



INTERNATIONAL SWAPS AND DERIVATIVES ASSOCIATION

NEWS RELEASE

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ISDA BEST PRACTICES STATEMENT FOR CERTAIN ENERGY PRODUCTS

NEW YORK, Friday, September 14, 2001 – The International Swaps and Derivatives Association (ISDA) today announced a statement of best practices for all parties to transactions involving certain energy products.

A broad group of energy market participants and ISDA met by conference call on September 13, 2001 to discuss how to address the market situation for specific energy products utilizing NYMEX and Platt's prices in light of the World Trade Center attack on September 11, 2001, which has resulted in NYMEX and Platt's failing to announce or publish prices.

In light of these events, ISDA issues the following statement of best practices for all parties to any transaction involving certain energy products that were entered into on or before September 11, 2001 either documented under ISDA Master Agreements or otherwise. It should be emphasized that ISDA is issuing this statement in light of the unique market conditions and is doing so in the interest of mitigation of market risk and promotion of orderly valuation and settlement of positions by participants in the energy market. Although parties are not obliged to follow the best practice guidelines below and may choose to negotiate an alternative means of addressing the events on a bilateral basis, in light of the current extraordinary circumstances, ISDA strongly encourages market participants to follow these best practice guidelines.

Statement

ISDA, in consultation with energy market participants, recommends that the following methodology be used for all derivatives transactions affected by recent events however documented:

Where the disruption continues for no longer than five (5) trading days, each disrupted trading day shall be priced as follows: (1) for NYMEX or COMEX based prices, use the NYMEX or COMEX closing prices for the first trading day following the market disruption; (2) for Platt's U.S. based prices, exclude trading days on which Platt's do not publish; (3) for spreads including NYMEX or COMEX and Platt's Oilgram or Platt's U.S. based prices, exclude trading days on which Platt's do not publish, regardless of whether NYMEX or COMEX announce a daily closing price for such day(s) (common pricing); and (4) for spreads including NYMEX and IPE based prices, include trading days on which NYMEX and/or IPE publish prices - applying the NYMEX price as determined under (1) above (non-common pricing).

For example, using the terms as defined in ISDA Master Agreements, the best practice ISDA methodology used for determining a Relevant Price for commodity derivative transactions affected by recent events shall be the following:

1. Provided that the Market Disruption Event does not continue for longer than five (5) Commodity Business Days:

- (a) in the case of a transaction which references NYMEX or COMEX as the Price Source, the Relevant Price in respect of the specified Commodity Reference Price for each Pricing Date during the continuation of such Market Disruption Event shall be the Commodity Reference Price for the first Commodity Business Day on which: (i) trading resumes either through open outcry, NYMEX ACCESS or other system after the Market Disruption Event; and (ii) NYMEX announces a Settlement Price (daily closing price); or
- (b) in the case of a transaction which references Platt's Oilgram or Platt's U.S., the Relevant Price in respect of the specified Commodity Reference Price for each Pricing Date shall be determined by excluding as a Pricing Date any Commodity Business Day on which Platt's did not publish the Commodity Reference Price (i.e., the Relevant Price(s) in any such transaction shall be determined by reference only to those Commodity Reference Price(s) actually announced or published by Platt's for the Pricing Dates for the transaction on which there is no Market Disruption Event that has occurred and is continuing);
- (c) in the case of a transaction which references: (i) NYMEX or COMEX; and (ii) Platt's Oilgram or Platt's U.S. as Price Sources, the Relevant Price in respect of the specified Commodity Reference Price for each Pricing Date shall be determined by excluding as a Pricing Date any Commodity Business Day on which Platt's did not publish a price or on which NYMEX or COMEX did not publish a settlement price (i.e., the Relevant Price(s) in any such transaction shall be determined by reference only to those Commodity Reference Price(s) actually announced or published by Platt's for each Pricing Date for the transaction on which there is no Market Disruption Event that has occurred and is continuing);
- (d) in the case of a transaction which references: (i) NYMEX and (ii) IPE as Price Sources, the relevant Price in respect of the specified Commodity Reference Price for each Pricing Date shall be determined by including as a Pricing Date any Commodity Business Day on which NYMEX and/or IPE publish a price (i.e., the Relevant Price(s) in any such transaction shall be determined

by reference to those Commodity Reference Price(s) actually announced or published by NYMEX (or applied pursuant to (a) above) or IPE for each Pricing Date for the transaction regardless that a Market Disruption Event has occurred and is continuing).

2. In the event that the Market Disruption Event continues for longer than five (5) Commodity Business Days, the Disruption Fallback shall be determined in accordance with or as specified in the agreement between the parties unless otherwise specified.

Average Price Options

Options and swaps will be priced on the same basis as stated above.

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