

INTRODUCTION TO THE 2000 SUPPLEMENT TO THE 1993 ISDA COMMODITY DERIVATIVES DEFINITIONS

The 2000 Supplement to the 1993 ISDA Commodity Derivatives Definitions (the "Supplement") is intended for use in confirmations of individual transactions ("Confirmations") governed by agreements such as the 1992 ISDA Master Agreements (the "ISDA Master Agreements") published by the International Swaps and Derivatives Association, Inc. ("ISDA"). Copies of the ISDA Master Agreements are available from the executive offices of ISDA.

The Supplement is an update of the 1993 ISDA Commodity Derivatives Definitions (the "1993 Definitions"), which many participants in the over-the-counter commodity derivatives markets have incorporated into existing Confirmations or other agreements. The Supplement replaces Article 7 of the 1993 Definitions and can be incorporated into future Confirmations by reference to "the 1993 ISDA Commodity Derivatives Definitions (as supplemented by the 2000 Supplement)". As is the case with the 1993 Definitions, the Supplement is designed for use by participants in the markets for commodity derivatives transactions in documenting cash-settled commodity swaps, options, caps, collars, floors and swaptions or such other cash-settled commodity derivatives transactions as the parties desire. Existing Confirmations or other agreements that incorporate the 1993 Definitions will not, without further action by the parties, be affected by the use of the Supplement for future transactions.

The Supplement includes additional Commodity Reference Prices for Energy, Metals and Paper. The Supplement may not include all the Commodity Reference Prices available for a particular commodity and used by market participants. However, the Supplement adds significantly to the number of Commodity Reference Prices set forth in the 1993 Definitions and includes the Commodity Reference Price Framework from the 1993 Definitions, which facilitates the definition of a Commodity Reference Price that is not set forth in the Supplement. A discussion of how the Commodity Reference Price Framework can be utilized to define Reference Prices is set forth in the Practice Note below.

In addition to an expanded Commodity Reference Price Section, the Supplement allows parties to incorporate price materiality into the Price Source Disruption Event defined in Section 7.4. If a Price Materiality Percentage is specified in the related Confirmation, a Price Source Disruption Event will have occurred if the Specified Price for the relevant Commodity Reference Price differs from the Specified Price as determined in accordance with the Commodity Reference Price, "COMMODITY-REFERENCE DEALERS", by such Price Materiality Percentage.

Section 7.5 of the Supplement includes two new Disruption Fallbacks, "Fallback Reference Dealers" and "Postponement-Fallback Reference Price". Fallback Reference Dealers allows parties to determine the Relevant Price in accordance with the Commodity Reference Price, "COMMODITY-REFERENCE DEALERS". Postponement-Fallback Reference Price allows parties to postpone valuing a disrupted Transaction for consecutive