

If you fail to satisfy the claim or to return the Acknowledgment within the time stated, or if you return the Acknowledgment without stating therein an intention to contest the proceedings, the Plaintiff may proceed with the action and judgment may be entered against you forthwith without further notice.

Issued this 17th day of August 2023.

NOTE - This Writ may not be served later than 4 calendar months (or, if leave is required to effect service out of the jurisdiction, 6 months) beginning with the date of issue unless renewed by order of the Court.

IMPORTANT

Directions for Acknowledgment of Service are given with the accompanying form.

THIS WRIT was issued by Carey Olsen, attorneys for the Plaintiff, whose address for service is First Floor, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands (ref: PS/1074709.0001).

GENERAL ENDORSEMENT

Parties

1. The Plaintiff is the assignee of all rights, title and interests to and in certain claims or causes of action that the Cayman Islands exempt companies, Bear Stearns High-Grade Structured Credit Strategies Master Fund Ltd. (now dissolved) and the Bear Stearns High-Grade Structured Credit Strategies Enhanced Leverage Master Fund Ltd. (now dissolved) (together, the "**Cayman Funds**"), had against certain credit rating agencies, including the Defendants (together, "**S&P**").
2. The claims or causes of action that are the subject of the assignment to the Plaintiff include the claims against S&P that are set out below.
3. At all material times, S&P carried on business throughout the world as a credit rating agency, *inter alia*, publishing credit ratings and research reports concerning financial products and was a leading source in the Cayman Islands and throughout the world for credit ratings, indices, investment research, risk evaluation and data.

Nature of the Claim

4. Between on or about 2004 and 2007, the Cayman Funds acquired interests in certain collateralised debt obligations ("**Claim CDOs**") that had been assigned credit ratings by S&P (the "**Ratings**").
5. In assigning a credit rating to a tranche of a CDO, S&P intended to, and did, communicate and represent to recipients of the rating that:
 - (a) when it assigned an "AAA" rating to a CDO tranche, S&P had concluded that (i) at that time, the likelihood of payment of interest, as defined in the relevant transaction documents, and ultimate repayment of principal, in a timely manner was extremely strong; and (ii) S&P had concluded that the tranche should be able to withstand an extreme level of stress and still pay coupons to each of the noteholders and the principal amount at the end of the term of the CDO,

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- (b) when it assigned an “AA” rating to a CDO tranche, S&P had concluded that (i) at that time, the likelihood of payment of interest, as defined in the relevant transaction documents, and ultimate repayment of principal, in a timely manner was very strong; and (ii) S&P had concluded that the tranche should be able to withstand a severe level of stress and still pay coupons to each of the noteholders and the principal amount at the end of the term of the CDO,
- (c) when it assigned an “A” rating to a CDO tranche, S&P had concluded that (i) at that time, the likelihood of payment of interest, as defined in the relevant transaction documents, and ultimate repayment of principal, in a timely manner was strong; and (ii) S&P had concluded that the tranche should be able to withstand a substantial level of stress and still pay coupons to each of the noteholders and the principal amount at the end of the term of the CDO,
- (d) when it assigned a “BBB” rating to a CDO tranche, S&P had concluded that (i) at that time, the likelihood of payment of interest, as defined in the relevant transaction documents, and ultimate repayment of principal, in a timely manner was adequate; (ii) the security was “investment grade” and was not a speculative investment; and (iii) S&P had concluded that the tranche should be able to withstand a moderate level of stress and still pay coupons to each of the noteholders and the principal amount at the end of the term of the CDO,
- (e) when it assigned a “BB” rating to a CDO tranche, S&P had concluded that (i) at that time, the security had the current capacity to make payment of interest, as defined in the relevant transaction documents, and ultimately repay the principal at the end of the term of the CDO, and was less vulnerable to non-payment than obligations rated “B”; (ii) S&P had concluded that the tranche should be able to withstand a modest level of stress and still pay coupons to each of the noteholders and the principal amount at the end of the term of the CDO; and (iii) the security was not currently experiencing losses or currently vulnerable to non-payment,
- (f) when it assigned a “B” rating to a CDO tranche, S&P had concluded that (i) at that time, the security had the current capacity to make payment of interest, as defined in the relevant transaction documents, and ultimately repay the principal at the end of

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the term of the CDO; (ii) S&P had concluded that the tranche should be able to withstand a mid level of stress and still pay coupons to each of the noteholders and the principal amount at the end of the term of the CDO; and (iii) the security was not currently experiencing losses or currently vulnerable to non-payment,

- (g) when it assigned a credit rating to any CDO tranche, (i) the rating assigned represented S&P's true, current and independent opinion as to the creditworthiness of the relevant tranche of the CDO; (ii) the rating could be relied on by investors in making investment decisions; (iii) S&P's assessment of the creditworthiness of the tranche was based on reasonable grounds; and (iv) in assessing the creditworthiness of the tranche of the CDO and assigning the rating, S&P had exercised reasonable care and skill,

(together, the "**Rating Representations**").

