

STATE OF SOUTH CAROLINA

COUNTY OF RICHLAND

The State Treasurer of the State of South  
Carolina,

Plaintiff,

vs.

The Bank of New York Mellon Corporation  
and The Bank of New York Mellon, f/k/a  
The Bank of New York,

Defendants .

IN THE COURT OF COMMON PLEAS

CASE NO. 2011-CP-40-00533

**AFFIDAVIT OF THOMAS J.  
RAVENEL**

PERSONALLY appeared before me Thomas J. Ravenel, who, being duly sworn,  
says that:

1. I was duly elected as South Carolina's State Treasurer and served as State  
Treasurer from January 10, 2007 until July 24, 2007. The statements made in this  
affidavit are based on my personal knowledge except as otherwise noted.

2. During my time in office, the State Treasurer's office was responsible for  
the oversight and monitoring of investments made by or on behalf of the State, which  
would include investments made by The Bank of New York on behalf of the State as part  
of the securities lending program.

3. The Treasurer's office had knowledgeable, sophisticated staff who  
performed this oversight and monitoring, as well as sophisticated outside financial  
advisors who were available to advise us and assist in the oversight and monitoring if  
needed.

4. The Treasurer's office received regular monthly reports from The Bank of  
New York, showing exactly what our investments were, both inside and outside of

securities lending. Our office (and the Investment Commission) had a fiduciary duty to the people of South Carolina to review those reports and ensure the investments were appropriate, and we did so.

5. I was well aware during my time as Treasurer that The Bank of New York was, as part of securities lending, investing in asset-backed securities backed by mortgages ("ABS") on behalf of the State.

6. I believed that these were relatively safe investments for the State because the assets underlying these securities were mortgages that people had on their homes, which were historically safe investments.

7. During my time as Treasurer, I understood that the individual mortgages underlying the ABS would have longer maturities (maybe 30 years), but that tranches could be purchased with an expected final maturity that was much shorter (maybe 2-3 years) because of the priority of those tranches. The expected final maturity of the particular tranche being purchased is the more relevant date to an investor.

8. Consequently, I would have understood a 3-year limit on the "final maturity" of an ABS to refer to its expected final maturity, not the maturity of the underlying mortgages. We also understood that the expected final maturity of those securities was not a guarantee or legal requirement of full payment within that time; it was an expectation that was subject to change.

9. I do not believe that the collapse of Lehman Brothers was reasonably foreseeable by anyone in the investment community.

Further affiant sayeth not,

  
Signature Redacted

Thomas J. Ravenel

Sworn to before me this  
7<sup>th</sup> day of February, 2013

  
Signature Redacted

Notary Public for the State of Florida  
My Commission expires \_\_\_\_\_

