UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN

IN RE REV GROUP, INC. SECURITIES LITIGATION	Lead Case No. 2:18-cv-1268-LA

THIRD AMENDED CLASS ACTION COMPLAINT

1. Lead Plaintiff Houston Municipal Employees Pension System ("HMEPS"), together with additional named Plaintiffs Gabriel Yandoli and Bucks County Employees Retirement System (collectively, "Plaintiffs"), by and through their undersigned counsel, allege the following upon information and belief, except as to those allegations concerning Plaintiffs, which are alleged upon personal knowledge. Plaintiffs' information and belief is based upon, among other things, Lead Counsel's investigation, which includes without limitation, review and analysis of filings with the United States Securities and Exchange Commission ("SEC"), press releases, news articles, analyst reports, court filings, and interviews with former REV Group, Inc. ("REVG" or the "Company") employees. Plaintiffs believe that additional evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

2. Plaintiffs seek to recover damages caused by Defendants' violations of the Securities Exchange Act of 1934 (the "Exchange Act") and the Securities Act of 1933 (the "Securities Act").

3. This is a securities class action on behalf of persons who purchased or otherwise acquired REVG common stock between January 27, 2017 and June 7, 2018, inclusive (the "Class Period"), including those who purchased REVG common stock pursuant and/or traceable to the

Company's January 27, 2017 initial public offering (the "IPO") or its secondary public offering on October 13, 2017 (the "SPO", together with the IPO, the "Offerings") (the "Class").

4. REVG designs, manufactures, and distributes specialty vehicles. The Company operates three segments: 1) Commercial, which manufactures transit and shuttle buses, Type A school buses, mobility vans, sweepers, and terminal trucks; 2) Recreation, which manufactures motorized RV products; and 3) Fire & Emergency ("F&E"), which manufactures fire trucks and ambulance-related products.

5. Since the IPO, REVG advised investors that they should expect continued margin growth. For example, in the Offerings' Prospectuses (defined below), REVG stated that "[o]ur business model utilizes our unique scale to drive profitable organic and acquisitive growth" and "our focus on product innovation, life-cycle value leadership and operational improvement has strengthened our brands and market position while driving growth and expanding margins."

6. Defendants told investors in the Offerings' Prospectuses that the efficiency of REVG's manufacturing facilities would support margin growth, characterizing "[REVG] factories [as] among some of the most efficient and lowest cost production facilities in each of our markets."

7. On October 10, 2017, Defendants issued Net Income and Adjusted EBITDA guidance that told the market REVG's growth would continue its upward trajectory. REVG's FY2018 earnings guidance advised that investors should expect Net Income in the range of $85 million to $100 million and Adjusted EBITDA in the range of $200 million to $220 million.

8. Defendants later confirmed REVG's FY2018 Adjusted EBITDA guidance and even increased REVG's FY2018 Net Income guidance. On December 19, 2017, REVG told investors that "we are well positioned for continued growth in fiscal 2018 and we will continue to make progress towards our enterprise-wide EBITDA margin goal of 10 percent."

9. Analysts viewed REVG's growth as a reason for investors to invest in REVG common stock. A December 19, 2017, Wells Fargo report ranked REVG "outperform" and stated that the "company realized significant growth yr/yr. Looking forward, management expects growth to continue…" A December 21, 2017 Credit Suisse report, which also gave REVG an outperform rating, stated that "[f]actoring in guidance for next year, which assumes sales growth and margin expansion across all three segments, REVG has put up three 3 years in a row of revenue growth >15% and adj. EBITDA growth >30%."

10. Unbeknownst to investors, however, was that Defendants knew REVG's Net Income and Adjusted EBITDA guidance was materially false and misleading.

11. Defendants knew REVG's Net Income and Adjusted EBITDA guidance had no reasonable basis because the Company's backlog informed them that REVG would not deliver – and thus could not recognize revenue on – enough high-margin vehicles in time to justify the FY2018 forecasts.

12. Defendants tracked REVG's future revenues and earnings at individual REVG manufacturing facilities by recording a vehicle's sale price in what the Company called its "backlog" at the date of sale. As the vehicle moves through the production line, the backlog period for that vehicle decreases to a period of zero days on the date the vehicle is shipped. The value of the vehicle's sale price is only recognized on the date the customer takes possession of the vehicle.

13. A former senior REVG employee reported that REVG's backlog tracked – on a monthly basis – vehicles sold, time in production, and financial metrics. The backlog was analyzed at REVG's headquarters and gave Defendants understanding as to what vehicles would be finished during each quarter and fiscal year.

14. Defendants were aware that REVG's large and customized vehicles, such as large commercial buses, custom fire apparatus and certain RVs (such as Class A vehicles), bus and ambulance products, which were the Company's high-margin products ("High-Margin Vehicles"), had long backlog periods because they required months to build before delivery to the customer. For example, in March 2017, Sullivan stated that two F&E facilities had a backlog of almost 12 months; in January 2018, Sullivan stated that "[o]ur backlogs are all out about 9 to 10 months now on all of Fire" and that one of REVG's Recreation facilities had a 12 month backlog; and in June 2018, Sullivan stated that REVG had lead times of 17-19 months for buses.

15. By October 10, 2017, Defendants knew the backlog showed that REVG would not complete and deliver enough High-Margin Vehicles to meet FY2018 Net Income and Adjusted EBITDA guidance.

16. Defendants also knew at the latest by March 1, 2018 that steel tariffs would cause REVG to miss its FY2018 earnings guidance further.

17. Chassis, which are made of steel, are a key component of REVG's vehicles. On March 1, 2018, the press reported that President Trump would be increasing steel and aluminum tariffs.

18. On March 7, 2018, the steel tariffs were officially announced. That same day, Defendant Sullivan falsely assured analysts that REVG was "fine" for 2Q18 on chassis issues. Yet the tariffs predictably increased steel prices, leading to increased costs for REVG, as well as caused a run on available chassis. Indeed, on June 7, 2018, Defendant Sullivan admitted that he was aware of chassis problems "as soon as" the tariffs were "suggested." *See* ¶ 113.

19. On March 7, 2018, REVG announced 1Q18 financial results. REVG surprised the market by revealing that its margins and growth rates had contracted for the first time since its IPO

five quarters prior. REVG stated that the margin contraction was a result of poor product mix in its Commercial and F&E segments, and poor timing of shipments. By this disclosure, REVG began to reveal that its growth was slowing. After the March 7, 2018 announcement, REVG stock fell on March 8, 2018 by 12%.

20. On June 6, 2018, after market close, REVG revealed that investors should not rely on its prior guidance. REVG substantially cut the FY2018 earnings guidance and reported 2Q18 earnings well below analysts' consensus. The Company reduced Adjusted EBITDA guidance for 2Q18 to $34.1 million – about 25% below analysts' estimates of approximately $45 million. The Company also reduced FY2018 Net Income guidance by about 20% to $72 million to $87 million (from $90 to $110 million) and Adjusted EBITDA guidance by about 15% to $175 to $185 million (from $200 to $220 million).

21. REVG reported that it missed its 2Q18 earnings and cut its FY2018 guidance because (i) REVG's Commercial, Recreational, and F&E segments had lower profit margins from "lower-than-expected sales of certain higher-content product categories including custom fire apparatus, large commercial buses, and Class A RVs"; (ii) REVG had accrued higher costs resulting from the tariffs; and (iii) REVG had problems procuring chassis.

22. On June 7, 2018, REVG shares fell $3.39 per share or nearly 20% to close at $14.52 per share.

23. After going public at $22 per share and conducting a secondary offering at $27.25 per share – raising over $500 million from investors in these Offerings – REVG shares now trade around $18 per share.

JURISDICTION AND VENUE

24. The claims asserted herein arise under Sections 11, 12 and 15 of the Securities Act (15 U.S.C. §§ 77k and 77o), and 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).

25. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, Section 22 of the Securities Act (15 U.S.C. § 77v), and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

26. Venue is proper in this Judicial District pursuant to 28 U.S.C. § 1391(b), Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)), and Section 22 of the Securities Act. Substantial acts in furtherance of the alleged federal securities violations have occurred in this Judicial District. Many of the acts charged herein, including the dissemination of materially false and/or misleading information, occurred in substantial part in this Judicial District.

27. 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

28. Lead Plaintiff, as set forth in the certification submitted with its motion for appointment as Lead Plaintiff, incorporated by reference herein, purchased REV common stock during the Class Period.

29. Additional named plaintiff Gabriel Yandoli purchased REVG common stock in connection with the IPO and during the Class Period.

30. Additional named plaintiff Bucks County Employees Retirement System purchased REVG common stock in connection with the IPO, the SPO, and during the Class Period.

31. Defendant REVG is incorporated in Delaware and its principal executive offices are in Milwaukee, Wisconsin. REVG's common stock trades on the New York Stock Exchange under the symbol REVG.

32. Defendant Timothy W. Sullivan served as the Chief Executive Officer of REVG at all relevant times.

33. Defendant Dean J. Nolden served as the Chief Financial Officer of REVG at all relevant times.

34. Defendants Sullivan and Nolden are collectively referred to as the "Exchange Act Individual Defendants." REVG and the Individual Exchange Act Defendants are referred to as the "Exchange Act Defendants."

35. Defendant Paul Bamatter signed or authorized the signing of the Company's Registration Statements filed with the SEC in connection with the Offerings (the "Registration Statements") as a Director of REVG.

36. Defendant Jean Marie Canan signed or authorized the signing of the Company's Registration Statements filed with the SEC as a Director of REVG.

37. Defendant Dino Cusumano signed or authorized the signing of the Company's Registration Statements filed with the SEC as a Director of REVG.

38. Defendant Charles Dutil signed or authorized the signing of the Company's Registration Statements filed with the SEC as a Director of REVG.

39. Defendant Justin Fish signed or authorized the signing of the Company's Registration Statements filed with the SEC as a Director of REVG.

40. Defendant Kim A. Marvin signed or authorized the signing of the Company's Registration Statements filed with the SEC as a Director of REVG.

41. Defendant Joel Rotroff signed or authorized the signing of the Company's Registration Statements filed with the SEC as a Director of REVG.

42. Defendant Donn J. Viola signed or authorized the signing of the Company's Registration Statements filed with the SEC as a Director of REVG.

43. Defendants Sullivan, Nolden, Bamatter, Canan, Cusumano, Dutil, Fish, Marvin, Rotroff, and Viola are collectively referred to hereinafter as the "Securities Act Individual Defendants."

44. Defendant American Industrial Partners (together with its investment vehicles and funds, "AIP"), is a New York City-based private equity firm specializing in the industrial sector. AIP purchases companies, then hopes to sell them for a profit either in a public offering or otherwise. AIP was the private equity sponsor of REVG and its controlling shareholder at the time of the Offerings.

