

Idearc LCDS Auction

Frequently Asked Questions

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ISDA has prepared this brief summary of frequently asked questions to assist in your consideration of the Idearc LCDS Auction Settlement Terms (the "Auction Terms").

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 THE AUCTION TERMS. PARTIES SHOULD CONSULT WITH THEIR LEGAL ADVISERS AND ANY OTHER ADVISER THEY DEEM APPROPRIATE PRIOR TO USING THE AUCTION TERMS. ISDA ASSUMES NO RESPONSIBILITY FOR ANY USE TO WHICH ANY OF ITS DOCUMENTATION OR OTHER DOCUMENTATION MAY BE PUT.

Adherence

Do I need to adhere to the Auction Terms?

No. If a Credit Event Notice and Notice of Publicly Available Information have been delivered (or deemed delivered under a settlement agreement) on or prior to the auction date in respect of a covered transaction (see below), then that transaction will be cash settled at the Final Price determined pursuant to the Auction Terms.

Scope of Transaction Coverage Relating to the Auction Terms

Will the Auction Terms affect my single name LCDS trades?

Yes. Single name LCDS trades documented under the Syndicated Secured Loan Credit Default Swap Standard Terms Supplement (the "LCDS Standard Terms") published by ISDA on May 22, 2007 will be subject to the Auction Terms. This includes LCDS transactions documented under the LCDS Standard Terms published by ISDA on June 8, 2006, provided both parties adhered to the ISDA LCDS Protocol. Thus, single name LCDS trades on Idearc First Lien Loans documented on this basis will be subject to the procedures set forth in the Auction Terms.

What other credit derivative transactions are affected by the Auction Terms?

Untranch LCDX transactions and portfolio LCDS transactions that reference Idearc First Lien Loans will be covered by the Auction Terms if they are documented based on the LCDX Untranch Transactions Standard Terms Supplement published by ISDA and CDS IndexCo on May 22, 2007 and the LCDS Standard Terms published by ISDA on May 22, 2007, respectively. Tranch portfolio LCDS transactions, including LCDX tranche transactions, that reference Idearc First Lien Loans will be covered by the Auction Terms if they are documented based on the LCDX Tranche Transactions Standard Terms Supplement published by ISDA and CDS IndexCo on September 25, 2007 or a predecessor draft of that document.

What credit derivative transactions are **not** affected by the Auction Terms?

Any credit derivative transaction that is not an LCDS transaction, that is not documented in one of the ways described above, or that does not reference Idearc First Lien Loans will not be affected.

Auction

Who runs the auction?

The auction will be administered by Creditex and Markit and not by ISDA.

When is the auction?

The auction will be held on Thursday April 23, 2009. Details of the auction results will be posted at www.creditfixings.com.

Cash Settlement Date and AccrualsWhen is the Cash Settlement Date?

The Cash Settlement Date will be May 1, 2009.

Physical Settlement through the auctionI want to physically settle through the auction, what do I have to do?

Parties who wish to deliver or receive Deliverable Obligations may place a Physical Settlement Request with a Participating Bidder. A Physical Settlement Request is an order to sell or buy Deliverable Obligations at the Final Price. A Physical Settlement Request must be submitted in the form of the Customer Physical Settlement Request Letter set out in Exhibit 5 to the Auction Term. Please click [here](#) for a form of Customer Physical Settlement Request Letter. Parties wishing to submit a Customer Physical Settlement Request Letter should contact their dealer that is acting as a Participating Bidder in advance of the auction. A list of Participating Bidders is available on our website.

Following the auction, each party that submitted a Physical Settlement Buy or Sell Request that is matched in the auction will be treated as if they had entered into an agreement with the relevant Participating Bidder on terms equal to a Representative Auction-Settled Transaction (RAST). Parties that submitted a Physical Settlement Sell Request must send a Notice of Physical Settlement to the relevant Participating Bidder, specifying which Deliverable Obligations they will deliver in settlement of that transaction. A form of Notice of Physical Settlement is contained as an exhibit to the Auction Terms. The deadline for sending this notice is specified as the "Notice of Physical Settlement Date" in the Auction Terms.