environmental reserves for the assessment, remediation and long-term monitoring and maintenance of its disposed operations were increased by \$69 million, and the related property

values were reduced by \$7 million. This reflects an increase to the Company's estimates of required spending over the next 20 years for these sites.

Nearly 80 percent of the increase is related to four sites for which, in the fourth quarter, remediation plans were legally required or whose previous plans changed meaningfully due to commercial and/or legal reasons. The remaining change to the reserve was spread over an additional 13 sites based upon the Company's update of estimated costs for ongoing remediation, monitoring and maintenance over the next 20 years on an undiscounted basis. To put this in perspective, the changes represent an average increase in costs of approximately \$50,000 per site per year.

The site of its former pulp mill in Port Angeles, WA required the largest adjustment, accounting for \$33 million, or 48 percent, of the increase to the reserves. In February of 2015, the Company is required to submit a feasibility study for remediation of this site, the only such study of its kind required to be submitted since the facility closed in 1996. In preparing for submission of this study, **it was determined that the previous preferred industrial reuse strategy was no longer viable and therefore, the remediation plan had to be revised and expanded, meaningfully increasing the estimated costs for the project.**

52. Investors and analysts were shocked by this new disclosure. Also on January 28, 2015, the *Jacksonville Business Journal* published an article entitled "Weak demand, environmental costs batter Rayonier Advanced Materials results,"⁵ which stated, in relevant part, the following:

Hammered by an increase in how much it needs to set aside for environmental remediation, Rayonier Advanced Materials Inc. (NYSE: RYAM) reported a fourth quarter net loss of \$23.3 million, or 55 cents per share.

A year ago, the company made \$50.8 million, or \$1.20 a share, for the quarter.

The quarter capped off a year in which net income dropped to \$31.7 million, or 75 cents per share, from \$219.8 million, or \$5.21 per share, in 2013.

In the quarter, the company increased by \$69 million its reserves to deal with the assessment, remediation and long-term monitoring and maintenance of its disposed operations .

⁵ Jensen Werley, *Weak demand, environmental costs batter Rayonier Advanced Materials results*, Jan. 28, 2015, JACKSONVILLE BUSINESS JOURNAL, <http://www.bizjournals.com/jacksonville/news/2015/01/28/weak-demand-environmental-costs-batter-rayonier.html?page=all> (accessed on March 25, 2015).

The drop in earnings came on sales that tumbled 13.7 percent in the fourth quarter, from \$282 million in the year-ago period to \$248 million. That loss, the company said in its filing, was due to lower pricing in the cellulose specialties market.

...

That drop — plus the higher environmental costs and costs related to the spinning off of the company from Rayonier Inc. — led to an operating loss of \$28 million in the fourth quarter, down from operating income of \$41.7 million a year earlier. For the year, operating income was \$63 million, down from \$288.6 million in 2013.

53. In a research report dated January 29, 2015, *Vertical Research Partners* stated the following about the adjustment and its significance to RYAM's overall health:

New Surprises – Frankly, when Rayonier Advanced Materials spun out of Rayonier Timber REIT in mid-2014, we did not focus on the then disclosed environmental liability of \$74 million (~\$1.75/share) that went with RYAM. This liability is tied to the closed (in 1996) Port Angeles, WA pulp mill plus a number of other facilities. *The company in reporting fourth quarter results now says that it is on the hook for \$157 million – an incremental ~\$2/share in clean up costs. All-in, many investors are now seeing a nearly \$4/share liability that was not earlier in focus. We point out that the largest site, Port Angeles, is not resolved in terms of the remediation requirement, and we could see RYAM's ultimate liability at that facility rise.* The company's "Other Non-Current Liabilities" not tied to environmental liabilities increased in the fourth quarter to \$151 million from \$105 million (~\$1/share). Even for the sharpest investors, the net increase in these liabilities (environmental and other long term) since September 30th is nearly \$3/share.

54. In response to the surprising and disappointing news, RYAM's stock price declined \$0.92 per share or 5% from \$18.90 per share on January 27, 2015 to \$17.98 per share on January 28, 2015—on unusually large trading volume. The stock price fell an additional \$0.85 per share on January 29, 2015, for a 2-day decline of \$1.77 per share or 9.4%, wiping out an additional \$75 million in RYAM's market capitalization. RYAM has recently traded under \$15 per share. Since its separation from Rayonier on June 30, 2014, RYAM's stock price has dropped over 60% and has lost over \$1 billion in market capitalization.

