

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

<p>██████████ Individually and on Behalf of all Others Similarly Situated,</p> <p style="text-align: center;">Plaintiff,</p> <p style="text-align: center;">v.</p> <p>ADVANCED DRAINAGE SYSTEMS, INC., JOSEPH A. CHLAPATY, and MARK B. STURGEON,</p> <p style="text-align: center;">Defendants.</p>

Case No.

CLASS ACTION COMPLAINT FOR
VIOLATIONS OF FEDERAL SECURITIES
LAWS

JURY TRIAL DEMANDED

Plaintiff ██████████ (“Plaintiff”) by and through the undersigned attorneys, allege the following upon information and belief, except as to those allegations concerning Plaintiff, which are alleged upon personal knowledge. Plaintiff’s information and belief is based upon, among other things, counsel’s investigation, which includes, without limitation: (1) a review and analysis of regulatory filings made by Advanced Drainage Systems, Inc. (“Advanced Drainage Systems” or the “Company”) with the United States Securities and Exchange Commission (“SEC”); (2) a review and analysis of press releases and media reports issued by and disseminated by Advanced Drainage Systems; and (3) a review of other publicly available information concerning Advanced Drainage Systems.

NATURE OF THE ACTION

1. This is a securities class action on behalf of all persons or entities who purchased or otherwise acquired Advanced Drainage Systems securities between September 5, 2014 and July 14, 2015, inclusive (the “Class Period”), seeking to recover compensable damages caused by Defendants’ violations of federal securities law and to pursue remedies under asserting claims under Sections 10(b) and 20(a) the Securities Exchange Act of 1934 (the “Exchange Act”).

2. Advanced Drainage Systems is the leading manufacturer of high performance thermoplastic corrugated pipe, providing a comprehensive suite of water management products and superior drainage solutions for use in the construction and infrastructure marketplace.

3. Throughout the Class Period, Defendants (defined below) made materially false and misleading statements regarding the Company’s business, operational and compliance policies. Specifically, defendants made false and/or misleading statements and/or failed to disclose that: (1) the Company’s inventory values and cost of sales were misstated; (2) the Company’s transportation and equipment leases should be recorded as capital leases; and (3) as a result of the above, the Company’s financial statements were materially false and misleading at all relevant times.

4. On June 30, 2015, the Company filed a Form 12b-25 with the SEC extending its time to file its Annual Report on Form 10-K for the fiscal year ended March 31, 2015 (the “2015 10-K”) due to the additional time required for the Company to complete its inventory costing analysis and the Audit Committee of the Company’s Board of Directors to review the Company’s journal entry control processes.

5. On July 15, 2015, the Company issued a press release announcing the delay in the filing of the 2015 10-K beyond the July 14, 2015 deadline and the need to adjust its previously

issued earnings release for the fourth quarter and full fiscal year 2015. The Company stated in relevant part:

HILLIARD, Ohio--(BUSINESS WIRE)--Advanced Drainage Systems, Inc. (NYSE:WMS) (the "Company"), the leading manufacturer of high performance thermoplastic corrugated pipe and related products, announced today that it has delayed the filing of its Annual Report on Form 10-K for the fiscal year ended March 31, 2015 beyond the July 14, 2015 extended filing date.

As previously disclosed by the Company in its Form 12b-25 filed with the Securities and Exchange Commission on June 30, 2015, the Company is reviewing methodologies utilized in its year-end inventory costing analysis and the related impact on the Company's fiscal year 2015 financial statements. This review is ongoing, and is primarily due to the need to assess the impact of highly volatile raw material costs during the Company's fiscal 2015 fourth quarter. Although the Company's independent public accounting firm is performing audit testing procedures for such items, the Company anticipates that the effect of this review will be a reduction of year-end inventory values for fiscal year 2015 as compared to previously reported amounts, and a related increase in cost of sales. The Company anticipates these adjustments will have a positive impact on cost of sales in fiscal year 2016. The Company intends to make any necessary adjustments to its previously issued earnings release for the fourth-quarter and full fiscal year 2015 in light of the above concurrent with the filing of its Form 10-K.

As part of the review process, the Company is now also conducting a review of its accounting treatment for its transportation and equipment leasing program. The Company's transportation and equipment leases have historically been recorded as operating leases and the Company is now in the process of re-evaluating whether it is necessary to record such leases as capital leases.

