

SUPREME COURT OF THE STATE OF NEW YORK
COUNTY OF WESTCHESTER

MBIA Insurance Corporation and LaCrosse
Financial Products, LLC,

Plaintiffs,

-against-

Royal Bank of Canada and RBC Capital
Markets Corporation,

Defendants.

Index No.

122-38/09

Summons with Notice

filed 5/22/09

TO: Royal Bank of Canada
71 Queen Victoria Street
London, EC4V 4DE
United Kingdom

RBC Capital Markets Corporation
One Liberty Plaza, 3rd Floor
New York, New York 10006

RECEIVED
MAY 22 2009
TIMOTHY C. IBONI
COUNTY CLERK
COUNTY OF WESTCHESTER

TO THE ABOVE NAMED DEFENDANTS:

PLEASE TAKE NOTICE THAT YOU ARE HEREBY SUMMONED and required to serve upon Plaintiffs' attorneys an answer to the Complaint in this action, or if the Complaint is not served with this Summons, to serve a notice of appearance on the Plaintiffs' attorneys within twenty (20) days after service of this Summons, exclusive of the day of service, or within thirty (30) days after service is complete if the Summons is not personally delivered to you within the State of New York. In case of your failure to appear or answer, judgment will be taken against you on default for the relief demanded herein.

Plaintiffs designate Westchester County as the place of trial. Venue is proper because Plaintiffs' principal office and/or place of business is in this County.

NOTICE

This is an action to enforce three credit default swap contracts made between Plaintiffs and Defendants Royal Bank of Canada and RBC Capital Markets Corporation (collectively, “RBC”) between September 2005 and July 2007 that reference, respectively, three collateralized debt obligations (“CDOs”) arranged and marketed by RBC: Logan CDO I, Ltd., Logan CDO II, Ltd., and Logan CDO III, Ltd. (the “CDS Contracts”). Following the closing of the CDS Contracts, RBC issued Credit Event Notices (“CENs”) to Plaintiffs that failed to comply with, and resulted in breaches of, the terms of the CDS Contracts including, without limitation, RBC’s failure to: (a) properly serve and notify Plaintiffs of the credit events; (b) provide contractually-required information and verification of the credit events; and (c) conduct proper dealer polling following credit events in accordance with valuation procedures in the CDS Contracts.

In further breach of the CDS Contracts, RBC failed to deliver securities with the credit quality promised and instead arranged reference collateral pools which securities carried embedded losses at inception. Moreover, during the “ramp up” phase (i.e., the time period between the CDS Contracts’ closing and the date that the reference collateral pools became fully invested), RBC continued to select credits of inferior quality for the CDOs’ collateral pools, in violation of the CDS Contracts, which subjected Plaintiffs to further risk of loss.

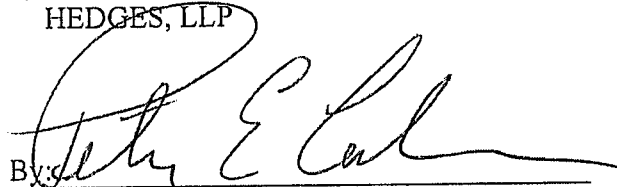
As a result, Plaintiffs seek enforcement of the CDS Contracts, judgment declaring that RBC has materially breached their terms and that the CENs are ineffective, and damages in an amount to be determined. Plaintiffs have performed each of their obligations under the CDS Contracts.

Upon your failure to appear, judgment will be taken against you by default (a) declaring that you have materially breached the CDS Contracts and that the CENs are ineffective; (b) in an

amount to be determined plus interest at the maximum rate prescribed by law; and (c) awarding attorneys' fees, costs and disbursements, and such other relief as the Court may deem just and proper.

DATED: New York, New York
May 22, 2009

QUINN EMANUEL URQUHART OLIVER &
HEDGES, LLP

A handwritten signature in black ink, appearing to read "Peter E. Calamari", written over a horizontal line.

Peter E. Calamari
Philippe Z. Selendy

51 Madison Avenue, 22nd Floor
New York, New York 10010-1601
(212) 849-7000

Attorneys for Plaintiffs

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