55. In its first 10-K as a public company filed on February 2, 2015, RYAM disclosed that its environmental liabilities reserve total at December 31, 2014 was \$156.7 million, compared to \$73.8 million it reported at the time of Separation on or about June 30, 2014. In addition, the Company was warning of potential additional costs of up to \$64 million from the \$30 million previously reported. In total, environmental related reserves and potential cost estimates increased by over 110% from the time of its Separation to December 31, 2014 (encompassing two quarters), with a substantial increase occurring in the fourth quarter of 2014.

CLASS ACTION ALLEGATIONS

56. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class, consisting of all those who acquired RYAM's securities between June 30, 2014 and January 28, 2015, inclusive (the "Class Period"), and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

57. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, RYAM's securities were actively traded on the NYSE (an open and efficient market) under the symbol "RYAM." 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. As of February 20, 2015, the Company had over 42.8 million shares outstanding. Millions of RYAM shares were traded publicly during the Class Period on the NYSE. Record owners and the other members of the Class may be identified from records

maintained by RYAM 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.

58. Plaintiff's claims are typical of the claims of the other 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.

59. 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.

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

(a) whether the federal securities laws were violated by Defendants' acts as alleged herein;

(b) whether Defendants participated in and pursued the common course of conduct complained of herein;

(c) whether documents, press releases, and other statements disseminated to the investing public and the Company's shareholders during the Class Period misrepresented material facts about the business, finances, financial condition and prospects of RYAM;

(d) whether statements made by Defendants to the investing public during the Class Period omitted and/or misrepresented material facts about the business, operations, and prospects of RYAM;

(e) whether the market price of RYAM common stock during the Class Period was artificially inflated due to the material misrepresentations and failures to correct the material misrepresentations complained of herein; and

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

61. 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 makes 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.

UNDISCLOSED ADVERSE FACTS

62. The market for RYAM's securities was open, well-developed and efficient at all relevant times. As a result of these materially false and/or misleading statements, and/or failures to disclose, RYAM's securities traded at artificially inflated prices during the Class Period. Plaintiff and the other members of the Class purchased or otherwise acquired RYAM's securities relying upon the integrity of the market price of the Company's securities and market information relating to RYAM, and have been damaged thereby.

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

64. At all relevant times, the material misrepresentations and omissions particularized in this Complaint directly or proximately caused or were a substantial contributing cause of the

damages sustained by Plaintiff and the other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about RYAM's financial well-being and prospects.

65. These material misstatements and/or omissions had the cause and effect of creating in the market an unrealistically positive assessment of the Company and its financial well-being and prospects, thus causing the Company's securities to be overvalued and artificially inflated at all relevant times. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiff and the other members of the Class purchasing the Company's securities at artificially inflated prices, thus causing the damages complained of herein.

LOSS CAUSATION

66. During the Class Period, as detailed herein, Defendants engaged in a scheme to deceive the market and a course of conduct that artificially inflated the prices of RYAM's securities and operated as a fraud or deceit on Class Period purchasers of RYAM's securities by failing to disclose to investors that the Company's financial results were materially misleading and misrepresented material information. When Defendants' misrepresentations and fraudulent conduct were disclosed and became apparent to the market, the prices of RYAM's securities fell precipitously as the prior inflation came out of the Company's stock price. As a result of their purchases of RYAM's securities during the Class Period, Plaintiff and the other Class members suffered economic loss, *i.e.* damages, under the federal securities law.

67. By failing to disclose the true state of the Company's business prospects and operations, investors were not aware of the true state of the Company's financial status. Therefore, Defendants presented a misleading picture of RYAM's business and prospects. Thus,

instead of truthfully disclosing during the Class Period the true state of the Company's business, Defendants caused RYAM to conceal the truth.

68. Defendants' false and misleading statements caused RYAM's common stock to trade at artificially inflated levels throughout the Class Period. However, as a direct result of the Company's problems coming to light, RYAM's common stock price fell precipitously from its Class Period high. The stock price drop discussed herein caused real economic loss to investors who purchased the Company's securities during the Class Period.

69. The decline in the price of RYAM's common stock after the truth came to light was a direct result of the nature and extent of Defendants' fraud finally being revealed to investors and the market. The timing and magnitude of RYAM's common stock price decline negates any inference that the loss suffered by Plaintiff and the other Class members was caused by changed market conditions, macroeconomic or industry factors or Company-specific facts unrelated to the Defendants' fraudulent conduct. The economic loss suffered by Plaintiff and the other Class members was a direct result of Defendants' fraudulent scheme to artificially inflate the prices of RYAM's securities and the subsequent decline in the value of RYAM's securities when Defendants' prior misrepresentations and other fraudulent conduct were revealed.