The Company is working diligently to conclude its review and analysis of the items described above as well as the Company's journal entry control processes as previously disclosed, and will announce its anticipated timing via press release once known.

6. As a result of this news, shares of Advanced Drainage Systems fell \$0.56 per share to close at \$28.69 per share on July 15, 2015.

7. As a result of Defendants' wrongful acts and omissions, Advanced Drainage Systems stock traded at artificially inflated prices during the Class Period, and Plaintiffs and other Class Members have suffered significant losses and damages.

JURISDICTION AND VENUE

8. 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). 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).

9. Venue is proper in this District pursuant to 28 U.S.C. §1391(b), and Section 27(c) of the Exchange Act (15 U.S.C. §78aa(c)) as a significant portion of the defendants' actions, and the subsequent damages, took place within this District.

10. In connection with the acts, transactions, and conduct alleged herein, Defendants directly and indirectly used the means and instrumentalities of interstate commerce, including the United States mail, interstate telephone communications, and the facilities of a national securities exchange.

PARTIES

11. Plaintiff ██████████ as set forth in the accompanying certification, incorporated by reference herein, purchased Advanced Drainage Systems securities during the Class Period, and suffered damages as a result of the federal securities law violations and false and/or misleading statements and/or material omissions alleged herein.

12. Defendant Advanced Drainage Systems is a Delaware corporation with its principal executive offices situated at 4640 Trueman Boulevard, Hilliard, Ohio 43026. Advanced Drainage Systems common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "NYSE."

13. Defendant Joseph A. Chlapaty ("Chlapaty") has served as the Company's President and Chief Executive Officer at all relevant times.

14. Defendant Mark B. Sturgeon (“Sturgeon”) has served as the Company’s Executive Vice President, Chief Financial Officer, Secretary and Treasurer at all relevant times.

15. Defendants Chlapyt and Sturgeon are referred to herein as the “Individual Defendants.”

16. Advanced Drainage Systems and the Individual Defendants are collectively referred to herein as the “Defendants.”

SUBSTANTIVE ALLEGATIONS

Background

17. Advanced Drainage Systems designs, manufactures, and markets thermoplastic corrugated pipes and related water management products for non-residential, residential, agriculture, and infrastructure applications in the United States and internationally. The Company provides single, double, and triple wall corrugated polypropylene and polyethylene pipes; and allied products comprising PVC drainage structures, fittings and filters, and water quality filters and separators. It also purchases and distributes construction fabrics, and other geosynthetic products for soil stabilization, reinforcement, filtration, separation, erosion control, and sub-surface drainage.

Materially False and Misleading Statements Issued During the Class Period

18. On September 5, 2014, the Company filed a Form 10-Q for the quarterly period ended June 30, 2014 (the “1st Quarter 2015 10-Q”) with the SEC, which was signed by Defendants Chlapyt and Sturgeon. In the 1st Quarter 2015 10-Q, the Company reported cost of goods sold of \$256,264,000, and total inventory of \$260,971,000 for the quarter and stated the following with regards to its leases:

Leases

We lease real estate, transportation, and office equipment under various noncancelable operating lease agreements that expire at various dates through fiscal year 2037.

Total rent expense was \$5,558 and \$5,788 for the three months ended June 30, 2013 and 2014, respectively.

19. The 1st Quarter 2015 10-Q contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by Defendants Chlapy and Sturgeon, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

20. On November 10, 2014, the Company filed a Form 10-Q for the quarterly period ended September 30, 2014 (the “2nd Quarter 2015 10-Q”) with the SEC, which was signed by Defendants Chlapy and Sturgeon. In the 2nd Quarter 2015 10-Q, the Company reported cost of goods sold of \$282,282,000 and total inventory of \$247,368,000 for the quarter and stated the following with regards to its leases:

Leases

We lease real estate, transportation, and office equipment under various noncancelable operating lease agreements that expire at various dates through fiscal year 2037.

Total rent expense was \$6,049 and \$4,554 for the three months ended September 30, 2013 and 2014, respectively, and \$11,607 and \$10,342 for the six months ended September 30, 2013 and 2014, respectively.

21. The 2nd Quarter 2015 10-Q contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by Defendants Chlapy and Sturgeon, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

22. On February 9, 2015, the Company filed a Form 10-Q for the quarterly period ended December 31, 2014 (the “3rd Quarter 2015 10-Q”) with the SEC, which was signed by

Defendants Chlapy and Sturgeon. In the 3rd Quarter 2015 10-Q, the Company reported cost of goods sold of \$228,059,000 and total inventory of \$230,949,000 for the quarter and stated the following with regards to its leases:

Leases

We lease real estate, transportation, and office equipment under various noncancelable operating lease agreements that expire at various dates through fiscal year 2037.

