

JULY 19, 2006

FINANCIAL RESULTS

Second Quarter 2006

2Q06 Managed Results¹

(\$ in millions)					
	2Q06	\$ O/(U)		% O/(U)	
		1Q06	2Q05	1Q06	2Q05
Revenue (FTE) ¹	\$15,718	\$9	\$2,013	-	15%
Credit Costs ¹	1,054	(226)	(463)	(18%)	(31%)
Expense (ex. Merger Cost)	9,150	(427)	(1,369)	(4%)	(13%)
Income ex. Merger Costs & Disc. Ops	3,537	466	2,427	15%	219%
Merger Costs (after-tax)	53	9	(120)	20%	(69%)
Income from Discontinued Ops.	56	2	(1)	4%	(2%)
Net Income	\$3,540	\$459	\$2,546	15%	256%
EPS	\$0.99	\$0.13	\$0.71	15%	254%
Return on Equity ²	13%	12%	4%		
Return on Equity-Net of GW ²	22%	20%	6%		
Return on Tangible Common Equity ²	24%	22%	8%		

¹ Managed basis presents revenue and credit costs without the effect of credit card securitizations. All references to credit costs refer to managed provision for credit losses.

² Actual numbers for all periods, not over/under

2Q06 Significant Items

(\$ in millions)

	Pre-tax	After-tax	Per Share After-Tax	Line of Business
Private equity gains	\$549	\$340	\$0.10	Corporate
Material litigation insurance recoveries	260	161	0.05	Corporate
Gain on sale of shares in MasterCard IPO	103	64	0.02	Corporate
Merger costs	(86)	(53)	(0.01)	Corporate
Treasury portfolio repositioning	(492)	(305)	(0.09)	Corporate
Hurricane Katrina reserve release	90	56	0.02	Card Services
Wholesale reserve release	58	36	0.01	IB/CB/TSS/AWM
Incremental expense - SFAS 123R	(106)	(66)	(0.02)	All LOBs/Corporate

- Card results benefited from continued low bankruptcy losses
- Corporate Trust business moved to Discontinued Operations in Corporate

Investment Bank

(\$ in millions)			
	2Q06	\$ O/(U)	
		1Q06	2Q05
Revenue	\$4,184	(\$515)	\$1,424
Investment Bkg.	1,368	198	403
Fixed Income	2,037	44	609
Equities Mkts	528	(687)	456
Credit Portfolio	251	(70)	(44)
Credit Costs	(62)	(245)	281
Expense	2,946	(245)	765
Net Income	\$839	(\$11)	\$228
<u>Key Statistics¹</u>			
ROE	16%	17%	12%
Overhead	70%	68%	79%
Comp/Rev	45% ³	43% ³	43%
VAR (\$mm) ²	\$84	\$94	\$102

¹ Actual numbers for all periods, not over/under

² Average Trading and Credit Portfolio VAR

³ Ratio is calculated excluding effect of SFAS 123R

- Net income of \$839mm up 37% YoY and down 1% QoQ
 - ROE of 16% on higher allocated capital of \$21bn
- Record IB fees of \$1.4 billion up 42% YoY driven by record equity and debt underwriting fees
- Fixed Income Markets up 43% YoY reflecting strength across most products
- Equities Markets reflects strong commissions; trading results higher than weak 2Q05, but lower than record 1Q06
- Credit costs reflect portfolio activity and stable credit quality
- Expense up 35% YoY due to higher performance-based compensation

Retail Financial Services

(\$ in millions)			
	2Q06	\$ O/(U)	
		1Q06	2Q05
Revenue	\$3,779	\$16	(\$20)
Credit Costs	100	15	6
Expense	2,259	21	133
Net Income	\$868	(\$13)	(\$112)
Regional Banking	764	7	2
Mortgage Banking	(7)	(46)	(131)
Auto Finance	\$111	\$26	\$17
<u>Key Statistics¹</u>			
ROE	24%	26%	30%
Overhead (excl. CDI)	57%	57%	53%

¹ Actual numbers for all periods, not over/under

- Net income of \$868 million down 11% YoY and 1% QoQ driven by weaker results in Mortgage Banking
- Continued growth in key business drivers; some pressure on rates and margins given competitive and market environment
- Credit quality stable across all businesses
- Expense reflects ongoing business investment and acquisition of CFS in 1Q06
- Bank of New York conversion on target for the first half of 2007; Integration plans proceed as expected
- Completed sale of insurance business in July 2006

