

Determinations Committee Decision

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| Date: | May 23, 2012 |
| Determinations Committee: | Americas |
| Meeting Date: | May 23, 2012 |

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| DC Issue 2012052101: | Has a Bankruptcy Credit Event occurred with respect to Houghton Mifflin Harcourt Publishing Company? | |
| 1st Question for vote: | Is the required information for the Credit Derivatives Auction Settlement Terms relating to Houghton Mifflin Harcourt Publishing Company agreed? (Please see Annex 1.) | |
| Vote result: | Yes | |
| Votes: | 9 'Yes' votes and 1 'No' votes | |
| | Bank of America N.A. | Yes |
| | Barclays Bank plc | Yes |
| | BlueMountain Capital | *N/A |
| | BNP Paribas | Yes |
| | Citadel | *N/A |
| | Citibank, N.A. | Yes |
| | Credit Suisse International | Yes |
| | D.E. Shaw | *N/A |
| | Deutsche Bank AG | No |
| | Elliott | *N/A |
| | Goldman Sachs International | Yes |
| | JPMorgan Chase Bank, N.A. | Yes |
| | Morgan Stanley & Co. International plc | Yes |
| | Pacific Investment Management Co., LLC | *N/A |
| | UBS AG | Yes |

*DC Rules require simple majority of Dealer Voting Members only on vote concerning Supplemental Auction Terms

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| 2nd Question for vote: | For purposes of publication of the Initial List of Deliverable Obligations, in respect of each obligation on the list provided, is such obligation a Deliverable Obligation for purposes of the Auction to be held with respect to Houghton Mifflin Harcourt Publishing Company? (Please see Annex 2.) | |
| Vote result: | Yes | |
| Votes: | 15 'Yes' votes and 0 'No' votes | |
| | Bank of America N.A. | Yes |
| | Barclays Bank plc | Yes |

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| | BlueMountain Capital | Yes |
| | BNP Paribas | Yes |
| | Citadel | Yes |
| | Citibank, N.A. | Yes |
| | Credit Suisse International | Yes |
| | D.E. Shaw | Yes |
| | Deutsche Bank AG | Yes |
| | Elliott | Yes |
| | Goldman Sachs International | Yes |
| | JPMorgan Chase Bank, N.A. | Yes |
| | Morgan Stanley & Co. International plc | Yes |
| | Pacific Investment Management Co., LLC | Yes |
| | UBS AG | Yes |

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| 3rd Question for vote: | Should the timing requirements of Sections 3.3(c) and 3.3(d) of the DC Rules be amended for purposes of the Auction to be held with respect to Houghton Mifflin Harcourt Publishing Company so that (a) the deadline for submission of an obligation not included on the Initial List will be 5pm New York time on Thursday May 24, 2012, (b) the deadline for publication of the Supplemental List will be 7pm New York time on Thursday May 24, 2012 and (c) the deadline for submission of a challenge to an obligation on the Supplemental List will be 5pm New York time on Friday May 25, 2012? | |
| Vote result: | Yes | |
| Votes: | 15 'Yes' votes and 0 'No' votes | |
| | Bank of America N.A. | Yes |
| | Barclays Bank plc | Yes |
| | BlueMountain Capital | Yes |
| | BNP Paribas | Yes |
| | Citadel | Yes |
| | Citibank, N.A. | Yes |
| | Credit Suisse International | Yes |
| | D.E. Shaw | Yes |
| | Deutsche Bank AG | Yes |
| | Elliott | Yes |
| | Goldman Sachs International | Yes |
| | JPMorgan Chase Bank, N.A. | Yes |
| | Morgan Stanley & Co. International plc | Yes |
| | Pacific Investment Management Co., LLC | Yes |

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| | UBS AG | Yes |
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Annex 1

CREDIT DERIVATIVES DETERMINATIONS COMMITTEES

Required Information for Credit Derivatives Auction Settlement Terms

| | Reference Entity: <u>Houghton Mifflin Harcourt Publishing Company</u> | Terms for Houghton Mifflin Harcourt Publishing Company |
|-----|---|--|
| | Question | |
| 1. | Credit Event (Bankruptcy, Failure to Pay, Restructuring, Obligation Acceleration, Repudiation/Moratorium) | Bankruptcy (DC Issue 2012052101) |
| 2. | Credit Event Resolution Request Date | May 21, 2012 |
| 3. | Originally Scheduled Auction Currency Fixing Date | May 29, 2012 |
| 4. | Auction Date | May 30, 2012 |
| 5. | Auction types (CDS: Senior, Subordinated; LCDS) | Senior |
| 6. | Reference Auction Obligation | Not specified |
| 7. | Deliverable Obligation Terms | North American Corporate/Standard North American Corporate |
| 8. | Minimum Number of Valid Initial Market Submissions | 8 |
| 9. | Initial Market Quotation Amount | USD3 million |
| 10. | Maximum bid/offer spread for a Valid Initial Market Submission | 2.00% |
| 11. | Cap Amount | 1.00% |
| 12. | Quotation Amount Increment | USD1,000 |
| 13. | RAST Notional Amount Increment | USD1 million |
| 14. | Relevant Pricing Increment | One-eighth of one percentage point |
| 15. | Auction Settlement Date | The later of 5 Business Days after the Auction Final Price Determination Date and June 6, 2012 |
| 16. | Originally Scheduled Initial Bidding Period | Between 9:45 a.m. and 10:00 a.m. Relevant City Time |
| 17. | Originally Scheduled Subsequent Bidding Period | Between 12:45 p.m. and 1:00 p.m. Relevant City Time |
| 18. | Initial Bidding Information Publication Time | 10:30 a.m. Relevant City Time |

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| 19. | Subsequent Bidding Information Publication Time | 2:00 p.m. Relevant City Time |
| 20. | Relevant Credit Derivatives Physical Settlement Matrix | Physical Settlement Matrix published on April 3, 2012 by ISDA |
| 21. | Relevant Currency | USD |
| 22. | Rounding Amount | USD1,000 |

Annex 2

Initial List of Deliverable Obligations For The 2012 Houghton Mifflin Harcourt Publishing Company Credit Derivatives Auction Settlement Terms ¹ - published May 23, 2012

Loans:

| ISIN | Loan | Coupon | Maturity |
|----------|-----------|------------|-------------------|
| LN370775 | Revolver | LIBOR+625 | December 12, 2013 |
| BL588720 | Term Loan | LIBOR +625 | June 12, 2014 |

Bonds:

| ISIN | Issuer Name | Coupon | Maturity |
|---------------|---------------------------|--------|--------------|
| US44157QAA95, | Houghton Mifflin Harcourt | 10.5% | June 1, 2019 |
| USU44154AA78 | Publishing Company | | |

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Published pursuant to Section 3.3 of the Credit Derivatives Determinations Committees Rules