45. As detailed in the Registration Statements, AIP continued to control a majority of the voting power of REVG's outstanding common stock. The SPO Registration Statement (defined below) states that "[a]fter completion of this offering, certain funds affiliated with AIP will continue to control more than a majority of the voting power of [REVG] common stock eligible to vote in the election of directors," and "[a]s a result, [REVG] will continue to be a 'controlled company' within the meaning of the corporate governance standards of the NYSE."

46. AIP owned REVG prior to the IPO and exerted control over REVG before, during and after the Offerings. Prior to the IPO, AIP owned approximately 90% of REVG's voting common stock. Immediately following the IPO, AIP owned at least 70% of the Company's outstanding common stock. Following the SPO, AIP continued to own and control a majority of REVG's voting stock.

47. In addition, AIP was party to a shareholders agreement that provided it with outsized influence and control over REVG even if its economic interest in and ownership of the Company decreased. The shareholders agreement gave AIP the ability to exercise control over all corporate actions of the Company so long as the parties to the agreement owned at least a majority of REVG outstanding common stock. These actions included: (i) the election and removal of directors; (ii) the size of REVG's Board of Directors (the "Board"); (iii) amendments to REVG's bylaws and articles of incorporation; and (iv) approval of mergers and other significant corporate transactions. In addition, so long as AIP owned at least 15% of the Company's outstanding common stock, under the shareholders agreement it had the right to, inter alia: (i) nominate the greater of five members of the Board or a majority of directors; (ii) designate the Chairman of the Board; (iii) approve any special dividend greater than $10 million; (iv) approve any merger involving assets in excess of 15% of the consolidated assets or revenues of the Company and its subsidiaries; and (v) approve bankruptcy or any wind up of the Company or any material subsidiary.

48. Despite AIP's significant interest in and control over the Company, it could take actions that were not in the best interests of REVG's other shareholders. For example, according to REVG's Registration Statement for the SPO:

> AIP's interests as an equity holder may not be aligned in all cases with those of other equity investors, or of our lenders as creditors. In addition, AIP may have an interest in pursuing or not pursuing acquisitions, divestitures, financings or other transactions that, in their judgment, could enhance their equity investments, even though such transactions might be contrary to the wishes of other equity investors or involve risks to our lenders. Furthermore, AIP may in the future own businesses that directly or indirectly compete with us. AIP may also pursue acquisition opportunities that may be complementary to our business separately from us and, as a result, those acquisition opportunities may not be available to us.

49. Defendant Goldman Sachs & Co. served as an underwriter in the Company's Offerings. In the IPO, Goldman Sachs agreed to purchase 3,060,888 shares, exclusive of its over-

allotment option. In the SPO, Goldman Sachs agreed to purchase 2,200,000 shares, exclusive of its over-allotment option.

50. Defendant Morgan Stanley & Co. LLC served as an underwriter in the Company's Offerings. In the IPO, Morgan Stanley agreed to purchase 3,060,888 shares, exclusive of its over-allotment option. In the SPO, Morgan Stanley agreed to purchase 2,200,000 shares, exclusive of its over-allotment option. Morgan Stanley was the lender on a margin loan to AIP at the time of the SPO, allowing it to receive additional proceeds from that offering.

51. Defendant Robert W. Baird & Co. Incorporated served as an underwriter in the Company's Offerings. In the IPO, Robert Baird agreed to purchase 1,596,988 shares, exclusive of its over-allotment option. In the SPO, Robert Baird agreed to purchase 1,200,000 shares, exclusive of its over-allotment option.

52. Defendant Credit Suisse Securities (USA) LLC served as an underwriter in the Company's Offerings. In the IPO, Credit Suisse agreed to purchase 910,712 shares, exclusive of its over-allotment option. In the SPO, Credit Suisse agreed to purchase 1,200,000 shares, exclusive of its over-allotment option.

53. Defendants Goldman Sachs, Morgan Stanley, Robert Baird and Credit Suisse are collectively referred to hereinafter as the "Underwriter Defendants."

54. The Company, the Securities Act Individual Defendants, AIP, and the Underwriter Defendants are collectively referred to hereinafter as the "Securities Act Defendants."

SUBSTANTIVE ALLEGATIONS

A. REVG CONDUCTS PUBLIC OFFERINGS TO RAISE MONEY FROM INVESTORS

55. On or about October 24, 2016, the Company filed with the SEC a registration statement on Form S-1 for the IPO, which, after several amendments, was declared effective on

January 26, 2017 (together with all amendments, the "IPO Registration Statement"). On January 30, 2017, the Company filed the prospectus for the IPO on Form 424B4, which incorporated and formed part of the IPO Registration Statement (the "IPO Prospectus," and, together with the IPO Registration Statement, the "IPO Offering Documents"). Together, the IPO Offering Documents were used to sell approximately 12.5 million shares of REVG common stock to the investing public at $22 per share.

56. On or about January 27, 2017, REVG completed its IPO and raised net proceeds of approximately $256.7 million. Through its IPO, REVG offered 12,500,000 shares to the public at $22 per share, exclusive of the underwriters' option to purchase 1,875,000 additional shares.

57. On October 10, 2017, REVG announced a follow-on secondary offering that would allow Company insiders to sell millions of shares of their own REVG stock. That same day, the Company filed with the SEC a registration statement on Form S-1 for the SPO, which was declared effective on October 12, 2017 (the "SPO Registration Statement"). On October 13, 2017, the Company filed the prospectus for the SPO on Form 424B4, which incorporated and formed part of the SPO Registration Statement (the "SPO Prospectus," and, together with the SPO Registration Statement, the "SPO Offering Documents"). REVG priced the SPO at $27.25 per share.[1]

58. In total, Company insiders and their affiliates, including defendants AIP, Marvin, Fish, Cusamano, and Rotroff, ultimately sold approximately $300 million worth of REVG stock (11.5 million shares at $27.25 per share) in the SPO. REVG received none of the sale proceeds.

59. Defendant AIP was the largest seller of stock in the SPO, selling over 10.8 million shares of REVG common stock to the public at $27.25 per share for over $294 million in gross proceeds.

[1] The IPO Prospectus and SPO Prospectus are collectively referred to as the "Prospectuses."

B. REVG'S FINANCIAL REPORTING SEGMENTS

60. REVG designs, manufactures, and distributes specialty vehicles and related aftermarket parts and services. REVG operates and reports its financial results from three segments: Commercial, Recreation, and F&E.

61. REVG's Commercial segment offers small- and medium-sized buses, Type A school buses, transit buses, terminal trucks and street sweepers in the United States. REVG's Commercial products include cut-away buses (customized body built on various types and sizes of commercial chassis), transit buses (large municipal buses where it builds its own chassis and body), luxury buses (bus-style limo or high-end luxury conversions), street sweepers (three- and four-wheel versions used in road construction activities), terminal trucks (specialized vehicle which moves freight in warehouses or intermodal yards and ports), Type A school buses (small school bus built on commercial chassis), and mobility vans (mini-van converted to be utilized by wheelchair passengers). Commercial products are sold to municipalities, schools, and commercial and industrial customers.

62. REVG's Commercial segment provided approximately 27% of the Company's revenues in 2017.

63. REVG's Commercial segment is comprised of four smaller units: Commercial Bus (8%), Transit Bus (7%), Type A School Bus (6%), and Specialty (6%). *See* 2017 Form 10-K at 3. Thus, buses account for approximately 80% of the Commercial segment in FY 2017.

64. REVG's Recreation segment manufactures various types and configurations of both motorized and towable RVs, including sell Class A (diesel and gas), Class B, and Class C motorized RVs. Motorized RVs are self-contained units built on motor vehicle chassis with their own lighting, plumbing, heating, cooking, refrigeration, sewage holding and water storage facilities. Class A RVs are generally constructed on medium-duty chassis which are supplied

complete with engine and drivetrain components by major motor vehicle manufacturers. REVG designs, fabricates and installs the living area and driver's compartment of these motorized RVs. Class B RVs are built on a consumer van chassis with the entire living area contained within the existing van frame. Class C RVs are built on consumer truck or van chassis, which include an engine, drivetrain and a finished cab section. In Class Cs, REVG designs, fabricates and installs the living area to connect to the driver's compartment and the cab section. Super Class C RVs are motorhomes built on a commercial truck or van chassis.

65. The Company's Recreation segment provided approximately 29% of the Company's revenues in 2017.

66. REVG's F&E segment manufactures a range of fire apparatus and ambulance products. The F&E segment sells fire apparatus equipment under the Emergency One (E-ONE) and Kovatch Mobile Equipment (KME) brands, and ambulances under the American Emergency Vehicles (AEV), Horton Emergency Vehicles (Horton), Leader Emergency Vehicles (Leader), Marque, McCoy Miller, Road Rescue, Wheeled Coach and Frontline brands. F&E products are sold to municipal fire departments and private fleets, typically purchasing through dealers.

67. F&E provided approximately 44% of the Company's revenues in 2017.

C. EARNINGS GROWTH WAS CENTRAL TO REVG'S VALUE

68. From FY 2015 through FY 2017, REVG had meteoric growth. REVG's Adjusted Net Income was $34 million, $53 million and $76 million for fiscal years 2015, 2016 and 2017, respectively – representing a compound annual growth rate ("CAGR") of 49%. The Company's Adjusted EBITDA for the same periods was $90 million, $123 million and $163 million, which represents a CAGR of 34%.

69. Analysts viewed REVG as a growth story. Thus, they paid close attention to REVG's strong growth. For example, a December 19, 2017 Wells Fargo report stated that the

"company realized significant growth yr/yr. Looking forward, management expects growth to continue…" A December 20, 2017 Deutsche Bank report stated that "1) F&E organic growth accelerated to +14% Y/Y on tougher comps, 2) Recreation organic growth also accelerated to +19% Y/Y, and 3) Recreation margins improved 420bps Y/Y; this level of improvement seems sustainable into 2018."

70. On October 10, 2017, REVG issued a press release providing a full-year outlook for FY2018. In the press release, REVG stated that FY2018 net income would be in the range of $85 million to $100 million and FY2018 adjusted EBITDA would be in the range of $200 million to $220 million.

71. The October 10, 2017 release also stated that "REV group is forecasting growth in all three of its reportable segments [Commercial, Recreation, and F&E] in fiscal 2018 …."

72. On December 19, 2017, Sullivan reaffirmed the FY2018 guidance and told investors that he was "pleased to report that all three of our segments [Commercial, Recreation, and F&E] continue to have strong outlooks. We plan to continue this trajectory of earnings growth in excess of sales growth into next year. In summary, it was a strong quarter and year, we are well positioned for continued growth in fiscal 2018 and we will continue to make progress towards our enterprise-wide EBITDA margin goal of 10 percent."