Regional Banking

(\$ in millions)			
	2Q06	\$ O/(U)	
		1Q06	2Q05
Revenue	\$3,063	\$23	\$111
Credit Costs	70	4	7
Expense	1,746	8	85
Net Income	\$764	\$7	\$2
<u>Key Statistics (\$B)¹</u>			
ROE	30%	31%	34%
Overhead (excl. CDI)	53%	54%	52%
Checking Accts (MM)	9.1	8.9	8.5
# of Branches	2,660	2,638	2,539
# of ATMs	7,753	7,400	6,961
Total avg deposits	\$187.8	\$184.7	\$175.0
Home equity originations	\$14.0	\$11.7	\$15.8
Avg home equity loans	\$76.2	\$74.1	\$69.0
Avg mortgage loans owned	\$47.1	\$44.6	\$46.0
Avg education loans owned	\$8.7	\$5.4	\$2.8

¹ Actual numbers for all periods, not over/under

- Average deposits up 7% YoY; EOP balances down QoQ reflecting seasonality
- Branch production statistics YoY
 - Checking accounts up 7%
 - Credit card sales up 119%
 - Mortgage loans up 46%
- Revenue up 4% YoY due to higher deposit and home equity balances, increased deposit-related fees and credit card sales
- Narrower spreads on deposits and loan portfolios YoY
- Expense up 5% reflecting increased net investments and acquisition of CFS in 1Q06
- 1Q06 includes seasonal tax business

Mortgage Banking & Auto Finance

Mortgage Banking (\$mm)			
		\$ O/(U)	
	2Q06	1Q06	2Q05
Revenue	\$318	(\$70)	(\$186)
Production	202	(17)	58
Servicing	116	(53)	(244)
Expense	329	5	23
Net Income	(\$7)	(\$46)	(\$131)
<u>Key Statistics (\$B)¹</u>			
ROE	(2%)	9%	31%
Mortgage loan originations	\$36.5	\$28.9	\$31.1
3 rd party mortgage loans serviced	\$497.4	\$484.1	\$438.1

¹ Actual numbers for all periods, not over/under

- Increased originations and margins trending higher
- MSR risk management results down

Auto Finance (\$mm)			
		\$O/(U)	
	2Q06	1Q06	2Q05
Revenue	\$398	\$63	\$55
Credit Costs	30	11	(1)
Expense	184	8	25
Net Income	\$111	\$26	\$17
<u>Key Statistics (\$B)¹</u>			
ROE	19%	14%	14%
Avg loan receivables	\$40.3	\$41.2	\$47.0
Avg lease-related assets	\$4.4	\$5.0	\$6.9
Net charge-off rate	0.43%	0.46%	0.37%

¹ Actual numbers for all periods, not over/under

Note: Results include loss on transfer of auto loans to held-for-sale of (\$45)mm in 1Q06

- Net income up due to improved spreads on lower balances
- Credit costs seasonally low

Card Services (Managed)

(\$ in millions)			
		\$ O/(U)	
	2Q06	1Q06	2Q05
Revenue	\$3,664	(\$21)	(\$222)
<i>Rev. adj. for Paymentech</i>	3,664	(21)	(76)
Credit Costs	1,031	15	(610)
Expense	1,249	6	(134)
<i>Exp. adj. for Paymentech</i>	1,249	6	(3)
Net Income	\$875	(\$26)	\$333
<u>Key Statistics (\$B)¹</u>			
ROE	25%	26%	18%
ROO (pre-tax)	4.05%	4.19	2.56%
Managed Margin	8.66%	8.85	8.83%
Net Charge-Off Rate	3.28%	2.99	4.87%
30 Day Delinquency Rate	3.14%	3.10	3.34%
Avg Outstandings	\$137.2	\$138.0	\$135.2
EOP Outstandings	\$139.3	\$134.3	\$137.3
Charge Volume	\$84.4	\$74.3	\$75.6
Net Accts Opened (MM)	24.6	2.7	2.8

