

## Frequently Asked Questions

ISDA has prepared this brief summary of frequently asked questions in relation to the Resolution of the EMEA DC concerning the occurrence of a Restructuring Credit Event in respect of Thomson. **THIS FREQUENTLY ASKED QUESTIONS DOES NOT PURPORT TO BE AND SHOULD NOT BE CONSIDERED A GUIDE TO OR AN EXPLANATION OF ALL RELEVANT ISSUES OR CONSIDERATIONS IN CONNECTION WITH THIS CREDIT EVENT. PARTIES SHOULD CONSULT WITH THEIR LEGAL ADVISERS AND ANY OTHER ADVISER IN RESPECT OF ANY SPECIFIC QUESTION THEY HAVE. ISDA ASSUMES NO RESPONSIBILITY FOR ANY USE TO WHICH ANY OF ITS DOCUMENTATION OR OTHER DOCUMENTATION MAY BE PUT.**

*What does the EMEA DC's Resolution mean to my trades?*

The EMEA DC Resolved that a Restructuring Credit Event occurred on 15 June 2009 with respect to Thomson.

Transactions covered by either the 2009 ISDA Credit Derivatives Determinations Committees and Auction Settlement Supplement to the 2003 ISDA Credit Derivatives Definitions published on March 12, 2009 ("March 2009 Supplement")/Big Bang Protocol or the 2009 ISDA Credit Derivatives Determinations Committees, Auction Settlement and Restructuring Supplement to the 2003 ISDA Credit Derivatives Definitions published on July 14, 2009 ("July 2009 Supplement")/Small Bang Protocol will be bound by this Resolution. This means that for the purposes of those Transactions, a Restructuring Credit Event has occurred. Please see the FAQs relating to the Big Bang Protocol and the Small Bang Protocol available on ISDA's website for discussion of which transactions are Covered Transactions for these purposes.

*What happens now?*

*Is my trade automatically triggered by this DC Resolution?*

Unlike other Credit Events, where a DC Resolves that a Restructuring Credit Event has occurred, this does not automatically trigger Covered Transactions. Parties to a Covered Transaction have the right to trigger their transaction but this remains a manual process and is not deemed to happen automatically.

*Do I have to trigger my transaction if it is a Covered Transaction?*

No, the parties retain the right to trigger but there is no obligation to do so. If neither party triggers within the timeframe set out in the July 2009 Supplement then, if the transaction incorporates the July 2009 Supplement, the parties will not be able to later trigger that transaction on the basis of this Credit Event (although they would not be precluded from triggering on the basis of, and in fact their transaction may be automatically triggered by, a later Credit Event, see below for further information).

If a transaction incorporates the March 2009 Supplement but not the July 2009 Supplement there remains no timeframe within which a party has to trigger and the right to trigger remains for the remaining maturity of that transaction.

*What if I trigger and then another Credit Event occurs?*

If you have triggered your transaction based on this Credit Event, your transaction will not be effected by that other event and you will be bound to settle in accordance with the applicable maturity limitations and restrictions on deliverable obligations for this restructuring.

*What if I have not triggered and another Credit Event occurs?*

If you have not triggered your transaction following this Resolution and the EMEA DC later Resolves that another Credit Event has occurred in respect of this Reference Entity, if your transaction is covered by either the March 2009 Supplement or the July 2009 Supplement and the Credit Event is an event other than Restructuring, your trade will automatically be triggered on the basis of that other Credit Event and will settle accordingly (without any maturity limitations or restrictions on deliverable obligations for this restructuring).

*What is the timeframe within which my transaction should be triggered if I want to trigger?*

The DC is now compiling a list of Deliverable Obligations. Ordinarily it is envisaged that this process will take approximately two weeks. In this case, however, it is anticipated that this process may take longer given the nature of the potential Deliverable Obligations. Market participants should consult ISDA's website for updates in respect of this process. When the Final List of Deliverable Obligations is published, a party to a transaction which incorporates the July 2009 Supplement has 2 business days (where that Notifying Party is the Seller) or 5 business days (where that Notifying Party is the Buyer) in which to trigger their transaction. If a transaction which incorporates the July 2009 Supplement is not triggered on or before the day that is 5 business days after publication of the Final List of Deliverable Obligations (the "Use it or Lose it Date"), the parties will no longer be able to trigger that transaction as a result of this Restructuring Credit Event.

*Can I trigger before the Final List of Deliverable Obligations is published?*

Yes, parties can trigger their transactions at any time up to the Use it or Lose it Date. However, if parties trigger before publication of the Final List, they will not know with any certainty what obligations will be deliverable for the purposes of settling their transaction.

*How do I trigger?*

A Notifying Party wishing to trigger should send a Credit Event Notice ("CEN") to its counterparty. Notice of Publicly Available Information is not required after the DC has made a Resolution. The CEN must be effectively delivered prior to the Use it or Lose it Date.

*What is the Event Determination Date?*

If an Auction will be held, once a CEN is delivered, the Event Determination Date is deemed to be the date that the question was raised to the DC (in this case, 10 August 2009).

*How will transactions that are triggered settle?*

Transactions which incorporate the March 2009 Supplement but do not incorporate the July 2009 Supplement will not be subject to Auction Settlement but will settle in accordance with the terms agreed between the parties.

For transactions that incorporate the July 2009 Supplement, the EMEA DC has passed a Potential Auction Resolution. This means that there will be an Auction held in respect of this event for any maturity bucket in respect of which more than 300 trades are triggered by the deadline for triggering or 5 or more dealers are parties to such trades that are triggered. The DC may also Resolve that an Auction will be held for any other maturity bucket for which this 300/5 criteria is not met.

If your transaction is covered by the July 2009 Supplement and falls within a bucket for which there will be an Auction, your transaction will settle pursuant to the Final Price determined in the relevant Auction.

If your transaction is covered by the July 2009 Supplement and falls within a bucket for which there will not be an Auction there is a "Movement Option" which allows the parties to move their transaction into another maturity bucket for which there will be an Auction. If this option is exercised, the transaction will settle in accordance with the Final Price determined by the Auction for the bucket into which the transaction is moved. Please see the presentation available on the ISDA Website concerning the Small Bang Protocol and Restructuring Supplement for further information concerning the Movement Option.

If your transaction is covered by the July 2009 Supplement and falls within a bucket for which there will not be an Auction and the Movement Option is not exercised, the Fallback Settlement Method will apply.

*Which "maturity bucket" does my transaction fall into?*

Transactions are automatically assigned to maturity buckets by reference to the Scheduled Termination Date. Seller triggered transactions are automatically allocated to the 30yr maturity bucket. Please see the presentation available on the ISDA Website concerning the Small Bang Protocol and Restructuring Supplement for further information concerning maturity buckets.

Please continue to check the Thomson Credit Event page available at [www.isda.org/credit](http://www.isda.org/credit) under "Active Credit Events" for further updates, information and documentation about this event as it becomes available.