D. DEFENDANTS KNEW THE BACKLOG DID NOT SUPPORT THE FY2018 EARNINGS GUIDANCE

1. REVG'S Backlog Provided Clear Visibility Into FY2018 Net Income and Adjusted EBITDA

73. REVG manufacturing facilities record the vehicle's sale price in backlog at the date of sale. As the vehicle moves through the production line, the backlog period for that vehicle decreases to a period of zero days on the date the vehicle is shipped.

74. All of REVG's vehicles have substantial lead times. REVG continually claimed that these long lead times gave the Company strong visibility into future financial results.

75. The amount of time that a REVG vehicle remained in backlog was a function of the size and complexity of the vehicle. Large and customized vehicles, such as large commercial buses, custom fire apparatus and certain RVs (such as Class A vehicles), bus and ambulance products, take longer to build and, thus, remain in backlog for a longer period of time.

76. In a March 8, 2017 conference call, Sullivan stated that "[i]f you look at our backlog on fire right now, both KME and E1 [2 of REVG's fire companies] are out almost 12 months."

77. In a prospectus filed in connection with the Company's October 12, 2017 secondary public offering, Defendants stated that "[REVG's] business carries a high-quality backlog which enables strong visibility into future net sales which ranges from two to twelve months depending on the product and market. This visibility into future production needs and net sales enables us to more effectively plan and predict our business." [2]

78. In a December 20, 2017 conference call, Sullivan stated:

> We're really managing that well, because, as you know, there is a lot of pent-up demand in Fire, and we don't like our backlogs out that far. When we're running backlogs out to August, September [i.e., 8-9 months], that's not healthy, and they got to be less than that.

79. In a December 21, 2017, FY 2017 Form 10-K, REVG repeated that "[o]ur business carries a high-quality backlog which enables strong visibility into future net sales which ranges from two to twelve months depending on the product and market. This visibility into future production needs and net sales enables us to more effectively plan and predict our business."

[2] Net sales is total revenue, less the cost of sales returns, allowances, and discounts.

80. By touting visibility from "two to twelve months" in the SPO Prospectus and the FY 2017 Form 10-K, Defendants represented they had clear visibility into revenues and, by extension, earnings to October 2018 and December 2018, respectively.

81. During a January 16, 2018 REVG Investor Day, Sullivan stated that "[o]ur backlogs are all out about 9 to 10 months now on all of Fire,…"

82. Later during the same presentation, Sullivan stated that "[w]e just completed the acquisition of Lance [Lance Camper Manufacturing Corporation, which became part of REVG's RV Recreation segment] on Friday…. They flew out back to California yesterday afternoon to work off their 12-month backlog,… They have an adjacent building. I think it's over 100,000 square feet. So we can double the capacity of what we're building, start whittling down that 12-month backlog."

83. On a June 7, 2018 conference call, Defendant Sullivan stated that REVG had "long[] lead times" on fire and bus vehicles – 8 months for fire and 17-19[3] for buses:

> Fire is actually sold out through the end of the calendar year into – literally, we're starting to sell into the first part of the second quarter of fiscal 2019 [February 2019]. So Fire is set. We know very well what we have in Fire for the rest of the year. It's locked and loaded. As crazy as this sounds, because the transit buses have been a challenge for us this year, we already know what our backlog in transit buses looks like for '19 and the latter part of this year. So where we've got the longer lead times, we've got great visibility,…

84. REVG stated that "value-added units" (which had long lead times) – the High-Margin Vehicles – were high margin sales and generated the most net income and earnings for the Company. REVG's December 21, 2017 Form 10-K stated that "[o]ur units represent a wide range of products at various price points, with higher value-added units at higher price points typically

[3] Sullivan made his statement in June 2018. REVG's fiscal year ends October 31st. If Sullivan was referring to REVG's fiscal year, then he stated that the lead time for buses was 17 months. If Sullivan was referring to a calendar year, then he stated that the lead time for buses was 19 months.

resulting in higher gross margins. Additionally, large orders of similar units typically provide operational efficiencies that contribute to higher gross margins."

2. A Former Senior REVG Employee Reports That REVG Carefully Tracked Backlog

85. CW1 worked as a finance manager at REVG's ElDorado Bus and Mobility subsidiary from May 2017 to mid-November 2017. ElDorado is one of REVG's eight brands in its Recreation segment. CW1 was based at REVG's Salina, Kansas production plant. CW1 ran the business department at ElDorado and supervised the controller, two accounts payable clerks, one accounts receivable clerk, one cost accountant, and the Information Technology department.

86. CW1 stated that at REVG's ElDorado subsidiary, backlog was tracked on a monthly basis through a program called OneStream. CW1 described OneStream as similar to Microsoft Excel, with various fields in which to enter data. CW1 inputted data each month into OneStream, including into fields such as "work in progress," "backlog," "finished goods," and "inventory." CW1 had to input such data by the 10th of every month. When a vehicle was finished, it would go from "work in progress" to "finished goods." "Work in progress" provided a total showing how far along towards completion the vehicles in the manufacturing facility were. Senior management could tell what vehicles were being built, and how far along they were, because each manufacturing facility built only certain vehicles. In other words, when OneStream listed a certain number of vehicles from one REVG manufacturing facility, it was clear that those vehicles were of a certain kind, *e.g.*, buses, ambulances, etc.

87. CW1 stated that senior management in Milwaukee used the OneStream data from the various REVG manufacturing facilities when making projections. Every three months, senior REVG management would give specific projections to each of REVG's manufacturing facilities.

88. CW1 stated that, after receiving these projections from CW1's general manager Colby Bertrand, it was CW1's responsibility to update the projections by adding three months to the existing, rolling 12-month projections. CW1 would also have to show how CW1's facility would meet the projection.

89. CW1 stated that the projections which CW1's facility received from corporate headquarters in Milwaukee were regularly unreachable. For example, CW1 stated that senior management's FY2018 projections for CW1's manufacturing facility demanded that it grow its production by 5-10% while reducing its costs by the same amount. CW1 stated that this was impossible because CW1's facility was already operating at maximum production level – and with serious inefficiencies, including large amounts of overtime and resulting mushrooming costs. Because REVG carefully tracked backlog through OneStream at its corporate headquarters in Milwaukee, Defendants knew the sales mix for REVG's vehicles in production.

E. FORMER SENIOR REVG EMPLOYEES REPORTED THAT REVG FACILITIES WERE INEFFICIENT AND SULLIVAN WAS WELL AWARE OF THE CHAOTIC STATE OF REVG'S MANUFACTURING FACILITIES

90. Several former senior REVG employees stated that the Company's facilities had serious efficiency problems.

91. CW2 worked as a brand manager for REVG's Wheeled Coach Industries from December 2015 to April 2017. Wheeled Coach is one of the eight ambulance brands within REVG's F&E segment. CW2 was based at REVG's Winter Park, Florida facility. CW2 reported to the Senior Vice President of Sales for the REV Ambulance Group. CW2's role as a brand manager for REV Ambulance Group Orlando's Wheeled Coach line was primarily focused on sales. CW2 served as an account manager for several Wheeled Coach dealerships.

92. CW2 reported many inefficiencies at the Winter Park facility. For example, CW2 stated that information was often not accurately transferred from sales to engineering to

production. As a result, workers would regularly not build vehicles to specification. This caused delays in production because workers would have to go back and re-build. CW2 also stated that CW2 would sometimes have to ask customers if they would accept the vehicle with specifications different than they had ordered for a discounted price.

93. CW2 also stated that, to keep the production line fed, Wheeled Coach opted to pre-build ambulances that had not yet been ordered to specification. CW2 stated that this way of working frequently led to costly rework when the detailed requirements were received. CW2 also stated that REVG's Ambulance lines often competed with each other on deals.

94. CW2 reported other inefficiencies at the Winter Park facility. CW2 stated that there was a constant "burn and churn" of both skilled workers and returned ambulances at the ambulance production facility in the Winter Park facility.

95. CW2 also reported that ongoing labor problems increased chassis costs significantly per unit due to repainting. CW2 stated that paint quality was always off. "We were trying to keep up [with] painting and paint rework," CW2 said. "But it was not a new problem, not an event. It's abnormal there, if you look at the production line and the paint facility." CW2 said the workers at the paint facility were asked to do too much in too little time, resulting in frequent and costly errors. "You can tell the workers to work harder, then you have tired workers who make mistakes," CW2 said. "You continually require rework." "I don't think there was a labor shortage in the area, there was a lack of willingness to hire." "It was a burn and churn environment: hire, fire."

96. CW3 worked as a design engineer for the REVG's Specialty Products division, part of the REVG's Commercial segment, from March 2017 to October 2017. CW3 was recruited to

work for REVG by Defendant AIP. Based in Longview, Texas, CW3 reported to Director of Engineering Specialty Products, Andrew Cooper.

97. CW3 directed one senior designer, as well as other designers and drafters. It was CW3's responsibility to interpret the project's design goals and set design objectives for each project. CW3 provided initial design layouts and follow-up, and helped prepare renderings of products. CW3 conferred regularly with his colleagues on the shop floor to ensure his design concepts made sense from a manufacturing perspective. CW3 was designing products for the specialty product division, which was part of REVG's Commercial segment.

98. Like CW2, CW3 described profound inefficiencies at REVG. CW3 stated that "the whole thing was inefficient, from getting the parts to putting the parts in." Even after desperately needed items arrived at the plant, no one ever seemed to know where the deliveries were located, CW3 recalled. "We had the parts arrive, but no one could attack because the inventory system was so bad."

99. CW3 reported other serious problems. When CW3 started work for REVG, CW3 reported to an engineering manager who was suddenly either fired or laid off a couple months into his tenure. After the manager left the company, CW3 was simply instructed to report to the director of engineering instead. After moving to a new location, CW3 was dismayed to find that the work environment was miserable, with high turnover and low employee morale. "It was a bad work environment," CW3 recalled. "Low pay, high stress, and lots of responsibility, but no authority to make anything happen."

100. CW3 said that after CW3 left REVG, the Company never issued his final paycheck or the balance of his remaining vacation time. After giving the Company the requisite two weeks notice, CW3 never received any additional compensation.

101. The same thing happened to a few of CW3's engineer colleagues, CW3 said. Like CW3, the colleagues had relocated to work at the REV Group facility in Longview, Texas after being recruited, but gave notice within months after the work environment became increasingly difficult to tolerate.

102. CW3 stated that CEO Timothy Sullivan was a hands-on chief executive who made occasional stealthy stops to observe the Longview manufacturing operation first-hand. CW3 stated that Sullivan was involved in the day-to-day operations of its REVG facilities. CW3 was told by supervisors on occasion that Sullivan had stopped by. CW3 stated that Sullivan "visited unannounced a couple times." "Management knew he was coming, but no one said anything."