Total rent expense was \$5,667 and \$3,577 for the three months ended December 31, 2013 and 2014, respectively, and \$17,274 and \$13,919 for the nine months ended December 31, 2013 and 2014, respectively.

23. The 3rd Quarter 2015 10-Q contained signed certifications pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”) by Defendants Chlapy and Sturgeon, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company’s internal control over financial reporting.

24. On May 12, 2015, the Company issued a press release announcing its fourth fiscal quarter and full fiscal 2015 results. The Company stated in relevant part:

Fourth Quarter and Full Fiscal Year 2015 Results

Gross profit increased \$13.8 million, or 57.9%, to \$37.7 million for the fourth fiscal quarter of 2015, compared to \$23.9 million for the same period last year. As a percentage of net sales, gross profit was 18.3% compared to 13.2% for the prior year period. The increase in gross margin in the fourth quarter was largely attributed to the net impact of lower ESOP compensation expense in the fourth quarter of fiscal 2015 as compared to the prior year quarter when a large ESOP dividend was paid. Raw material prices were 15.9% higher than the prior year negatively impacting margins offsetting much of the positive impact of higher sales volume for both our Pipe and Allied products in the fourth quarter.

The Company reported Adjusted EBITDA of \$16.3 million in the fourth fiscal quarter of 2015 compared to Adjusted EBITDA of \$16.4 million. As a percentage of net sales, Adjusted EBITDA was 7.9% in the fourth fiscal quarter compared to 9.1% in the year ago period.

Adjusted Earnings per fully converted share (Non-GAAP) for the fourth fiscal quarter of 2015 was \$0.00 per share based on weighted average fully converted shares of 73.4 million, improved from an adjusted loss per fully converted share of (\$0.17) per share for the prior year. For the full fiscal year 2015, adjusted earnings per fully converted share totaled \$0.62 per share compared to \$0.28 per share for the prior year.

A reconciliation of GAAP to Non-GAAP financial measures for adjusted EBITDA and adjusted earnings per fully converted share has been provided in the financial statement tables included in this press release. An explanation of these measures is also included below under the heading “Non-GAAP Financial Measures.”

For the full fiscal year 2015, the Company recorded net cash provided by operating activities of \$68.6 million compared to \$62.1 million for the same period last year. Long Term Debt was reduced by \$54.2 million during the twelve months ended March 31, 2015.

* * *

Financial Statements

ADVANCED DRAINAGE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(unaudited)

	Three Months Ended		Twelve Months Ended	
	March 31,		March 31,	
(Amounts in thousands, except per share data)	2014	2015	2014	2015
Net sales	\$ 181,232	\$ 206,624	\$ 1,069,009	\$ 1,177,821
Cost of goods sold	157,327	168,878	856,118	935,483
Gross profit	23,905	37,746	212,891	242,338
Operating expenses:				
Selling	22,591	18,815	75,024	77,098
General and administrative	24,124	21,000	78,478	79,930
Gain on sale of business	(490)	(750)	(5,338)	(750)
Intangible amortization	2,836	2,536	11,412	10,171
Income (loss) from operations	(25,156)	(3,855)	53,315	75,889
Other (income) expense:				
Interest expense	4,281	3,610	16,141	16,619
Other miscellaneous (income) expense, net	(265)	7,554	133	12,773
Income (loss) before income taxes	(29,172)	(15,019)	37,041	46,497
Income tax (benefit) expense	(18,270)	(6,230)	22,575	16,279
Equity in net loss of unconsolidated affiliates	878	93	1,592	1,164
Net (loss) income	(11,780)	(8,882)	12,874	29,054
Less net income attributable to noncontrolling interest	390	1,082	1,750	2,754
Net (loss) income attributable to ADS	(12,170)	(9,964)	11,124	26,300
Change in fair value of Redeemable Convertible Preferred Stock	6,915	—	(3,979)	(11,054)
Dividends to Redeemable Convertible Preferred Stockholders	(9,501)	(287)	(10,139)	(662)
Dividends paid to unvested restricted stockholders	(394)	(6)	(418)	(11)
Net (loss) income available to common stockholders and participating securities	(15,150)	(10,257)	(3,412)	14,573
Undistributed income allocated to participating securities	—	—	—	(1,183)
Net (loss) income available to common stockholders	\$ (15,150)	\$ (10,257)	\$ (3,412)	\$ 13,390
Weighted average common shares outstanding:				
Basic	47,411	53,341	47,277	51,344
Diluted	47,411	53,341	47,277	52,003
Net (loss) income per share:				
Basic	\$ (0.32)	\$ (0.19)	\$ (0.07)	\$ 0.26
Diluted	\$ (0.32)	\$ (0.19)	\$ (0.07)	\$ 0.26
Cash dividends declared per share	\$ 1.59	\$ 0.04	\$ 1.68	\$ 0.08