¹ Actual numbers for all periods, not over/under

- Net income of \$875mm up 61% YoY; ROO of 4.05%
- Avg outstandings of \$137bn up 1% YoY and down 1% QoQ; EOP outstandings of \$139bn up 1% YoY and 4% QoQ
 - Balances negatively affected by continued high payment rates
 - Completed acquisition of Kohl's private label portfolio with 21 million accounts and \$1.6bn in loan balances (Sears Canada: 4Q05)
- Revenue down 2% YoY driven by:
 - Narrower spread with managed margin down from 8.83% to 8.66%
 - Partially offset by 1% increase in average loan balances and 12% increase in charge volume
- Credit costs include \$90mm reserve release related to Hurricane Katrina
- Credit costs reflect continued low level of bankruptcy losses and strength in underlying credit quality
- Expense flat YoY due to merger savings offset by impact of Sears Canada and Kohl's acquisitions

Commercial Banking

(\$ in millions)			
	2Q06	\$O/(U)	
		1Q06	2Q05
Revenue	\$949	\$49	\$81
Middle Market	634	11	43
Mid-Corporate Banking	161	24	22
Real Estate	114	9	14
Other	40	5	2
Credit Costs	(12)	(19)	(154)
Expense	496	(2)	27
Net Income	\$283	\$43	\$126
<u>Key Statistics (\$B)¹</u>			
ROE	21%	18%	19%
Overhead	52%	55%	54%
Net Charge-Off Rate	(0.02%)	(0.06%)	(0.03%)
Avg Loans & Leases	\$52.4	\$50.8	\$47.8
Avg Liability Balances ²	\$72.6	\$70.8	\$65.2

¹ Actual numbers for all periods, not over/under

² Includes deposits and deposits swept to on-balance sheet liabilities

- Net income of \$283mm
- Loans up 10% YoY driven by growth across all segments
- Liability balances up 11% YoY
- Revenue up 9% YoY driven by wider spreads on higher liability balances and increased loan balances, partially offset by narrower loan spreads
- Investment Banking revenue from Commercial Banking clients up 24% YoY
- Credit costs down YoY due to prior year refinements in data used to estimate allowance; net charge-off rate reflects stable credit quality

Treasury & Securities Services

(\$ in millions)			
	2Q06	\$O/(U)	
		1Q06	2Q05
Revenue	\$1,588	\$103	\$171
Treasury Services	702	9	(2)
Worldwide Securities Svcs	886	94	173
Expense	1,050	2	(40)
Net Income	\$316	\$54	\$128
<u>Key Statistics¹</u>			
ROE	58%	42%	49%
Pre-tax Margin	32%	28%	20%
TSS Firmwide Revenue	\$2,204	\$2,083	\$1,963
TSS Firmwide OH Ratio	59%	62%	68%
TS Firmwide Revenue	\$1,318	\$1,291	\$1,250
Avg Liability Balances (\$B) ²	\$194.2	\$178.1	\$154.5
Assets under Custody (\$T)	\$11.5	\$11.2	\$9.7

¹ Actual numbers for all periods, not over/under

² Includes deposits and deposits swept to on-balance sheet liabilities

- Beginning in 2Q06, Corporate Trust is excluded from TSS for all periods
- Record net income of \$316mm up 68% YoY and 21% QoQ
 - Pre-tax margin of 32%
- Liability balances up 26% YoY; Assets under custody up 19% YoY
- Record revenue up 12% YoY driven by wider spreads on higher liability balances, new business, organic growth, market appreciation and seasonally strong securities lending
- Expense down 4% YoY primarily due to absence of prior year charges related to termination of a client contract, partially offset by new business growth

Asset & Wealth Management

(\$ in millions)			
	2Q06	\$O/(U)	
		1Q06	2Q05
Revenue	\$1,620	\$36	\$277
Credit Costs	(7)	-	13
Expense	1,081	(17)	164
Net Income	\$343	\$30	\$60
<u>Key Statistics (\$B)¹</u>			
ROE	39%	36%	47%
Pre-tax Margin	34%	31%	33%
Assets under Supervision	\$1,213	\$1,197	\$1,093
Assets under Mgmt	\$898	\$873	\$783
Average Loans	\$25.8 ²	\$24.5 ²	\$26.6
Average Deposits	\$51.6 ²	\$48.1 ²	\$40.8

¹ Actual numbers for all periods, not over/under

² 2Q06 & 1Q06 does not include the loans and deposits of BrownCo, which were both \$3bn at the time of sale on November 30, 2005