F. BY MARCH 2018, DEFENDANTS KNEW THAT STEEL TARIFFS WOULD FURTHER HURT REVG'S EARNINGS GROWTH

103. On March 1, 2018 – one month into REVG's second quarter – *The New York Times* reported that President Trump would impose tariffs of 25% on steel and 10% on aluminum under Section 232 of the Trade Expansion Act of 1962. On March 8, 2018, President Trump signed proclamations for the new steel and aluminum tariffs.

104. Many news outlets reported that, in addition to causing an increase in the price of foreign steel, the tariffs would also cause an increase in demand for U.S. steel (and thus, U.S. steel prices) because U.S. steelmakers would – very predictably and acting in an economically rational manner – seize the pricing opportunity created by foreign steel makers' prices rising because of the 25% steel tariff. For example, on March 1, 2018, the day President Trump announced the tariff increase, *American Metal Market* published an article by Millicent Dent entitled "Steel mixed on 232 [referring to the law concerning the tariffs, *see* ¶ 103], prices seen rising." That article provided, in pertinent part:

> Steel industry participants had mixed reactions to President Donald Trump's announcement that the United States will impose tariffs of 25%

> on steel product imports next week, ***with many anticipating higher prices as a result***….
>
> Assuming a 25% tariff on all or almost all steel imports, "***US steel prices should continue to*** rally until imports are again cost competitive as consumers scramble to secure volumes not produced domestically at present," Seth Rosenfeld, an equity analyst at New York-based Jefferies, said in a March 1 research note.
>
> "The tariffs will lead to the US once again becoming an island of ***high steel prices***, resulting in our customers simply importing the finished part," Roy Hardy, president of the Precision Metalforming Association, and Dave Tilstone, president of the National Tooling and Machining Association, said in a joint statement, adding that "thousands of jobs" will be threatened. (Emphasis added).

105. Indeed, shares of U.S. steel companies rose on news of the tariffs. A March 1, 2018 *Reuters* article entitled "U.S. Steel, Aluminum Stocks Up On Trump's Tariffs, But Other Industries Fear Price Rises" reported:

> Last week, Caterpillar's director of investor relations, Amy Campbell, said the majority of the steel that CAT uses for manufacturing comes from the United States. ***Yet, she expects the tariffs to pose a challenge as they would cause domestic steel prices to rise along with prices of imported steel, because the tariffs would give U.S. makers pricing power***, putting Caterpillar at a competitive disadvantage vis-à-vis their non-U.S. competitors.
>
> The industrial metal companies, the domestically focused ones, are probably going to benefit from this, said Art Hogan, chief market strategist at B. Riley FBR in Boston, who saw the broad impact as negative, with a possible impact on the ongoing renegotiations of the North American Free Trade Agreement. (Emphasis added).

106. A March 6, 2018 *metalbulletin.com* article entitled "U.S. Section 232 Tariffs Could Send HRC Prices to $1,000/t, Hurt Buyers" by Michael Cowden also reported that U.S. domestic steel prices would increase:

> Tariffs would increase the price of foreign hot-rolled coil by $150 per ton ($7.50 per hundredweight) - ***enabling US mills to raise prices by the same amount or more when they open May order books***,…. (Emphasis added).

107. A March 6, 2018 article in the *Australian Advertiser* entitled "Producers Steeled For Trump's Tariffs" by Edward Boyd agreed:

> In the short term, you are going to see steel prices go up because US producers will not be able to meet the greater demand for steel, Mr. [Comm. Sec. Chief Economist Craig James] James said.
>
> In contrast, iron ore prices fell 2.4 per cent yesterday to $US77.65 a tonne on concerns the US tariffs could weigh on global steel demand. While the tariffs are expected to be formalised this week or next week at the latest, we don't expect the impact to be that disruptive to steel and iron ore markets," Commonwealth Bank associate director of mining and energy commodities Vivek Dhar said in a research note. "We expect US steel prices to increase as a result of the tariffs, but the rest of the world should be able to absorb the excess steel, particularly in south East Asia."

108. Thus, Defendants knew that the steel tariff would cause both foreign and domestic steel prices to rise because the tariffs gave U.S. steel companies pricing power to raise their prices to match the newly-raised foreign steel prices. Defendants also knew that REVG would be harmed by the tariffs because the Company needed steel chassis to build its vehicles and increased steel prices would increase REVG's steel costs, cause delays in REVG's procuring chassis, and negatively affect earnings.

109. News outlets also reported that the tariffs would cause an increase in prices for other commodities. For example, an article on March 3, 2018 (four days before REVG's 1Q18 conference call) in the *San Diego Union-Tribune* entitled "Tariffs Spark Reprisal Threat – U.S. Trading Partners Vow To Retaliate Against Trump Plan With Levies on American-made Products" quoted Robert Shanks, Ford Motor's Chief Financial Officer, as stating that "commodities markets had already started to price in increases for steel and aluminum on the expectation that Trump would impose the tariffs."

110. A March 1, 2018 article by Nikhil Kurian Nainan in *Reuters Australia* entitled "Aussie Shares Weaken On Trump's Tariff Plans; NZ Down", stated that "President Donald Trump's plans to impose tariffs on steel and aluminum imports hit commodity prices and sparked fears of a trade war."

111. Similarly, a March 2, 2018 *Reuters* article by David Shepardson entitled "More Automakers Warn Trump Metal Tariffs Would Boost Car Prices" stated that "[m]ore automakers on Friday warned that U.S. President Donald Trump's announced steel and aluminum tariffs would boost car prices by hiking commodities costs for manufacturers."

112. A March 2, 2018 *Plus Company Updates* entitled "Auto & Transport Roundup", likewise, quoted UBS analysts as stating that "tariffs would 'add more commodity risk' for auto makers and suppliers."

113. Defendant Sullivan later admitted on a June 7, 2018 conference call that "[a]s soon as tariffs were suggested [at least by March 1, 2018], there was a run on many of the commercial chassis we purchase and convert. We are paying extra freight charges to get the chassis we need for the second half shipments. Over the 60 day – the last 60 days alone, this has resulted in approximately a $1 million additional cost. We now need to get certain chassis shipped via truck due to railcar shortages based on what we believe to be abnormal and artificial demand."

G. THE MARKET LEARNS THAT REVG'S FY2018 NET INCOME AND ADJUSTED EBITDA FORECASTS WERE FALSE AND MISLEADING

114. On March 7, 2018, REVG announced 1Q18 financial results. Although REVG hit its expected revenue figures (*see* March 7, 2018 Credit Suisse report, stating that "[t]he top line was in line with expectations at $515M vs the street at $513M"), REVG surprised the market by revealing that, for the first time since its IPO five quarters prior, its margins and growth rates had contracted. REVG stated that the margin contraction was a result of poor product mix in its Commercial and F&E segments, and poor timing of shipments. By this disclosure, REVG began to reveal that its prior growth assertions were coming undone.

115. Though REVG increased its net income guidance and assured the market that it would not be affected by the steel tariffs or chassis shortages in 2Q18, analysts penalized the stock

price because REVG's year over year earnings growth did not appear to be materializing. As a result, the stock price of REVG dropped 12% on March 8, 2018 to $23.85 per share.

116. Finally, on June 6, 2018, REVG admitted that it could not meet its FY2018 Net Income and Adjusted EBITDA guidance.

117. REVG reduced guidance and advised investors that among the main reasons for the revision were expected shortfalls in earnings at the Commercial and Recreation segments.

118. On this news, the price of REVG stock fell $3.39 per share or nearly 20% to close at $14.52 per share.

119. On December 19, 2018, REVG issued its FY2018 results, including Net Income of only $73 million – well below its initial October 2017 guidance of $85 million to $100 million; and Adjusted EBITDA of $148 million – over 30% below REVG's Class Period 2018 Adjusted EBITDA projection of $200 to $220 million.

120. After reporting Net Income of $34 million, $53 million and $76 million for fiscal years 2015, 2016, and 2017, respectively, as well as Adjusted EBITDA of $90 million, $123 million, and $163 million for the same periods, REVG's Net Income and Adjusted EBITDA for FY 2018 were only $73 million and $148 million, respectively. Thus, FY2018 was REVG's first year without growth in four years.

H. DEFENDANTS' MISLEADING STATEMENTS

121. In the January 26, 2017 IPO Prospectus, Defendants touted the Company's production efficiencies, stating that "[w]e believe that our factories are among some of the most efficient and lowest cost production facilities in each of our markets due to the production processes that we employ, our purchasing scale and the high unit volume throughput relative to most of our competitors."

122. The statements in ¶121 were materially false and misleading when made because REVG's factories had materially inefficient production processes (*see* ¶¶90-102). These inefficiencies were part of the reason why (i) the Company's growth began to stall in 1Q18; and (ii) REVG could not reach its FY2018 guidance.

123. On October 10, 2017, REVG issued a press release providing a full-year outlook for its FY2018 earnings guidance. In the press release, REVG stated that FY2018 net income would be in the range of $85 million to $100 million and FY2018 Adjusted EBITDA would be in the range of $200 million to $220 million.

124. The October 10, 2017 release also stated that "REV Group is forecasting growth in all three of its reportable segments [Commercial, Recreation, and F&E] in fiscal 2018, and it remains comfortable with achieving the midpoint of its previously announced net income and Adjusted EBITDA guidance ranges for full-year fiscal 2017…."

125. The statements in ¶¶123-124 were materially false and misleading when made because (i) REVG's backlog showed that the Company's growth would contract in 1Q18 (which covered November 2017 through January 2018, a period starting just one month after these statements), and would continue to do so in 2Q18 (*see* ¶¶73-89); (ii) just five months after these statements (on March 7, 2018, and also on June 6, 2018), REVG admitted that poor sales mixes and lower profit margins had caused a growth contraction – something Sullivan and Nolden knew of in October 2017 because of REVG's "high quality" backlog, which gave the Company two to twelve months of visibility into revenues (*see* ¶¶73-89, 114); and (iii) since the Company met its 1Q18 revenue projections, it knew what vehicles were sold, knew the profit margins on those vehicles, and knew the FY2018 earnings guidance was unachievable (*see* ¶¶86, 114; *see also* ¶¶73-89).

126. On October 13, 2017, in the SPO Prospectus, Defendants touted the Company's production efficiencies, stating that "[w]e believe that our factories are among some of the most efficient and lowest cost production facilities in each of our markets due to the production processes that we employ, our purchasing scale and the high unit volume throughput relative to most of our competitors."