SCIENTER ALLEGATIONS

70. As alleged herein, the Defendants acted with scienter in that the Defendants knew that the public documents and statements issued or disseminated in the name of the Company during the Class Period were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the federal securities laws.

71. As set forth herein, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding RYAM, their control over, receipt and/or modification of RYAM's allegedly materially misleading statements and omissions, and/or their positions with the Company which made them privy to confidential information concerning RYAM, participated in the fraudulent scheme alleged herein.

72. The ongoing fraudulent scheme described herein could not have been perpetrated over a substantial period of time, as has occurred, without the knowledge and complicity of the personnel at the highest level of the Company, including the Individual Defendants.

APPLICABILITY OF PRESUMPTION OF RELIANCE
(FRAUD-ON-THE-MARKET DOCTRINE)

73. At all relevant times, the market for RYAM's securities was an efficient market for the following reasons, among others:

(a) RYAM stock met the requirements for listing, and was listed and actively traded on the NYSE, a highly efficient and automated market;

(b) as a regulated issuer, RYAM filed periodic public reports with the SEC and/or the NYSE;

(c) RYAM regularly communicated with public investors *via* established market communication mechanisms, including through regular dissemination of press releases on the national circuits of major newswire services, and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and/or

(d) RYAM was followed by securities analysts employed by brokerage firms who wrote reports about the Company, and these reports were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

74. As a result of the foregoing, the market for RYAM's securities promptly digested current information regarding RYAM from all publicly available sources and reflected such information in RYAM's stock price. Under these circumstances, all purchasers of RYAM's securities during the Class Period suffered similar injury through their purchase of RYAM's securities at artificially inflated prices and a presumption of reliance applies.

75. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because Plaintiff's fraud claims are grounded in Defendants' omissions of material fact of which there is a duty to disclose. As this action involves Defendants' failure to disclose material adverse information regarding RYAM's business practices, financial results and condition and internal controls—information that Defendants were obligated to disclose during the Class Period but did not—positive proof of reliance is not a prerequisite to recovery. All that is necessary is that the facts withheld be material in the sense that a reasonable investor might have considered such information important in the making of investment decisions.

NO SAFE HARBOR

76. The federal statutory safe harbor provided for forward-looking statements under certain circumstances does not apply to any of the allegedly false statements pleaded in this Complaint. The statements alleged to be false and misleading herein all relate to then-existing facts and conditions. In addition, to the extent certain of the statements alleged to be false may be characterized as forward looking, they were not identified as "forward-looking statements" when made and there were no meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those in the purportedly forward-looking statements.

77. In the alternative, to the extent that the statutory safe harbor is determined to apply to any forward-looking statements pleaded herein, Defendants are liable for those false forward-looking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge that the forward-looking statement was materially false or misleading, and/or the forward-looking statement was authorized or approved by an executive officer of RYAM who knew that the statement was false when made.

COUNT I

For Violations of §10(b) of The Exchange Act and Rule 10b-5 Promulgated Thereunder Against Defendants

78. Plaintiff repeats and realleges the allegations set forth above as though fully set forth herein. This claim is asserted against all Defendants.

79. During the Class Period, RYAM and the Individual Defendants, and each of them, carried out a plan, scheme and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and the other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of RYAM common stock; and (iii) cause Plaintiff and the other members of the Class to acquire or otherwise purchase RYAM stock at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, Defendants, and each of them, took the actions set forth herein.

80. These Defendants: (a) employed devices, schemes, and artifices to defraud; (b) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (c) engaged in acts, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for RYAM securities in violation of §10(b) of the

Exchange Act and Rule 10b-5. Defendants are sued as primary participants in the wrongful and illegal conduct charged herein. The Individual Defendants are also sued herein as controlling persons of RYAM, as alleged herein.

81. In addition to the duties of full disclosure imposed on Defendants as a result of their making of affirmative statements and reports, or participation in the making of affirmative statements and reports to the investing public, they each had a duty to promptly disseminate truthful information that would be material to investors in compliance with the integrated disclosure provisions of the SEC as embodied in SEC Regulation S X (17 C.F.R. § 210.01 et seq.) and S-K (17 C.F.R. § 229.10 et seq.) and other SEC regulations, including accurate and truthful information with respect to the Company's operations, financial condition and performance so that the market prices of the Company's publicly traded securities would be based on truthful, complete and accurate information.