- Record net income of \$343mm up 21% YoY
 - Pre-tax margin of 34%
- Assets under management up 15% YoY, including Highbridge AUM of \$11 billion up 52% YoY
- Record revenue of \$1.6bn up 21% YoY due to increased assets under management
 - Strong revenue growth in Private Bank
- Prior year results included BrownCo
- Expense up 18% YoY due to higher performance-related compensation, partially offset by sale of BrownCo in 4Q05

Corporate

Total Corporate (\$mm)

	\$ O/(U)		
	2Q06	1Q06	2Q05
Net Income	\$16	\$382	\$1,783
Net Income ex. Disc. Ops ¹	(40)	380	1,784
Private Equity	293	190	171
Treasury	(347)	(75)	(23)
Other Corporate	67	274	1,516
Merger Costs	(\$53)	(\$9)	\$120

¹ Discontinued operations relate to the sale of select corporate trust businesses, with net income of \$56mm in 2Q06, \$54mm in 1Q06 and \$57mm in 2Q05

Private Equity (\$mm)

	\$ O/(U)		
	2Q06	1Q06	2Q05
Net Income	\$293	\$190	\$171
Private Equity Gains	549	312	249
EOP Private Equity Portfolio (\$B) ²	\$5.6	\$6.3	\$6.4

² Actual numbers for all periods, not over/under

Treasury (\$mm)

	\$ O/(U)		
	2Q06	1Q06	2Q05
Net Income	(\$347)	(\$75)	(\$23)
Net Interest Income	(104)	177	369
Securities Gains/(Losses)	(492)	(334)	(498)
Avg Treasury Investment Portfolio(\$B) ²	\$63.7	\$40.0	\$43.7

Other Corporate (\$mm)

	\$ O/(U)		
	2Q06	1Q06	2Q05
Net Income	\$67	\$274	\$1,516
Adjustments (after tax):			
<i>Material Litigation Insurance Recoveries</i>	(161)	(100)	(1,322)
<i>Gain on Sale of Shares in MasterCard IPO</i>	(64)	(64)	(64)
Other Corp. ex. adjustments	(\$158)	\$110	\$130

Capital Strength

	2Q06	1Q06	2Q05
Capital/Balance Sheet (\$B)			
Tier 1 capital ¹	\$75.0	\$73.1	\$69.8
Risk weighted assets ¹	\$884.2	\$858.1	\$850.2
Tier 1 capital ratio ¹	8.5%	8.5%	8.2%
Total capital ratio ¹	12.0%	12.1%	11.3%
Leverage ratio ¹	5.8%	6.1%	6.2%
Common shareholders' equity less goodwill	\$67.2	\$64.4	\$61.7
Tangible common equity	\$58.5	\$55.8	\$52.0
TCE/Managed RWA ¹	6.2%	6.0%	5.8%
Share Repurchase			
Shares Repurchased (MM)	17.7 ²	31.8	16.8
Purchase Cost (\$MM)	\$746 ²	\$1,290	\$594

¹ Estimated for 2Q06

² There is \$7.1B remaining capacity from the \$8B authorized by the Board in March 2006.

2Q06 Summary Assessment

- Record IB fees and solid markets results
- Very low wholesale and consumer credit costs
- Card results benefit from low bankruptcy losses
- Record revenue and earnings in Asset & Wealth Management and Treasury & Securities Services on strong underlying growth
- Retail Financial Services
 - Growth in checking accounts, credit cards and mortgage originations
 - Weaker results in Mortgage Banking
- Strong private equity gains
- Better results in Treasury NII and Other Corporate net income

Comments on Outlook

- Very favorable credit environment -- not expected to continue
 - Wholesale and consumer net charge-off rates will eventually return to normalized levels
 - Card: Given current economic conditions (i.e., low level of unemployment) and impacts of new minimum payment rules and change in bankruptcy law, expect 2007 net charge-offs to remain below historical average
- IB fee pipeline continues to be strong; trading environment could be tougher in 2H06
- RFS - Margin expected to be stable or down modestly in continued flat yield curve environment
- Card Services
 - Expect low growth in balances - continued high payment rates and good spend levels
 - Revenue stable in near term, inclusive of minimum payment impact
- Corporate
 - Private equity gains expected to be below the \$300mm quarterly average in 2H06
 - 2Q06 Treasury NII and Other Corporate results ex. one-time items sustainable in 2H06, with quarterly volatility
- Acquisitions/divestitures
 - 2H06 will not include insurance business
 - Expect Bank of New York transaction to close in early 4Q06

Disclaimer

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