127. The statements in ¶126 were materially false and misleading when made because REVG's factories had materially inefficient production processes (*see* ¶¶90-102). These inefficiencies were part of the reason why (i) the Company's growth began to stall in 1Q18; and (ii) REVG could not reach its FY2018 guidance.

128. The SPO Prospectus also stated:

> **Our Growth Strategies**
>
> We plan to pursue several strategies to grow our earnings, expand our market share and further diversify our revenue stream, including:
>
> ***Drive Margin Expansion Through Controllable Operational Initiatives—Our focus on driving operational improvement initiatives across the organization has enabled the increase of our net income and Adjusted EBITDA margins by 148 basis points and 280 basis points, respectively, from fiscal year 2014 to fiscal year 2016***.
>
> * * *
>
> Commercial Markets
>
> REV's Commercial segment addresses a broad variety of products and end markets. The transit and shuttle bus market includes applications such as airport car rental and hotel/motel shuttles, paramedical transit vehicles for hospitals and nursing homes, tour and charter operations, daycare and student transportation, mobility vans for wheelchair users, and numerous other applications. According to industry sources, shipments of cutaway buses (those buses that are up to 35 feet in length) were approximately 14,400 units in 2016. ***We believe the commercial bus markets we serve will sustain positive long-term growth*** supported by growing levels of urbanization which will require increasing commercial bus usage, increased government transportation spending as shown in the chart below, an aging and growing U.S. population driving demand for shuttle buses and mobility vans, a

> necessary replacement cycle of public and private bus customers and the introduction of new bus products." (Emphasis added).

129. The statements in ¶128 were materially false and misleading when made because (i) REVG's backlog showed that the Company's growth would contract in 1Q18 (which covered November 2017 through January 2018, a period starting just one month after these statements), and would continue to do so in 2Q18 (*see* ¶¶73-89); (ii) just five months after these statements (on March 7, 2018 and also on June 6, 2018), REVG admitted that poor sales mixes and lower profit margins had caused a growth contraction – something Sullivan and Nolden knew of in October 2017 because of REVG's "high quality" backlog, which gave the Company two to twelve months of visibility into revenues (¶¶73-89, 114); and (iii) since the Company met its 1Q18 revenue projections, it knew what vehicles were sold, knew the profit margins on those vehicles, and knew the FY2018 earnings guidance was unachievable (*see* ¶¶86, 114; *see also* ¶¶73-89).

130. On December 19, 2017, the Company issued a press release that reported FY 2017 Fourth Quarter and Full Year Results. The release stated:

> We are reaffirming our REV Group full-year fiscal 2018 outlook that was released in early October. We expect full-year 2018 revenues of $2.4 to $2.7 billion and Adjusted EBITDA of $200 to $220 million. We are also reaffirming our expectation for full year 2018 net income to be in the range of $85 to $100 million, said Sullivan. "This outlook does not include any impact from potential changes in U.S. tax policy and rates, which we believe will be beneficial.

131. The December 19, 2017 release quotes Sullivan as stating:

> I am proud to report 18 percent sales growth and 32 percent growth in Adjusted EBITDA in 2017, but even more importantly, I am pleased to report that all three of our segments [Commercial, Recreation, and F&E] continue to have strong outlooks. We plan to continue this trajectory of earnings growth in excess of sales growth into next year. In summary, it was a strong quarter and year, we are well positioned for continued growth in fiscal 2018 and we will continue to make progress towards our enterprise-wide EBITDA margin goal of 10 percent.

132. On December 20, 2017, REVG held its 4Q17 conference call. In the call, Defendant Sullivan reiterated the FY2018 earnings guidance:

First and foremost, we are reiterating, today, guidance that we presented in October during our follow-on, which is net sales of $2.4 billion to $2.7 billion and adjusted EBITDA of $200 million to $220 million for full year fiscal 2018. This is now 3 years in a row of revenue growth exceeding 15% and adjusted EBITDA growth exceeding 30%.

133. The statements in ¶¶130-132 were materially false and misleading when made because (i) REVG's backlog showed that the Company's growth would contract in 1Q18 (which covered November 2017 through January 2018, a period starting almost two months before this statement), and would continue to do so in 2Q18 (*see* ¶¶73-89); (ii) less than three months after these statements (on March 7, 2018 and also on June 6, 2018), REVG admitted that poor sales mixes and lower profit margins had caused a growth contraction – something Sullivan and Nolden knew of in October 2017 because of REVG's "high quality" backlog, which gave the Company two to twelve months of visibility into revenues (*see* ¶¶73-89, 114); and (iii) since the Company met its 1Q18 revenue projections, it knew what vehicles were sold, knew the profit margins on those vehicles, and knew the FY2018 earnings guidance was unachievable (*see* ¶¶86, 114; *see also* ¶¶73-89).

134. On the call, the first question from an analyst was about the Company's guidance, growth and margins:

Mircea Dobre - Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst:

My first question is really surrounding guidance. I – I'm wondering if maybe you can help us refine our assumptions a little bit at segment level. I'm curious as to how you're thinking of segment level growth versus your 12.5% overall growth guidance. And also some color by segment on margin progression.

Defendant Sullivan responded:

I think we're going to have more the same, obviously, in 2018. We had a very strong Fire & Emergency performance in '17. That's going to continue. As a matter of fact, our Fire backlog is significantly higher at this time than it was last year even at this time. ***I think all other segments [Commercial and RV], quite frankly, are***

up, and they're going to be up, obviously, reflecting the type of guidance we gave. (Emphasis added).

135. The statements in ¶134 were materially false and misleading when made because (i) REVG's backlog showed that the Company's growth would contract in 1Q18 (which covered November 2017 through January 2018, a period starting almost two months before this statement), and would continue to do so in 2Q18 (*see* ¶¶73-89); (ii) less than three months after these statements (on March 7, 2018 and also on June 6, 2018), REVG admitted that poor sales mixes and lower profit margins had caused a growth contraction – something Sullivan and Nolden knew of in October 2017 because of REVG's "high quality" backlog, which gave the Company two to twelve months of visibility into revenues (*see* ¶¶73-89, 114); and (iii) since the Company met its 1Q18 revenue projections, it knew what vehicles were sold, knew the profit margins on those vehicles, and knew the FY2018 earnings guidance was unachievable (*see* ¶¶86, 114; *see also* ¶¶73-89).

136. On December 21, 2017, REVG filed its 2017 Annual Report on Form 10-K, which was signed by Sullivan, Nolden, and the Individual Securities Act Defendants. In the 2017 Form 10-K, Defendants touted the Company's production efficiencies, stating that "[w]e believe that our factories are among some of the most efficient and lowest cost production facilities in each of our markets due to the production processes that we employ, our purchasing scale and the high unit volume throughput relative to most of our competitors."

137. The statements in ¶136 were materially false and misleading when made because REVG's factories had materially inefficient production processes (*see* ¶¶90-102). These inefficiencies were part of the reason why (i) the Company's growth began to stall in 1Q18; and (ii) REVG could not reach its FY2018 guidance.

138. The 2017 Form 10-K reiterated REVG's growth strategy, which was based on continually expanding margins:

> **Our Growth Strategies**
>
> We plan to continue pursuing several strategies to grow our earnings, expand our market share and further diversify our revenue stream, including:
>
> ***Drive Margin Expansion Through Controllable Operational Initiatives— Our focus on driving operational improvement initiatives across the organization has enabled the increase of our net income, Adjusted Net Income and Adjusted EBITDA margins by 6 basis points, 139 basis points and 197 basis points, respectively, from fiscal year 2015 to fiscal year 2017***.
>
> * * *
>
> Commercial Markets
>
> REV's Commercial segment addresses a broad variety of products and end markets. The transit and shuttle bus market includes applications such as airport car rental and hotel/motel shuttles, paramedical transit vehicles for hospitals and nursing homes, tour and charter operations, daycare and student transportation, mobility vans for wheelchair users, and numerous other applications. According to industry sources, shipments of cutaway buses (those buses that are up to 35 feet in length) were approximately 14,400 units in 2016. ***We believe the commercial bus markets we serve will sustain positive long-term growth*** supported by growing levels of urbanization which will require increasing commercial bus usage, increased government transportation spending as shown in the chart below, an aging and growing U.S. population driving demand for shuttle buses and mobility vans, a necessary replacement cycle of public and private bus customers and the introduction of new bus products." **(Emphasis added).**

139. The statements in ¶138 were materially false and misleading when made because (i) REVG's backlog showed that the Company's growth would contract in 1Q18 (which covered November 2017 through January 2018, a period starting almost two months before these statements), and would continue to do so in 2Q18 (*see* ¶¶73-89); (ii) less than three months after these statements (on March 7, 2018 and also on June 6, 2018), REVG admitted that poor sales mixes and lower profit margins had caused a growth contraction – something Sullivan and Nolden knew of in October 2017 because of REVG's "high quality" backlog, which gave the Company

two to twelve months of visibility into revenues (*see* ¶¶73-89, 114); and (iii) since the Company met its 1Q18 revenue projections, it knew what vehicles were sold, knew the profit margins on those vehicles, and knew the FY2018 earnings guidance was unachievable (*see* ¶¶86, 114; *see also* ¶¶73-89).

I. DEFENDANTS BEGIN TO REVEAL THAT REVG'S GROWTH STORY WAS ENDING BUT MISLEADINGLY INCREASED NET INCOME GUIDANCE

140. On March 7, 2018, the Company disclosed that its growth narrative was coming undone. On that date, REVG announced its financial results for 1Q18, which ended on January 31, 2018. These results offered the first year-over-year quarterly comparison with the quarter ended January 28, 2017, the quarter during which REVG conducted its IPO. REVG surprised the market by revealing that rather than margin growth, the Company experienced – for the first time since the REVG's IPO five quarters prior – margin contraction in its F&E (REVG's segment with the longest backlog) and Commercial segments stemming from poor timing on shipments and a sales mix with low numbers of high margin vehicles. Commercial posted an adjusted EBITDA margin of 3.4% of net sales in the first quarter of 2018, compared to 6.3% in the first quarter of 2017 – representing a 290-basis-point year-over-year decline. F&E posted an adjusted EBITDA margin of 8.4% of net sales in the first quarter of 2018, compared to 9% in the first quarter of 2017, representing approximately a 60-basis-point year-over-year decline.

141. Analysts understood the significance of the margin contraction REVG revealed on March 7, 2018 because the Company had made margins central in its growth narrative since the Company's IPO. Deutsche Bank wrote in a March 8, 2018 report entitled "In the Penalty Box For 2H Hockey Stick: Margins deteriorated Y/Y...doesn't bode well for a margin story":

> The clear problem here is that margins deteriorated 60bps Y/Y, which is a problem for a company that has been positioned as a margin expansion story. Although Recreation profitability showed impressive improvement (+270bps Y/Y), both

> F&E (8.4%, -60bps Y/Y) and Commercial (3.4%, -290bps Y/Y) margins declined Y/Y.

