

## **Supplement to the 1999 ISDA® Credit Derivatives Definitions Relating to Convertible, Exchangeable or Accreting Obligations**

The following definitions and provisions may be incorporated into a document by wording in the document indicating that the document is subject to the 1999 ISDA Credit Derivatives Definitions (as published by the International Swaps and Derivatives Association, Inc. ("ISDA")), as supplemented by the Supplement Relating to Convertible, Exchangeable or Accreting Obligations (the "Supplement"). All definitions and provisions so incorporated in a document will be applicable to that document unless otherwise provided in that document, and all terms defined in this Supplement and used in any definition or provision that is incorporated by reference in a document will have the respective meanings set forth in this Supplement unless otherwise provided in that document. By incorporating this Supplement in a document, no inference shall be made as to the interpretation of the "Not Contingent" Deliverable Obligation Characteristic in any other document in which this Supplement has not been incorporated. This Supplement is dated November 9, 2001.

### **1. Convertible, Exchangeable or Accreting Obligations.**

(a) If "Not Contingent" is specified as a Deliverable Obligation Characteristic, an obligation shall not be disqualified from being a Deliverable Obligation under:

- (i) Section 2.18(b)(vii)(A) solely due to the fact that such obligation is a Convertible Obligation or an Exchangeable Obligation so long as the right (A) to convert or exchange such obligation or (B) to require the issuer to purchase or redeem such obligation (if the issuer has exercised the right to pay the purchase or redemption price, in whole or in part, in Equity Securities) has not been exercised (or such exercise has been effectively rescinded) on or before the date of Delivery; and
- (ii) Section 2.18(b)(vii) solely due to the fact that such obligation is an Accreting Obligation.

If, however, Convertible Obligations, Exchangeable Obligations or Accreting Obligations have been specified in a Confirmation to be Excluded Deliverable Obligations, the specified obligations will not constitute Deliverable Obligations.

(b) If a Reference Obligation is a Convertible Obligation or Exchangeable Obligation, then such Reference Obligation may be included in the Portfolio only if the rights referred to in clauses (A) and (B) of Section 1(a)(i) above have not been exercised (or such exercise has been effectively rescinded) on or before the date of Delivery.

### **2. Outstanding Principal Balance.**

(a) With respect to any Accreting Obligation, "outstanding principal balance" means the Accreted Amount thereof.

(b) With respect to any Exchangeable Obligation that is not an Accreting Obligation, "outstanding principal balance" shall exclude any amount that may be payable under the terms of such

obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

### **3. Cash Settlement or Partial Cash Settlement of Accreting Obligations.**

If any Quotation obtained with respect to an Accreting Obligation is expressed as a percentage of the amount payable in respect of such obligation at maturity, such Quotation will instead be expressed as a percentage of the outstanding principal balance (as defined above) for purposes of determining the Final Price.

### **4. Definitions.**

“Accreted Amount” means, with respect to an Accreting Obligation, an amount equal to (a) the sum of (i) the original issue price of such obligation and (ii) the portion of the amount payable at maturity that has accreted in accordance with the terms of the obligation (or as otherwise described below), less (b) any cash payments made by the obligor thereunder that, under the terms of such obligation, reduce the amount payable at maturity (unless such cash payments have been accounted for in clause (a)(ii) above), in each case calculated as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Physical Settlement Date or applicable Valuation Date, as the case may be. Such Accreted Amount shall include any accrued and unpaid periodic cash interest payments (as determined by the Calculation Agent after consultation with the parties) only if “Include Accrued Interest” is specified as being applicable. If an Accreting Obligation is expressed to accrete pursuant to a straight-line method or if such obligation’s yield to maturity is not specified in, nor implied from, the terms of such obligation, then, for purposes of (a)(ii) above, the Accreted Amount shall be calculated using a rate equal to the yield to maturity of such obligation. Such yield shall be determined on a semiannual bond equivalent basis using the original issue price of such obligation and the amount payable at the scheduled maturity of such obligation, and shall be determined as of the earlier of (A) the date on which any event occurs that has the effect of fixing the amount of a claim in respect of principal and (B) the Physical Settlement Date or applicable Valuation Date, as the case may be. The Accreted Amount shall exclude, in the case of an Exchangeable Obligation, any amount that may be payable under the terms of such obligation in respect of the value of the Equity Securities for which such obligation is exchangeable.

“Accreting Obligation” means any obligation (including, without limitation, a Convertible Obligation or an Exchangeable Obligation), the terms of which expressly provide for an amount payable upon acceleration equal to the original issue price (whether or not equal to the face amount thereof) plus an additional amount or amounts (on account of original issue discount or other interest accruals not payable on a periodic basis) that will or may accrete, whether or not (a) payment of such additional amounts is subject to a contingency or determined by reference to a formula or index, or (b) periodic cash interest is also payable.

“Convertible Obligation” means any obligation that is convertible, in whole or in part, into Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation.

“Equity Securities” means:

- (a) in the case of a Convertible Obligation, equity securities of the issuer of such obligation or depositary receipts representing equity securities of the issuer of such obligation; and
- (b) in the case of an Exchangeable Obligation, equity securities of a person other than the issuer of such obligation or depositary receipts representing equity securities of a person other than the issuer of such obligation.

“Exchangeable Obligation” means any obligation that is exchangeable, in whole or in part, for Equity Securities solely at the option of holders of such obligation or a trustee or similar agent acting for the benefit only of holders of such obligation.