

Press release

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J.P. Morgan to create Cygnifi -- a web-based independent derivatives services company; partnerships to be formed with Sybase, NumeriX, and BRIDGE

J.P. Morgan, the leading innovator in the multitrillion-dollar derivatives market, announced plans today to launch Cygnifi, an independent derivatives services company that will offer products primarily through use of the Internet and other electronic commerce vehicles. The range of products provided by the new company will include market and credit risk applications, independent valuations, portfolio stress testing, counterparty exposure simulations, and collateral risk management services.

Cygnifi will become an independent company by the end of March. Today it launched a Web site at www.cygnifi.com.

Cygnifi is forming strategic partnerships with Sybase, Inc. [NASDAQ: SYBS], a key provider of web-based, integrated software solutions and applications in the financial services industry; NumeriX Corporation, a cutting-edge derivatives analytics company; and Bridge Information Systems, a leading source of global financial information and news, transaction services, and network services, to provide clients with comprehensive and scalable derivatives services using e-Commerce. Cygnifi intends to form additional strategic partnerships with other providers of information technology, data, analytics, risk management consulting, and solutions services. Pre-launch, the company expects to receive approximately \$20 million, primarily from investments made by strategic partners. Morgan will be the largest investor, followed by Sybase.

"By capitalizing on recent advances in technology, we will be able to improve control and transparency for derivatives users and offer a range of high-end risk management services to clients," said Jay Helvey, a Morgan executive who will become chairman and chief executive of Cygnifi.

The company will provide state-of-the-art applications and analytics to clients at attractive price points by taking advantage of e-Commerce distribution efficiencies. Derivatives traders, risk managers, CFOs, treasurers, and financial controllers will have access to dynamic tools, data, and trained professionals that help value and analyze their portfolios.

For information technology professionals, building complex derivatives solutions will become simpler through use of Cygnifi's products. "Our clients will be able to rent sophisticated derivatives applications as a collection of components, use them over Internet or private networks, and integrate them through standard electronic interfaces with their internal systems," said Vlad Torgovnik, a Morgan executive who will become president and chief operating officer of Cygnifi.

In addition to improving control and transparency for derivatives users, Cygnifi's products and services will increase overall marketplace understanding of market and credit risk, addressing a key recommendation made by the Counterparty Risk Management Policy Group ("G-12") in its June 1999 report.

"By combining J.P. Morgan's derivatives expertise with the delivery efficiencies of the other partners through a stand-alone venture, we are creating a unique opportunity for clients that is not available on the market today," said Peter Hancock, chief financial officer of J.P. Morgan. "For us, Cygnifi is the latest in a series of compelling e-Commerce initiatives, including the launch of other independent companies and participation in shared initiatives."

Cygnifi's management team will be composed of executives from Morgan and other firms. Prior to joining the venture, Helvey served as former vice chairman of Morgan's Risk Committee and global head of derivative counterparty risk. Torgovnik was head of derivatives information technology at Morgan.

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