142. Similarly, a March 8, 2018 Jefferies report entitled "F1Q18 Model Update: Communication Breakdown" stated:

> [C]learly the market was not expecting the significant margin weakness (offset by below the line items) and shares traded down 12% on the report. While management execution has been good, ***communication has not, as investors were not prepared for the combination of seasonality and weak margins so soon after REVG's recent analyst day***. As a newly public company with a heavily seasonal business model, management needs to do a better job of helping investors understand the details of margin and revenue cadence. (Emphasis added).

143. On March 8, 2018, REVG stock fell to a closing price of $23.85 per share from a March 7, 2018 closing price of $27.15. The losses would have been greater but for Defendants' decision to continue to mislead investors.

144. On March 7, 2018, REVG reaffirmed its FY2018 Adjusted EBITDA guidance and increased REVG's FY2018 net income outlook to a range of $90 to $110 million (from a range of $85 million to $100 million).

145. The March 7, 2018 release stated:

> Fiscal year 2018 is off to a good start as we saw continued growth across most of our product categories and we remain on track to meet our full year objectives, said Tim Sullivan, CEO REV Group, Inc. ***We continue to remain highly focused on the execution of our commercial, product and operating strategies to improve profitability as we work towards our long-term goal of an enterprise-wide EBITDA margin in excess of 10 percent***. Additionally, we continued to execute on our disciplined capital allocation strategy with the acquisition of Lance Camper this quarter, which enables our entry into the large and fast growing towables RV market. With a strong backlog of $1.24 billion we expect to continue to see improving operating leverage in the business and thus expect earnings growth to exceed sales growth in fiscal year 2018.

146. The release further quoted Sullivan:

> First quarter results were in-line with our expectations and our view of end market demand and macro conditions remains consistent with prior expectations. Therefore, we are reaffirming our prior guidance and are still expecting full fiscal year 2018 revenues of $2.4 to $2.7 billion and Adjusted EBITDA of $200 to $220

> million. Based on first quarter results, we are updating our expectation of full fiscal year 2018 net income to be in the range of $90 to $110 million and Adjusted Net Income to be in the range of $110 to $125 million.

147. The statements in ¶¶144-146 were materially false and misleading when made because (i) REVG's backlog showed that the Company's growth would contract in 1Q18 (which covered November 2017 through January 2018, a period starting over four months before these statements), and would continue to do so in 2Q18 (*see* ¶¶73-89); (ii) the day of this statement, REVG admitted that poor sales mixes and lower profit margins had caused a growth contraction – something Sullivan and Nolden knew of in October 2017 because of REVG's "high quality" backlog, which gave the Company two to twelve months of visibility into revenues (*see* ¶¶73-89, 119); and (iii) since the Company met its 1Q18 revenue projections, it knew what vehicles were sold, knew the profit margins on those vehicles, and knew the FY2018 earnings guidance was unachievable (*see* ¶¶86, 114; *see also* ¶¶73-89).

148. REVG held its 1Q18 conference call on March 7, 2018. On the call, Wells Fargo analyst Andrew Casey asked Defendant Sullivan whether issues with chassis would affect REVG's FY2018 guidance (which the Company had just increased as to net income) and Sullivan stated that for the second quarter 2018, everything was "fine":

> Andrew Millard Casey - Wells Fargo Securities, LLC, Research Division - Senior Machinery Analyst:
>
> Kind of a question back in line with Jamie's question. We're starting to see some lengthening in order-to-delivery lead times from some of your chassis providers. First, are you seeing that? And then, if so, does that further impact the timing of how you expect to achieve the updated '18 goals?
>
> Defendant Sullivan responded:
>
> It's a current situation that we hope does not get worse. But for instance, Mercedes Sprinter chassis have not been EPA approved yet. So there's a bit of delay in receiving those. We do work off a backlog of chassis. ***So in the near term, by near term I mean, our second quarter, we're fine***. But as you can imagine, with our backend-loaded plan, we need a lot of chassis in here in Q3 and Q4. So we have

time to react to it. But there's noise with GM also. There's a little bit noise with Ford. It's something that we manage on a regular basis. But we've got some time to react, and we plan to. But right now, we don't see that that's going to negatively impact our fiscal year. (Emphasis added).

149. After Wells Fargo analyst Casey raised additional specific concerns over increased steel prices and their effects on chassis purchases, Defendant Sullivan dismissed his concerns, claiming that REVG had "warnings of any cost adjustments on chassis well in advance of what's happening":

> Casey:
>
> Okay, Tim. And then in the context of higher input costs that could affect some of the component purchases and even some of those chassis purchases, can you, kind of, remind us about how you price your products, and if you're expecting the – what appears to be a rising material cost environment to impact your ability to achieve the margin expectations not only this year but next year?
>
> Defendant Sullivan responded:
>
> Yes. This is a top question of everyone in the last few days. Steel and aluminum, which, obviously, are the topics of the day, are less than 5% of our direct spend. And the vast majority, I mean, a very high percentage of what we buy in both steel and aluminum, we get from U.S. suppliers. So our exposure to foreign suppliers of steel or aluminum is very low. And our actual percentage of our total material cost is very low as well. And the other plus that we do have is, we've got aluminum pricing locked in for the remainder of this year. And we've been doing that the last couple of years in aluminum, just because we wanted to make sure that we didn't succumb to some volatility there. The bigger issues is the one that you really addressed, and that's the chassis. We will be extremely diligent on chassis' costs as we move through fiscal 2018. That's where we're going to see the issues. The good news is, I think, is, we can stay ahead of those, we purchase far enough in advance. And if you understand how chassis work, it's kind of a – it's a pool effect that we buy into. ***So we have warnings of any cost adjustments on chassis well in advance of what's happening***. (Emphasis added).

150. The statements in ¶¶148-149 were materially false and misleading when made because Defendant Sullivan knew that steel tariffs had been announced on March 1, 2018 and that such tariffs would cause increased costs and chassis unavailability for the second quarter of 2018, which would cause REVG to miss analyst 2Q18 estimates and the Company's own FY2018

guidance. *See* ¶¶103-113. Indeed, Sullivan admitted on June 7, 2018 that ***"[a]s soon as*** tariffs were suggested [on March 1, 2018], there was a run on many of the commercial chassis we purchase and convert…"

J. REVG REVEALS THAT ITS FY2018 EARNINGS GUIDANCE WAS MATERIALLY FALSE AND MISLEADING

151. On June 6, 2018, after market close, REVG announced its 2Q18 financial results and revised its FY2018 earnings guidance. The Company reported adjusted net income of only $15.6 million for 2Q18, or $0.24 per diluted share, a decline of 17.9% from the second quarter of 2017. Similarly, REVG reported adjusted EBITDA of only $34.1 million for the quarter, a decrease of 9.2% compared to the prior year quarter and about 25% below analysts' estimates of approximately $45 million.

152. REVG significantly reduced its FY2018 earnings guidance. The Company cut Adjusted EBITDA about 15% to $175 to $185 million (from $200 to $220 million) and cut net income about 20% to $72 to $87 million (from $85 to $100 million).

153. The June 6, 2018 press release announcing the 2Q18 results stated that the causes of the substantial earnings miss and steep guidance reduction were "near term commodity price inflation, supply chain constraints, and shortfalls in our Commercial Segment." The release also stated that the cost increases stemmed from the steel tariffs, related chassis unavailability, and an unfavorable sales mix caused by lower sales of high margin vehicles:

> Our fiscal second quarter results were below our expectations and were impacted by a number of factors…. In particular, cost inflation across many of the commodities and services we buy was significant in the quarter and due to the length of our backlogs we were not able to mitigate these increases. We estimate the cost inflation will have an approximate $19 million impact on our current fiscal year. Additionally, production and sales at several of our business units were adversely impacted by the availability of chassis. Finally, margins were impacted by lower-than-expected sales of certain higher-content product categories including custom fire apparatus, large commercial buses, and Class A RVs.

154. The June 6, 2018 release also elaborated on issues relating to REVG's bus business:

> Commercial segment Adjusted EBITDA was $9.5 million in the second quarter 2018 compared to $14.7 million in the second quarter 2017. This decrease was due to reduced volumes of transit and school bus units sold compared to the prior year, and certain higher material and freight costs. Adjusted EBITDA margin was 6.0% of net sales in the second quarter 2018 compared to 9.2% in the second quarter 2017.
>
> The decline in sales and profitability experienced during the second quarter were largely the result of a timing lag between two major contracts in our transit bus business...

155. During a June 7, 2018 conference call (the day after the earnings release), Sullivan stated that part of the reason for the reduced FY2018 earnings guidance was a canceled contract with Collins Bus:

> Now for the challenges. 2 of our higher-quality business units struggled in the first 2 quarters this year. In our Commercial segment, our Collins school bus business declined to participate in a very large pre-bid requested by one of our school bus contractors. This adversely affected our first half 2018 performance, but we believe this was ultimately the right decision for the business, and we believe we can recover and get close to plan by the end of fiscal 2018 with new traditional school bus and contractor sales opportunities.

156. On the same call, Defendant Nolden made it clear that revenue from lower-margin vehicles – of which Defendants were well aware through REVG's backlog, which was updated monthly through the Company's OneStream program – was part of the reason for the slashed guidance:

> These circumstances have contributed to this volatility in mix such as the sales profile for our ambulance division in the second quarter was skewed towards lower-margin vehicles. In addition, the mix of fire apparatus sales in the quarter were skewed toward lower content fire apparatus in the form of more retail custom trucks versus larger custom pumpers and aerials.

157. Defendant Sullivan also admitted on the June 7, 2018 call (*see supra* ¶113) that immediately after the tariffs were announced – which was March 1, 2018 – there was a run on chassis:

The tariffs have also created unintended – unpredicted consequences. As soon as tariffs were suggested, there was a run on many of the commercial chassis we purchase and convert. We are paying extra freight charges to get the chassis we need for the second half shipments. Over the 60 day – the last 60 days alone, this has resulted in approximately a $1 million additional cost. We now need to get certain chassis shipped via truck due to railcar shortages based on what we believe to be abnormal and artificial demand.

158. As alleged above, it was well-understood that higher U.S. – not just foreign – steel and commodity prices were imminent. *See* ¶¶103-113.

159. Also during the June 7, 2018 call, Sullivan admitted that his 10% EBITDA margin goal for FY2019 was impossible to reach:

Andrew Millard Casey - Wells Fargo Securities, LLC, Research Division - Senior Machinery Analyst:

First, a couple of questions. First, your new adjusted EBITDA margin guide, 7.2% at the midpoint. In the past, and you kind of alluded to it earlier, you've outlined fiscal '19 adjusted margin target of about 10% without a lot of market growth. The internal initiatives that you announced you had took in the second quarter seem to be likely to add about 100 basis points on a carryover basis. So it leaves about 200 to get to the 10%. Are the in-place initiatives still supportive to boost EBITDA margins to that 10% next year?