ADVANCED DRAINAGE SYSTEMS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(unaudited)

(Amounts in thousands, except par value)	As of March 31,	
ASSETS	2014	2015
Current assets:		
Cash	\$ 3,931	\$ 3,623
Receivables (less allowance for doubtful accounts of \$3,977 and 4,922, respectively)	150,713	155,831
Inventories	260,300	291,791
Deferred income taxes and other current assets	13,555	18,002
Total current assets	428,499	469,247
Property, plant and equipment, net	292,082	308,531
Other assets:		
Goodwill	86,297	98,453
Intangible assets, net	66,184	63,029
Other assets	64,533	65,567
Total assets	\$ 937,595	\$ 1,004,827
 LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Current maturities of debt obligations	\$ 11,153	\$ 9,580
Accounts payable	108,111	111,351
Other accrued liabilities	37,956	44,978
Accrued income taxes	7,372	7,208
Total current liabilities	164,592	173,117
Long-term debt obligation	442,895	390,315
Deferred tax liabilities	69,169	70,281
Other liabilities	15,324	19,894
Total liabilities	691,880	653,607
 Mezzanine equity:		
Redeemable Common Stock; \$0.01 par value: 38,320 and 0 issued and outstanding, respectively	549,119	—
Redeemable Convertible Preferred Stock; \$0.01 par value: 47,070 authorized: 44,170 issued: 28,129 and 25,839 outstanding, respectively	291,720	320,490
Deferred compensation – unearned ESOP shares	(197,888)	(217,066)
Total mezzanine equity	642,951	103,424
 Stockholders' equity:		
Common stock; \$0.01 par value: 148,271 and 1,000,000 authorized: 109,951 and 153,560 issued: 9,141 and 53,522 outstanding, respectively	11,957	12,393
Paid-in capital	22,547	673,154
Common stock in treasury, at cost	(448,439)	(445,065)
Accumulated other comprehensive loss	(5,977)	(12,693)
Retained earnings	—	—
Total ADS stockholders' equity	(419,912)	227,789
Noncontrolling interest in subsidiaries	22,576	20,007
Total stockholders' equity	(397,336)	247,796
Total liabilities, mezzanine equity and stockholders' equity	\$ 937,595	\$ 1,004,827

25. Defendants' statements described in ¶¶18-24 above were materially false and/or misleading when made, because Defendants failed to disclose, among other things that: (1) the Company's inventory values and cost of sales were misstated; (2) the Company's transportation

and equipment leases should be recorded as capital leases; and (3) as a result of the above, the Company's financial statements were materially false and misleading at all relevant times.

The Truth Emerges

26. On June 30, 2015, the Company filed a Form 12b-25 with the SEC extending its time to file its 2015 10-K. The Form 12b-15 states in relevant part:

Advanced Drainage Systems, Inc. (the "Company") is unable to file the Annual Report on Form 10-K for the fiscal year ended March 31, 2015 (the "Annual Report") within the prescribed time period without unreasonable effort or expense because additional time is required to complete the preparation of the Company's financial statements (and the required audit thereof). The factors that have caused the delay are as follows:

1. The Company is in the process of finalizing its inventory costing analysis, which will require additional time to complete.
2. The Audit Committee of the Company's Board of Directors has undertaken a review of the Company's journal entry control processes, which review is ongoing and will require additional time to complete.

The Company intends to conclude the review and analysis of the items described above as quickly as possible in order to complete the preparation of the Company's financial statements (and the required audit thereof), and will thereafter file the Annual Report as soon as practicable. The Company anticipates that it will be able to do so within the extension period of 15 calendar days provided under Rule 12b-25 of the Securities Exchange Act, as amended; however, there can be no assurance that the Company will be able to file the Annual Report within such 15-day period.