82. RYAM and the Individual Defendants, individually and in concert, directly and indirectly, by the use of means or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about the business, business practices, performance, operations and future prospects of RYAM as specified herein. These Defendants employed devices, schemes and artifices to defraud, while in possession of material adverse non-public information and engaged in acts, practices, and a course of conduct as alleged herein in an effort to assure investors of RYAM's value and performance and substantial growth, which included the making of, or the participation in the making of, untrue statements of material facts and omitting to state material facts necessary in order to make the statements made about RYAM and its business, operations and future prospects, in light of the circumstances under which they were made, not misleading,

as set forth more particularly herein, and engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of RYAM's securities during the Class Period.

83. Each of the Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) each of the Individual Defendants was a high-level executive and/or director at the Company during the Class Period; (ii) each of the Individual Defendants, by virtue of his responsibilities and activities as a senior executive officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's operational and financial projections and/or reports; (iii) the Individual Defendants enjoyed significant personal contact and familiarity with each other and were advised of and had access to other members of the Company's management team, internal reports, and other data and information about the Company's financial condition and performance at all relevant times; and (iv) the Individual Defendants were aware of the Company's dissemination of information to the investing public which they knew or recklessly disregarded was materially false and misleading.

84. These Defendants had actual knowledge of the misrepresentations and omissions of material facts set forth herein, or acted with reckless disregard for the truth in that they failed to ascertain and to disclose such facts, even though such facts were readily available to them. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing RYAM's operating condition, business practices and future business prospects from the investing public and supporting the artificially inflated price of its stock. As demonstrated by their overstatements and misstatements of the Company's financial condition and performance throughout the Class Period, the Individual

Defendants, if they did not have actual knowledge of the misrepresentations and omissions alleged, were severely reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

85. As a result of the dissemination of the materially false and misleading information and failure to disclose material facts, as set forth above, the market price of RYAM securities was artificially inflated during the Class Period. In ignorance of the fact that the market price of RYAM's shares was artificially inflated, and relying directly or indirectly on the false and misleading statements made by Defendants, upon the integrity of the market in which the securities trade, and/or on the absence of material adverse information that was known to or recklessly disregarded by Defendants but not disclosed in public statements by these Defendants during the Class Period, Plaintiff and the other members of the Class acquired RYAM securities during the Class Period at artificially inflated high prices and were damaged thereby.

86. At the time of said misrepresentations and omissions, Plaintiff and the other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiff and the other members of the Class and the marketplace known of the true performance, business practices, future prospects and intrinsic value of RYAM, which were not disclosed by Defendants, Plaintiff and the other members of the Class would not have purchased or otherwise acquired RYAM securities during the Class Period, or, if they had acquired such securities during the Class Period, they would not have done so at the artificially inflated prices which they paid.

87. By virtue of the foregoing, RYAM and the Individual Defendants each violated §10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

88. As a direct and proximate result of the Individual Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

COUNT II

For Violations of §20(a) of the Exchange Act Against the Individual Defendants

89. Plaintiff repeats and realleges the allegations set forth above as if set forth fully herein. This claim is asserted against all of the Individual Defendants.

90. The Individual Defendants were and acted as controlling persons of RYAM within the meaning of §20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions with the Company, participation in and/or awareness of the Company's operations and/or intimate knowledge of the Company's actual performance, the Individual Defendants had the power to influence and control and did influence and control, directly or indirectly, the decision-making of the Company, including the content and dissemination of the various statements which Plaintiff contends are false and misleading. Each of the Individual Defendants was provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiff to be misleading prior to and/or shortly after these statements were issued and had the ability to prevent the issuance of the statements or cause the statements to be corrected.

91. In addition, each of the Individual Defendants had direct involvement in the day-to-day operations of the Company and, therefore, is presumed to have had the power to control or influence the particular transactions giving rise to the securities violations as alleged herein, and exercised the same.

92. As set forth above, RYAM and the Individual Defendants each violated §10(b) and Rule 10b-5 by their acts and omissions as alleged in this Complaint. By virtue of their controlling positions, the Individual Defendants are liable pursuant to §20(a) of the Exchange Act. As a direct and proximate result of these Defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their purchases of the Company's securities during the Class Period.

PRAYER FOR RELIEF

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

- a) Declaring this action to be a class action pursuant to Rule 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of the Class defined herein;
- b) Awarding Plaintiff and the other members of the Class damages in an amount which may be proven at trial, together with interest thereon;
- c) Awarding Plaintiff and the other members of the Class pre-judgment and post-judgment interest, as well as their reasonable attorneys' and experts' witness fees and other costs; and
- d) Awarding such other relief as this Court deems appropriate.

JURY TRIAL DEMANDED

Plaintiff demands a trial by jury.

Dated: April 29, 2015