Defendant Sullivan responded:

We're not going to get to 10% next year. I think 2 things. Obviously, you're experiencing a pretty healthy speed bump that's slowed us down on that path to 10% here in the second quarter. But the other part, the other element to getting to the 10% is a meaningful contribution from spare parts, and we're lagging in spare parts. We plan to continue to move in the right direction. Our goal has not changed. But I can guarantee that we will not get to 10% in 2019, which was our initial goal 2 years ago – 2.5 years ago. But we will get there. And I don't – we'll have more visibility, I guess, on that come fiscal 2019, but it's a goal. We think we can get there. We need some things to happen in a positive way. (Emphasis added).

160. On June 7, 2018, REVG shares fell $3.39 per share or nearly 20% to close at $14.52 per share.

161. Following the June 6, 2018 disclosures, numerous analysts slashed price targets and downgraded the stock. A June 6, 2018 SunTrust Robinson report took REVG to task for misleading the market about chassis and steel issues in the 2Q18 conference call:

> The cost inflation and chassis availability are somewhat surprising given management's commentary on the 1Q18 earnings call in March where it was noted that steel and aluminum are less than 5% of direct spend with "vast majority" purchased from US suppliers. Additionally, aluminum price was said to be locked in for the remainder of the year. With regards to chassis, while cited as a potential issue, the commentary implied it was manageable and that cost adjustments were telegraphed "well in advance".

162. Morgan Stanley agreed, writing in a June 6, 2018 analyst report that "this [second quarter] commentary is particularly disappointing following management's commentary on the 1Q call that aluminum prices were locked in for the year and chassis cost inflation would be signaled well in advance."

163. BMO Capital Markets published a report on June 6, 2018 calling the quarter a "Multiple-Alarm Fire." That report stated:

> Bottom Line: REV Group reported diluted FY2Q18 EPS of $0.24 (adj.) versus $0.35 consensus. Adjusted EBITDA of $34 million (margin, 5.6%) was also well below the Street at $44 million (margin, 7.1%), as was total revenue at $609 million (+11.7% y/y) versus $628 million consensus. Meanwhile, management lowered its full-year guidance metrics across the board: sales, $2.4–2.6 bn from $2.4–2.7 bn; adjusted EBITDA, $175–185mm from $200–220 mm; and adjusted net income, $94.1–105.1 mm from $110–125 mm.

K. ADDITIONAL SCIENTER/FALSITY ALLEGATIONS

164. As alleged herein, the Exchange Act Defendants acted with scienter in that they knew, or recklessly disregarded, that the public documents and statements they issued and disseminated to the investing public in the name of the Company or in their own name during the Class Period were materially false and misleading. These additional scienter allegations do not pertain to Plaintiffs' Securities Act claims.

165. The Exchange Act Defendants knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements and documents as primary violations of the federal securities laws.

166. The Exchange Act Defendants, by virtue of their receipt of information reflecting the true facts regarding REVG's FY2018 guidance, backlog, chassis availability, margins, efficiency, and growth, their control over, and/or receipt and/or modification of REVG's allegedly materially misleading misstatements, were active and culpable participants in the fraudulent scheme alleged herein.

167. The Exchange Act Defendants knew and/or recklessly disregarded the falsity and misleading nature of the information that they caused to be disseminated to the investing public. The fraudulent scheme described herein could not have been perpetrated during the Class Period without the knowledge and complicity or, at least, the reckless disregard of the personnel at the highest levels of the Company, including the Exchange Act Individual Defendants.

168. The Exchange Act Individual Defendants, because of their positions with REVG, made and/or controlled the contents of the Company's public statements during the Class Period. Each Exchange Act Individual Defendant was provided with or had access to the information alleged herein to be false and/or misleading prior to or shortly after their issuance and had the ability and opportunity to prevent their issuance or cause them to be corrected. Because of their positions and access to material non-public information, these defendants knew or recklessly disregarded that the adverse facts specified herein had not been disclosed to and were being concealed from the public and that the positive representations that were being made were materially false and misleading. As a result, each of these defendants is responsible for the

accuracy of REVG's corporate statements and is therefore responsible and liable for the representations contained therein.

1. REVG Carefully Tracked Backlog Every Month

169. As alleged above, REVG tracked the Company's backlog through its monthly updated OneStream program. OneStream gave the Exchange Act Defendants the ability to see what vehicles were in REVG's backlog and how far along they were in the production schedule. Because the data contained in OneStream was reported from each individual REVG manufacturing facility – which generally only manufactured one kind of vehicle with set margins – the Exchange Act Defendants knew the profit margins on the vehicles in backlog.

2. Insiders Unloaded Over $300 Million Dollars in REVG Stock

170. While REVG's stock price was artificially inflated due to Defendants' false and misleading statements, REVG insiders sold large amounts of Company stock.

171. On October 17, 2017 – just one week after REVG issued its unachievable FY2018 guidance (as well as in the over-allotment SPO shares sold on October 27, 2017) – REVG stockholders sold over 11,000,000 shares at $27.25 per share in the SPO.

172. AIP sold over $294 million of REVG stock in connection with the SPO – about 25% of its REVG holdings.

173. Five defendants are members of AIP – defendants Bamatter, Cusumano, Fish, Marvin, and Rotroff.

174. Also on October 17, 2017, Defendants Cusumano and Marvin sold about 25% of their individual REVG holdings for proceeds of over $1.2 million each.

175. In total, insiders sold over $300 million worth of Company stock while in possession of material, adverse, and nonpublic information.

3. Defendant Sullivan Also Knew the Statements Were False and Misleading Because He Was a Hands-on CEO

176. Defendant Sullivan was well aware of the material operational inefficiencies at REVG's facilities.

177. CW2 stated that CEO Timothy Sullivan was a hands-on leader who made occasional stealthy stops to observe the Longview manufacturing operation first-hand. CW2 stated that Sullivan was involved in the day-to-day operations of its subsidiaries. CW2 was told by supervisors on occasion that Sullivan had stopped by. CW2 stated that Sullivan "visited unannounced a couple times." "Management knew he was coming, but no one said anything." *See* ¶102.

L. PRESUMPTION OF RELIANCE: FRAUD ON THE MARKET

178. At all relevant times, the market for REVG common stock was an efficient market for the following reasons, among others: (1) the common stock was listed and actively traded on the NYSE, a highly efficient market; (2) as an issuer of securities, REVG filed periodic public reports on Form 10-K and Form 10-Q with the SEC; (3) REVG regularly issued press releases that were carried by the national news wires, were publicly available and entered the public marketplace.

179. As a result, the market for the securities promptly digested current information regarding REVG from all publicly available sources and reflected such information in REVG's stock price.

180. Under these circumstances, all purchasers of REVG common stock during the Class Period suffered similar injury through their purchases at artificially inflated prices and a presumption of reliance applies.

M. LOSS CAUSATION / ECONOMIC LOSS

181. During the Class Period, as detailed herein, REVG common stock was artificially inflated due to Defendants' misleading public statements. When Defendants' prior misrepresentations were disclosed and became apparent to the market, the price of REVG common stock fell as the prior artificial inflation came out.

182. As a result of their purchases of REVG securities during the Class Period, Plaintiffs and the other Class members suffered economic loss, i.e., damages, under the federal securities laws.

183. The declines in the price of REVG common stock after the corrective disclosures on March 7, 2018 and June 6 and 7, 2018 were a direct result of Defendants' misrepresentations being revealed to investors and the market.

184. The declines in the price of REVG common stock were also the result of the materialization of the concealed investment risks concerning REVG.

185. Defendants' materially false and misleading statements relate to the Company's margins, growth, FY2018 earnings estimates, and chassis availability.

186. The corrective disclosure on March 7, 2018 revealed that REVG's growth narrative was coming to an end. On that date, REVG disclosed that its margins – for the first time since the Company's IPO – had contracted as a result of poor shipment timing and an unfavorable sales mix.

187. After the adverse March 7, 2018 announcement, REVG common stock common fell on March 8, 2018 to a closing price of $23.85 per share from a March 7, 2018 closing price of $27.15.

188. After the March 7, 2018 partial disclosure, REVG common stock remained artificially inflated because Defendants did not reveal that REVG's FY2018 guidance was

unachievable, nor that they were concealing problems relating to chassis unavailability, increased costs, and production inefficiencies.

189. The corrective disclosure on June 6, 2018 revealed that (i) REVG's previously-issued FY2018 guidance was unachievable; (ii) contrary to Defendant Sullivan's claims, steel tariffs caused chassis availability problems and commodity, including steel, price hikes that materially undermined FY2018 guidance; and (iii) REVG's growth story was fundamentally called into question.

190. REVG also revealed more of the truth in its June 7, 2018 conference call. *See* ¶¶155-159.

191. After these disclosures, on June 7, 2018, REVG shares fell $3.39 per share or nearly 20% to close at $14.52 per share.

192. These disclosures caused the rest of the concealed investment risk about REVG to materialize.

193. The timing and magnitude of the price decline in REVG securities negate any inference that the loss suffered by Plaintiffs and the other Class members was caused by changed market conditions, macroeconomic or industry factors or Company-specific facts unrelated to Defendants' statements. The economic loss, i.e., damages, suffered by Plaintiffs and the other Class members was a direct result of Defendants' misstatements and omissions and the subsequent significant decline in the value of REVG securities when Defendants' misrepresentations were revealed.

CLASS ACTION ALLEGATIONS

194. This is a class action pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure on behalf of a Class of behalf of all persons who purchased or otherwise acquired REVG common stock between January 27, 2017 and June 7, 2018, inclusive, including those who

purchased REVG common stock pursuant and/or traceable to the Company's IPO or SPO. Excluded from the Class are (1) REVG, and its officers, directors, employees, affiliates, legal representatives, predecessors, successors and assigns, and any entity in which any of them have a controlling interest or are a parent; and (b) all Defendants, their immediate families, employees, affiliates, legal representatives, heirs, predecessors, successors and assigns, and any entity in which any of them has a controlling interest.

195. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, REVG common stock traded on the NYSE under the ticker symbol "REVG." While the exact number of Class members is unknown to Plaintiffs at this time and can only be obtained through appropriate discovery, Plaintiffs believes that there are thousands of Class members located throughout the United States. Record owners and other members of the Class may be identified from records maintained by REVG and/or its transfer agents and may be notified of the pendency of this action by mail, using a form of notice similar to that customarily used in securities class actions.