27. On July 15, 2015, the Company issued a press release announcing the delay in the filing of the 2015 10-K beyond the July 14, 2015 deadline and the need to adjust its previously issued earnings release for the fourth quarter and full fiscal year 2015. The Company stated in relevant part:

HILLIARD, Ohio--(BUSINESS WIRE)--Advanced Drainage Systems, Inc. (NYSE:WMS) (the "Company"), the leading manufacturer of high performance thermoplastic corrugated pipe and related products, announced today that it has delayed the filing of its Annual Report on Form 10-K for the fiscal year ended March 31, 2015 beyond the July 14, 2015 extended filing date.

As previously disclosed by the Company in its Form 12b-25 filed with the Securities and Exchange Commission on June 30, 2015, the Company is reviewing methodologies utilized in its year-end inventory costing analysis and the related impact on the Company's fiscal year 2015 financial statements. This review is ongoing, and is primarily due to the need to assess the impact of highly volatile raw material costs during the Company's fiscal 2015 fourth quarter. ***Although the Company's independent public accounting firm is performing audit testing procedures for such items, the Company anticipates that the effect of this review will be a reduction of year-end inventory values for fiscal year 2015 as compared to previously reported amounts, and a related increase in cost of sales.*** The Company anticipates these adjustments will have a positive impact on cost of sales in fiscal year 2016. ***The Company intends to make any necessary adjustments to its previously issued earnings release for the fourth-quarter and full fiscal year 2015 in light of the above concurrent with the filing of its Form 10-K.***

As part of the review process, the Company is now also conducting a review of its accounting treatment for its transportation and equipment leasing program. The Company's transportation and equipment leases have historically been recorded as operating leases and the Company is now in the process of re-evaluating whether it is necessary to record such leases as capital leases.

The Company is working diligently to conclude its review and analysis of the items described above as well as the Company's journal entry control processes as previously disclosed, and will announce its anticipated timing via press release once known.

(Emphasis added).

28. As a result of this news, shares of Advanced Drainage Systems fell \$0.56 per share to close at \$28.69 per share on July 15, 2015.

CLASS ACTION ALLEGATIONS

29. Plaintiffs bring 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 purchased Advanced Drainage Systems securities during 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.

30. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Advanced Drainage Systems securities were actively traded on the NYSE. While the exact number of Class members is unknown to Plaintiffs at this time and can only be ascertained through appropriate discovery, Plaintiffs believe that there are hundreds or thousands of members in the proposed Class. Millions of Advanced Drainage Systems shares were traded publicly during the Class Period on the NYSE. As of January 31, 2015, there were 73,335,999 shares of Advanced Drainage Systems common stock outstanding. Record owners and other members of the Class may be identified from records maintained by Advanced Drainage Systems 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.

31. Plaintiffs' 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, which is complained of herein.

32. Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class and securities litigation.

33. 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 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 Advanced Drainage Systems;

(c) Whether the price of Advanced Drainage Systems shares was artificially inflated during the Class Period; and

(d) To what extent the members of the Class have sustained damages, and the proper measure of damages.

34. 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.

LOSS CAUSATION

35. Defendants' wrongful conduct, as alleged herein, directly and proximately caused the economic loss suffered by Plaintiffs and the Class.

36. During the Class Period, Plaintiffs and the Class purchased Advanced Drainage Systems securities at artificially inflated prices and were damaged thereby. When the misrepresentations that had been made to the market, and/or the information alleged herein to have been concealed from the market, and/or the effects thereof, were revealed, the price of the Company's securities significantly declined, causing investors' losses.

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

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

38. During the Class Period, the artificial inflation of Advanced Drainage Systems stock was caused by the material misrepresentations and/or omissions particularized in this Complaint, causing the damages sustained by Plaintiffs and other members of the Class. As described herein, during the Class Period, Defendants made or caused to be made a series of materially false and/or misleading statements about Advanced Drainage Systems's business, operations and financial prospects. These material misstatements and/or omissions created an unrealistically positive assessment of Advanced Drainage Systems and its business and financial condition, thus causing the price of the Company's securities to be artificially inflated at all relevant times, and when disclosed, negatively affected the value of the Company stock. Defendants' materially false and/or misleading statements during the Class Period resulted in Plaintiffs and other members of the Class purchasing the Company's securities at such artificially inflated prices, and each of them has been damaged as a result.