6. Each of the Rating Representations was a continuous representation that continued until the rating was withdrawn by S&P.
7. At all material times, in order to assign credit ratings to CDOs, including the Claim CDOs, S&P used a computerised quantitative simulation model, known as "**CDO Evaluator**" or "**CDOE**".
8. CDOE was first developed by S&P in about 2001 and updated from time to time thereafter.
9. At all material times, S&P also made CDOE available for download free of charge, which enabled arrangers of CDOs to design and structure CDOs to achieve certain ratings and/or derive an indicative rating for a CDO.
10. S&P and its model, CDOE, were an essential part of the process for structuring and marketing CDOs.
11. The output of CDOE was the sole, or alternatively the primary, determinant of the "preliminary ratings", if any, that were issued by S&P in respect of the Claim CDOs prior to their issuance ("**Preliminary Ratings**"), and the ratings assigned by S&P to the Claim CDOs ("**Ratings**").

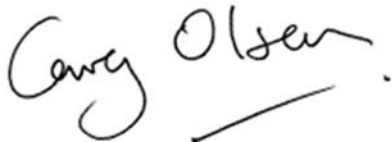
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12. There were, however, specific serious errors with CDOE that, both individually and cumulatively, materially inflated the Preliminary Ratings, if any, and the Ratings and further, or alternatively, caused each of the Preliminary Ratings, if any, and the Ratings to be unreliable ("**CDOE errors**"). The CDOE errors included, *inter alia*, that:
 - (a) the correlation assumptions in CDOE were not reasonable or empirically supported;
 - (b) the rating quantiles / cut-off points necessary to achieve a given level of rating were not reasonable or empirically supported;
 - (c) the CDOE did not account for the risk that its model inputs estimated from historical data are incorrect or unsound.
13. At all material times, S&P knew of, or was recklessly indifferent to, the CDOE errors.
14. By reason of the knowledge at paragraph 13 above, S&P knew that the Rating Representations it made in respect of the Claim CDOs were false; alternatively knew there were no reasonable grounds to make the Rating Representations it made in respect of the Claim CDOs; alternatively was recklessly indifferent to the falsity or lack of reasonable grounds for the Rating Representations it made in respect of the Claim CDOs.
15. S&P published its ratings globally (including, but not limited to, in the Cayman Islands) with the evident intention that investors (including, but not limited to, the Cayman Funds) and the arrangers of the Claim CDOs would rely on the said ratings.
16. The Cayman Funds relied on the Preliminary Ratings, the Ratings and/or the Ratings Representations in deciding to invest in each of the Claim CDOs.
17. Had S&P not assigned the Ratings to the Claim CDOs:
 - (a) those CDOs would not have been issued; and/or
 - (b) the Cayman Funds could not and would not have purchased the Claim CDOs and/or maintained their investments in the Claim CDOs.

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18. As a result of their purchase of the Claim CDOs and/or their maintenance of their investments in the Claim CDOs above, the Cayman Funds suffered loss and damage.
19. S&P thereby committed the tort of deceit.
20. S&P deliberately concealed the facts and circumstances giving rise to the claims stated at paragraphs 12 to 14 above.
21. S&P are accordingly liable to the Plaintiff in respect of the loss and damage suffered by the Cayman Funds.
22. The Plaintiff claims from the Defendants:
 - (a) damages for deceit in relation to ratings assigned by S&P to, and the Cayman Funds' subsequent investment in, the Claim CDOs;
 - (b) costs; and
 - (c) interest on all damages and costs.

Dated this 17th day of August 2023



CAREY OLSEN

Attorneys-at-Law for the Plaintiff

THIS WRIT was issued by Carey Olsen, attorneys for the Plaintiff, whose address for service is First Floor, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands (ref: PS/1074709.0001).