196. Common questions of law and fact exist as to all members of the Class and predominate over any questions affecting solely individual members of the Class. The questions of law and fact common to the Class include (1) whether Defendants violated the Exchange Act; (2) whether Defendants violated the Securities Act; (3) whether Defendants issued materially false or misleading statements; and (4) the extent to which members of the Class have sustained damages and the proper measure of any such damages.

197. As purchasers or acquirers of REVG common stock in the IPO, SPO, and/or the Class Period, Plaintiffs' claims are typical of the claims of other Class members, as members of

the Class were similarly affected by Defendants' wrongful conduct in violation of federal laws as complained of herein.

198. Plaintiffs will fairly and adequately protect the interests of the members of the Class and has retained counsel that is competent and experienced in class and securities litigation. Plaintiffs have no interest in conflict with, or otherwise antagonistic to the interests of the other Class members.

199. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them.

200. There will be no difficulty in management of this action as a class action.

COUNT I

VIOLATIONS OF SECTION 11 OF THE SECURITIES ACT AGAINST REVG, THE SECURITIES ACT INDIVIDUAL DEFENDANTS, AND THE UNDERWRITER DEFENDANTS

201. Plaintiffs repeat and reallege each and every allegation contained in each of the foregoing paragraphs as if set forth fully herein, to the extent such allegations do not allege fraud or the intent to defraud Plaintiffs or members of the Class.

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

203. This Cause of Action does not sound in fraud, and Plaintiffs expressly disavow any averments of fraud. Plaintiffs do not allege that defendants had scienter or fraudulent intent, which are not elements of a §11 claim.

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

205. REVG is the registrant and issuer for the common stock sold in the IPO and the SPO. As issuer of the common stock, REVG is strictly liable to Plaintiffs and the Class for the misstatements and omissions in the Prospectus and the SPO Prospectus.

206. The defendants named herein were responsible for the contents and dissemination of the IPO Prospectus and the SPO Prospectus.

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

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

209. Plaintiffs purchased REVG common stock pursuant to the IPO Prospectus and the SPO Prospectus.

210. Plaintiffs and the Class have sustained damages. The value of REVG common stock has declined substantially subsequent to and due to the violations of defendants named in this count.

211. At the time of their purchases and acquisitions of REVG common stock, Plaintiffs and other members of the Class were without knowledge of the facts concerning the wrongful

conduct alleged herein. Less than one year has elapsed from the time that Plaintiffs discovered, or reasonably could have discovered, the facts upon which this complaint is based to the time that Plaintiffs filed this complaint. Less than three years has elapsed between the time that the securities upon which this Cause of Action is brought were offered to the public and the time Plaintiffs filed this complaint.

212. By virtue of the foregoing, Plaintiffs and the other members of the Class are entitled to damages under §11 from these defendants, and each of them, jointly and severally.

COUNT II
VIOLATIONS OF SECTION 12(a)(2) OF THE SECURITIES ACT AGAINST REVG, THE SECURITIES ACT INDIVIDUAL DEFENDANTS, AND THE UNDERWRITER DEFENDANTS

213. Plaintiffs repeat and reallege each and every allegation contained in each of the foregoing paragraphs as if set forth fully herein, to the extent such allegations do not allege fraud or the intent to defraud Plaintiffs or members of the Class.

214. This Cause of Action is brought pursuant to §12(a)(2) of the Securities Act, 15 U.S.C. §77l(a)(2), on behalf of the Class, against all defendants.

215. This Cause of Action does not sound in fraud, and Plaintiffs expressly disavow any averments of fraud. Plaintiffs do not allege that these defendants had scienter or fraudulent intent, which are not elements of a §12(a)(2) claim.

216. By means of the defective IPO Prospectus and the defective SPO Prospectus, these defendants promoted and sold REVG common stock to Plaintiffs and other members of the Class for the benefit of themselves and their associates.

217. The IPO Prospectus and the SPO Prospectus contained untrue statements of material fact and concealed and failed to disclose material facts, as detailed above. These defendants owed Plaintiffs and other members of the Class who purchased REVG common stock

pursuant to the IPO Prospectus and the SPO Prospectus the duty to make a reasonable and diligent investigation of the statements contained in the IPO Prospectus and the SPO Prospectus to ensure that such statements were true and that there was no omission of a material fact required to be stated in order to make the statements contained therein not misleading. These defendants, in the exercise of reasonable care, should have known of the misstatements and omissions contained in the IPO Prospectus and the SPO Prospectus as set forth above.

218. Plaintiffs and the other members of the Class did not know, nor in the exercise of reasonable diligence could they have known, of the untruths and omissions contained in the IPO Prospectus and the SPO Prospectus at the time Plaintiffs and other Class members purchased REVG common stock.

219. By reason of the conduct alleged herein, these defendants violated §12(a)(2) of the Securities Act. As a direct and proximate result of such violations, Plaintiffs and the other members of the Class who purchased REVG common stock pursuant to the IPO Prospectus and the SPO Prospectus sustained substantial damages. Accordingly, Plaintiffs and the other members of the Class who hold the REVG stock issued pursuant to the IPO Prospectus and the SPO Prospectus have the right to rescind and recover the consideration paid for their stock, and hereby tender their stock to these defendants sued herein. Class members who have sold their stock seek damages to the extent permitted by law.

COUNT III
VIOLATIONS OF SECTION 15 OF THE SECURITIES ACT AGAINST REVG, THE SECURITIES ACT INDIVIDUAL DEFENDANTS, AND AIP

220. Plaintiffs repeat and reallege each and every allegation contained in each of the foregoing paragraphs as if set forth fully herein, to the extent such allegations do not allege fraud or the intent to defraud Plaintiffs or members of the Class.

221. This Cause of Action is brought pursuant to §15 of the Securities Act against REVG, the Securities Act Individual Defendants and AIP.

222. The Individual Defendants were each control persons of REVG by virtue of their positions as shareholders, directors and/or senior officers of REVG. The Individual Defendants each had a series of direct and/or indirect business and/or personal relationships with other directors and/or officers and/or major shareholders of REVG. The Company controlled the Individual Defendants and all of its employees.

223. AIP had control over REVG before, during and after the IPO and the SPO by virtue of its control over a majority of the voting stock of the Company, a majority of the Company's Board, and certain rights provided to it pursuant to a shareholders agreement. The IPO and SPO Offering Documents state that REVG is a controlled company, which is controlled by AIP. AIP also orchestrated the IPO and the SPO, exercised control and influence over the drafting and dissemination of the IPO and SPO Offering Documents, and reaped hundreds of millions of dollars in proceeds from its sale of REVG common stock in the SPO.

224. These defendants were culpable participants in the violations of §§11 and 12(a)(2) of the Securities Act alleged in the Causes of Action above, based on their having signed or authorized the signing of the IPO Registration Statement and the SPO Registration Statement and having otherwise participated in the process that allowed the issuance and sale of REVG common stock in the IPO and the SPO to be successfully completed.

COUNT IV

VIOLATIONS OF SECTION 10(B) OF THE EXCHANGE ACT AND RULE 10B-5 PROMULGATED THEREUNDER AGAINST THE EXCHANGE ACT DEFENDANTS

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

226. Throughout the Class Period, the Exchange Act 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 REVG common 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.

227. Throughout the Class Period, the Exchange Act 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 REVG common stock in violation of Section 10(b) of the Exchange Act and Rule 10b-5. All Exchange Act Defendants are sued either as primary participants in the wrongful and illegal conduct charged herein or as controlling persons as alleged below.

228. Throughout the Class Period, the Exchange Act 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, which 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 REVG 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 a course of business which operated as a fraud and deceit upon the purchasers of the Company's common stock during the Class Period.

229. Each of the Exchange Act Individual Defendants' primary liability, and controlling person liability, arises from the following facts: (i) the Individual Defendants were high-level executives and/or directors at the Company during the Class Period and members of the Company's management team or had control thereof; (ii) each of these Defendants, by virtue of their responsibilities and activities as a senior officer and/or director of the Company, was privy to and participated in the creation, development and reporting of the Company's periodic disclosures to investors; (iii) each of these Defendants enjoyed significant personal contact and familiarity with the other Defendants and was advised of, and had access to, other members of the Company's management team and internal financial information about REVG; and (iv) each of these Defendants was aware of the Company's dissemination of information to the investing public, which they knew and/or recklessly disregarded was materially false and misleading.

230. The Exchange Act 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. Such Defendants' material misrepresentations and/or omissions were done knowingly or recklessly and for the purpose and effect of concealing material problems with REVG's business and financial results from the investing public and supporting the artificially inflated price of its securities. As demonstrated by the allegations above, these 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.

231. 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 the

common stock 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 these Defendants, or upon the integrity of the market in which the common stock trades, and/or in the absence of material adverse information that was known to or recklessly disregarded by these Defendants, but not disclosed in public statements by these defendants throughout the Class Period, Plaintiffs and the other members of the Class acquired the common stock during the Class Period at artificially high prices and were damaged thereby.

232. 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 REVG, which was not disclosed by these Defendants, Plaintiffs and other members of the Class would not have purchased the common stock, or, if they had acquired such common stock during the Class Period, they would not have done so at the artificially inflated prices which they paid.

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

234. As a direct and proximate result of these Defendants' wrongful conduct, Plaintiffs and the other members of the Class suffered damages in connection with their respective purchases and sales of the common stock during the Class Period.

COUNT V

VIOLATION OF SECTION 20(a) OF THE EXCHANGE ACT AGAINST THE EXCHANGE ACT INDIVIDUAL DEFENDANTS AND AIP

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

236. The Exchange Act Individual Defendants and AIP acted as controlling persons of REVG within the meaning of Section 20(a) of the Exchange Act as alleged herein. By virtue of their high-level positions, and their 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 Exchange Act 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 that Plaintiffs contend are false and misleading. These 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.

237. In addition, the Exchange Act 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 conduct giving rise to the securities violations as alleged herein, and exercised the same.

238. As set forth above, the Exchange Act Individual Defendants and AIP 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 Exchange Act Individual Defendants and AIP are liable pursuant to Section 20(a) of the Exchange Act. As a direct and proximate result of these defendants' wrongful conduct, Plaintiffs and other members of the Class suffered damages in connection with their purchases of the 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 and certifying Plaintiffs as class representatives under Rule 23 of the Federal Rules of Civil Procedure;

B. Awarding 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' violations of the Securities Act of 1933 and the Securities Exchange Act of 1934, in an amount to be proven at trial, including interest thereon;

C. Awarding rescission under Section 12(a)(2) of the Securities Act;

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

E. Awarding such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiffs hereby demand a trial by jury.

Dated: Cudahy, Wisconsin
May 19, 2021

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