39. At all relevant times, the market for Advanced Drainage Systems securities was an efficient market for the following reasons, among others:

(a) Advanced Drainage Systems 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, Advanced Drainage Systems filed periodic public reports with the SEC and/on the NYSE;

(c) Advanced Drainage Systems 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) Advanced Drainage Systems 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.

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

NO SAFE HARBOR

41. The 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. 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 forwardlooking statements because at the time each of those forward-looking statements was made, the speaker had actual knowledge, or was reckless in not knowing, 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 Advanced Drainage Systems who knew, or was reckless in not knowing, that the statement was false when made.

COUNT I

Violation of Section 10(b) of the Exchange Act and Rule 10b-5 Promulgated Thereunder Against Defendants

42. Plaintiffs repeat and reallege each and every allegation contained above as if fully set forth herein.

43. During the Class Period, the Individual Defendants 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 Plaintiffs and other Class members, as alleged herein; and (ii) cause Plaintiffs and other members of the Class to purchase Advanced Drainage Systems securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, the Individual

44. Defendants, and each of them, took the actions set forth herein.

45. The Individual Defendants: (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) 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 Advanced Drainage Systems securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5. The Individual Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

46. The Individual Defendants, individually and in concert, directly and indirectly, by the use, 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 Advanced Drainage Systems's business, operations and financial performance and prospects, as specified herein.

47. The Individual 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 Advanced Drainage Systems' value and performance and continued substantial growth. These acts included the making of, or the participation in the making of, untrue statements of material facts and/or omitting to state material facts necessary in order to make the statements made about Advanced Drainage Systems and its business operations and financial prospects in light of the circumstances under which they were made, not misleading. As set forth more particularly herein, Defendants further engaged in transactions, practices and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities during the Class Period. Individual Defendants had actual knowledge of the misrepresentations and/or 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 available to them. Individual Defendants' material misrepresentations and/or omissions were done knowingly or recklessly

and for the purpose and effect of concealing Advanced Drainage Systems' financial condition from the investing public and supporting the artificially inflated price of its securities. As demonstrated by Individual Defendants' misstatements and/or omissions concerning the Company's business, operations, financial well-being, and prospects throughout the Class Period, Individual Defendants, if they did not have actual knowledge of the misrepresentations and/or omissions alleged, were reckless in failing to obtain such knowledge by deliberately refraining from taking those steps necessary to discover whether those statements were false or misleading.

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

49. At the time of said misrepresentations and/or omissions, Plaintiffs and other members of the Class were ignorant of their falsity, and believed them to be true. Had Plaintiffs and the other members of the Class and the marketplace known the truth regarding Advanced Drainage Systems and its business and prospects, which were not disclosed by Individual

Defendants, Plaintiffs, and other members of the Class would not have purchased or otherwise acquired their Advanced Drainage Systems securities, 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.

50. By virtue of the foregoing, the Individual Defendants have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

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

SECOND CLAIM

Violation of Section 20(a) of the Exchange Act Against the Individual Defendants

52. Plaintiffs repeat and reallege each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

53. The Individual Defendants acted as controlling persons of Advanced Drainage Systems within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and ownership and contractual rights, participation in and/or awareness of the Company's operations and/or intimate knowledge of the false statements filed by the Company with the SEC and disseminated to the investing public, 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 Plaintiffs contend are false and misleading. The Individual Defendants were provided with or had unlimited access to copies of the Company's reports, press releases, public filings and other statements alleged by Plaintiffs 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.

54. In particular, the Individual Defendants had direct and supervisory involvement in the day-to-day operations of the Company and, therefore, are 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.

55. As set forth above, Advanced Drainage Systems and the Individual Defendants violated Section 10(b) and Rule 10b-5 by their acts and/or omissions as alleged in this Complaint. By virtue of their positions as controlling persons, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of Individual Defendants' wrongful conduct, Plaintiffs and 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, Plaintiffs pray for relief and judgment, as follows:

- A. Determining that this action is a proper class action under Rule 23 of the Federal Rules of Civil Procedure with Plaintiffs serving as class representatives;
- B. Awarding compensatory damages in favor of Plaintiffs 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 Plaintiffs and the Class their reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and
- D. Such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiffs hereby demand a trial by jury.

Dated: July 29, 2015

Respectfully submitted,