**DIRECTIONS FOR ACKNOWLEDGMENT OF SERVICE
OF WRIT OF SUMMONS**

- 1 The accompanying form of Acknowledgment of Service should be completed by an Attorney acting on behalf of the Defendant or by the Defendant if acting in person.
After completion it must be delivered or sent by post to the Law Courts, PO Box 495G, George Town, Grand Cayman, KY1-1106, Cayman Islands.
- 2 A Defendant who states in the Defendant's Acknowledgment of Service that the Defendant intends to contest the proceedings must also serve a defence on the Attorney for the Plaintiff (or on the Plaintiff if acting in person).
If a Statement of Claim is indorsed on the Writ (i.e. the words "Statement of Claim" appear on the top of page 2), the Defence must be served within 14 days after the time for acknowledging service of the Writ, unless in the meantime a summons for judgment is served on the Defendant.
If the Statement of Claim is not indorsed on the Writ, the Defence need not be served until 14 days after a Statement of Claim has been served on the Defendant.
If the Defendant fails to serve the Defendant's Defence within the appropriate time, the Plaintiff may enter judgment against the Defendant without further notice.
- 3 A Stay of Execution against the Defendant's goods may be applied for where the Defendant is unable to pay the money for which any judgment is entered. If a Defendant to an action for a debt or liquidated demand (i.e. a fixed sum) who does not intend to contest the proceedings states, in answer to Question 3 in the Acknowledgment of Service, that the Defendant intends to apply for a stay, execution will be stayed for 14 days after the Defendant's Acknowledgment, but the Defendant must, within that time, issue a Summons for a stay of execution, supported by an affidavit of the Defendant's means. The affidavit should state any offer which the Defendant desires to make for payment of the money by installments or otherwise.

See overleaf for Notes for Guidance

Notes for Guidance

- 1 Each Defendant (if there are more than one) is required to complete an Acknowledgment of Service and return it to the Courts Office.
- 2 For the purpose of calculating the period of 28 days for acknowledging service, a writ served on the Defendant personally is treated as having been served on the day it was delivered to the Defendant.
- 3 Where the Defendant is sued in a name different from the Defendant's own, the form must be completed by the Defendant with the addition in paragraph 1 of the words "sued as (the name stated on the Writ of Summons)".
- 4 Where the Defendant is a FIRM and an attorney is not instructed, the form must be completed by a PARTNER by name, with the addition in paragraph 1 of the description "Partner in the firm of (.....)" after that Partner's name.
- 5 Where the Defendant is sued as an individual TRADING IN A NAME OTHER THAN THAT PERSON'S OWN, the form must be completed by the Defendant with the addition in paragraph 1 of the description "trading as (.....)" after the Defendant's name.
- 6 Where the Defendant is a LIMITED COMPANY the form must be completed by an Attorney or by someone authorised to act on behalf of the Company, but the Company can take no further step in the proceedings without an Attorney acting on its behalf.
- 7 Where the Defendant is a MINOR or a MENTAL PATIENT, the form must be completed by an Attorney acting for a guardian ad litem.
- 8 A Defendant acting in person may obtain help in completing the form at the Courts Office.

3. If the claim against the Defendant is for a debt or liquidated demand, AND the Defendant does not intend to contest the proceedings, state if the Defendant intends to apply for a stay of execution against any judgment entered by the Plaintiff (tick box)

yes no

Service of the Writ is acknowledged accordingly

Signed.....

Attorneys-at-law for

Notes on address for service

Attorney: where the Defendant is represented by an attorney, state the attorney's place of business in the Cayman Islands. A Defendant may not act by a foreign attorney.

Defendant in person: where the Defendant is acting in person, the Defendant must give the Defendant's post office box number and the physical address of the Defendant's residence or, if the Defendant does not reside in the Cayman Islands, the Defendant must give an address in Grand Cayman where communications for the Defendant should be sent. In the case of a limited company, "residence" means its registered or principal office.

Indorsement by plaintiff's Attorney (or by plaintiff if suing in person) of his name, address and reference, if any, in the box below.

Carey Olsen
First Floor Willow House
Cricket Square
Grand Cayman KY1-1001
Cayman Islands
(ref: PS/1074709.0001).

Indorsement by defendant's Attorney (or by defendant if suing in person) of his name, address and reference, if any, in the box below.

[Empty box for defendant's attorney indorsement]