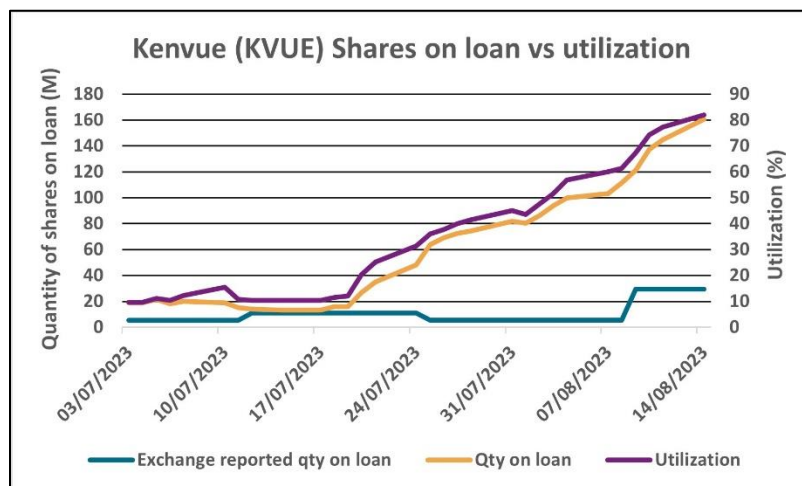


JNJ exchange offer creates an opportunity for securities lenders

The recently announced exchange offer launched by Johnson & Johnson for the separation of Kenvue Inc is driving both fees and borrowing demand higher.

On July 24th, Johnson & Johnson (JNJ) announced its intention to split off 80.01% of the shares that were recently issued during the IPO of Kenvue Inc (KVUE), through an exchange offer. According to the company's website, "through the planned exchange offer Johnson & Johnson shareholders can exchange all, some or none of their shares of Johnson & Johnson common stock for shares of Kenvue Inc common stock, subject to the terms of the offer".

Since the offer allows holders of Johnson & Johnson shareholders to exchange their shares for common stock of Kenvue Inc at a 7% discount, an arbitrage opportunity has presented itself between the two lines of stock, sending both demand to borrow, utilization and securities lending fees increasingly higher over the last few weeks.



The discount offered through the share exchange allows market participants to borrow Kenvue Inc shares, sell them short in the cash market, tender their Johnson & Johnson shares, receive the 7% discount, and generate additional income. As borrowing fees increase and stock on loan becomes harder to source however, potential profits may be impacted.

For more information on how to access this data set, please contact the sales team at: Global-EquitySalesSpecialists@spglobal.com