



## **JPMorgan launches investment grade Corporate Bond Index**

New York - June 17, 2004 - JPMorgan is launching a new fixed income index designed to provide its clients with a broad measure of the performance of the most liquid securities in the investment grade corporate bond market. The JPMorgan US Liquid Index, or JULI, provides performance comparisons and valuation metrics across a carefully defined universe of investment grade corporate bonds, tracking individual issuers, sectors and sub-sectors by their various ratings and maturities.

"The JULI allows our investor clients to compare the performance of a specific corporate bond or sector against the subset of the most liquid bonds in the investment grade market," said Edward B. Marrinan, director of North America Investment Grade Credit Strategy at JPMorgan Securities. "Just as the S&P 500 provides a daily snapshot of the equity markets, the JULI provides a clear picture of how the investment grade market performed that day and over time."

The JULI provides a comprehensive, accurate representation of the investment grade market and its components. Corporate bonds rated Baa3/BBB- or higher by Moody's and Standard & Poor's, respectively, with issue sizes of at least \$300 million will qualify for inclusion in the index. A further requirement is that each bond be issued by a corporate entity that has at least \$1 billion of fixed rate bonds outstanding to ensure overall "issuer" liquidity.

Each issue must have a maturity longer than 13 months from the index-beginning date but no longer than 31 years. Further, each issue must have a bullet maturity that pays a non-zero coupon semi-annually. The JULI is currently comprised of 1,727 fixed coupon bonds issued by 315 issuers spread across the financial institutions, industrials and utilities sectors. The JULI's aggregate market capitalization is approximately \$1.4 trillion.

The inclusion rules for the JULI are specifically designed to focus on the tradable segment of the corporate bond market. "Not only is inclusion defined by issue size, but also by the amount of public-bonded debt that the issuer has outstanding," noted Marrinan. "This helps to ensure that the JULI is built in a way to prioritize both issue and issuer liquidity."

JPMorgan has also sought to ensure that the JULI incorporates the most transparent pricing data for the issues in the index. "Perhaps of greatest interest to market participants, approximately two-thirds of all index constituent bonds are priced on a daily basis by JPMorgan's trading desk," says Marrinan. "As a result, the JULI's reliance on matrix or derived pricing for individual bonds is considerably less than that of other comparable bond indices. Moreover, we anticipate that JULI's reliance on hand pricing will rise still higher over time."

"This heavy emphasis on hand pricing favorably differentiates JULI from other corporate bond indices and provides users with greater confidence and accuracy in pursuing replication and relative value strategies," adds Margaret Cannella, director of JPMorgan's North America Credit Research business. Along with the better quality of pricing resulting from its use of trading desk quotes, all historic pricing and performance data from the JULI are freely available to JPMorgan clients via the firm's research website MorganMarkets.

While the intent is to maintain a stable group of issuers in the index, necessary adjustments will be made occasionally to keep the index representative of the overall investment grade market. Rebalancing will occur on a monthly basis in accordance with explicit rules. The JULI joins other JPMorgan credit indices, such as the Global High Yield Index, Aggregate Index Europe, Subordinated Securities Index, Asia Credit Index and Emerging Market Bond Index. It also complements the DJ CDX NA.IG and TRAC-X indices for the credit derivatives markets.

J.P. Morgan Chase & Co. is a leading global financial services firm with assets of \$801 billion and operations in more than 50 countries. The firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, investment management, private banking and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase is headquartered in New York and serves more than 30 million consumers nationwide, and many of the world's most prominent corporate, institutional and government clients. Information about JPMorgan Chase is available on the Internet at [www.jpmorganchase.com](http://www.jpmorganchase.com).