BD

HEDGING AND MONETIZATION

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Agenda

- Hedging and monetization
- PRISM
- Rule 10b5-1
- Postpaid PrISM

Assuming exempt to Section 16 and in compliance with company policy. For illustrative purposes only.

Hedging and monetization

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Diversifying restricted stock requires navigating complex rules and regulations

- Insiders can typically sell only certain amounts during certain time periods
- Volume restrictions can slow the sales process of illiquid stocks
- Sales must be publicly disclosed to the regulators
- Shareholder agreements may further limit flexibility
- Stock price may be vulnerable if sale is not executed efficiently

Clients should consult with their legal, tax or accounting advisor before undertaking restricted stock transactions

Assuming exempt to Section 16 and in compliance with company policy. For illustrative purposes only.

Rule 144 and Rule 145 impose significant timing requirements on restricted stock sales…

- Company must have been subject to SEC reporting requirements for at least 90 days before a Rule 144 sale
- 1-year holding requirement, including pre-IPO holding period*
- During any 3 months, greater of 1% of outstanding shares or average trading volume of previous 4 weeks may be sold**
- Insiders prohibited from "short-swing" profits arising from opposite way transactions for period 6 months before or after the sale (Section 16)
- Insiders prohibited from naked short sales (Section 16)
- Company policies require executives to observe trading windows/black-out periods to comply with insider trading laws prohibiting trading on material non-public information

* For securities acquired in connection with an M&A transaction where a holder was an affiliate of the target but is not an affiliate of the acquirer, these requirements do not apply under Rule 145.

** If the trading volume of the securities is not available through an exchange, NASDAQ, or the consolidated transaction reporting system, the amount will be based solely on the one percent limitation. After the maximum number of shares that can be sold is determined, the seller must deduct from that number any shares sold by the seller in the preceding three-month period, as well as any shares sold by entities that have to aggregate with the seller.

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…as well as regulatory disclosure requirements

- Form 144 filing with SEC on or before date of sale indicating number and market value of shares to be sold
- Form 4, indicating percentage change in ownership (Section 16), must be filed with SEC within two business days following a sale
- Schedule 13D or G, when ownership percentage changes by 1% or more or if there are any other material changes (Section 13), must be filed for 5% stockholders

Assuming exempt to Section 16 and in compliance with company policy. For illustrative purposes only.

OTC hedging activities of affiliates and significant share-holders are subject to regulatory constraints and reporting requirements

Rule 144

- Cannot sell for one year after a private placement; JPM believes that prepaid forwards should be treated the same way, but that a shorter period may be appropriate for most collars
- During any three month period, sales cannot exceed the greater of:
  - 1% of outstanding shares or
  - Average of prior four weeks' trading volume
- JPMorgan believes volume constraints on hedging by affiliates should be analyzed similarly
- Sale or prepaid forward (but not a collar) must be reported on a Form 144
  - Must be mailed to the SEC no later than trade date
  - Becomes public record when received at the SEC
- Manner of sale restriction prohibits solicitation of buyers other than:
  - Brokers who expressed interest within last 60 days
  - Customers who expressed unsolicited interest within last 10 business days
- JPMorgan believes this applies to hedges for affiliates, as well as sales

Section 16

- Sale/hedge must be reported on a Form 4 within two business days following the trade date
- For sale/hedge under 10b5-1plans where the affiliate does not select the date of execution, the Form 4 is due within two business days of the date of notification by the broker, as long as it is within 3 business days of the actual date of execution
- Sale/hedge is matchable against non-exempt purchases made 6 months before or after sale for short swing profit purposes
- Cash settlement of collar is considered a "purchase"; treatment of variable forwards is less clear

Section 13(d)

- If "material", sale/hedge must be reported on Section 13 form (Schedule 13D or G)
  - Originally completed when investor exceeds 5% of a class of traded or widely held voting shares
  - Change of ownership of 1% or more is deemed "material"
- Schedule 13D must be amended promptly (rule of thumb: within 48 hours) of "material" trade. Pre-IPO holders and "passive" holders can use less detailed form (13G) that is amended annually, but affiliates sometimes do not qualify as "passive" holders

Assuming exempt to Section 16 and in compliance with company policy. For illustrative purposes only.

Why hedge a single stock position using OTC Options?

Risk Reduction	Client can reduce or eliminate exposure to depreciation in underlying stock.
Monetization	A hedged position represents a guaranteed value; therefore, client can borrow against the position at an attractive rate.
Tax Deferral	Appropriately structured hedging transactions should not trigger a tax event at inception; clients should consult with their own tax advisors.
Upside Participation	The amount of upside retained in a hedging transaction can be structured to meet the client's stock view.
Customization	Client can tailor private hedging and monetization transactions to meet their view on the stock and other objectives.
Ownership Retention	Client retains ownership of shares; therefore has voting rights.

Options are not suitable for all investors. Investors are urged to consider carefully whether the products or strategies discussed in this material are suitable for their needs. The option strategies discussed in this presentation pertain to OTC Options and their use in hedging single stock positions. A copy of the Options Disclosure Document, "Characteristics and Risk of Standardized Options " maybe obtained by contacting your Private Banker.

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Borrowing against a hedged position provides an attractive alternative to traditional financing

Details

- Proceeds can be reinvested in a diversified portfolio or private investments
- Terms can be more attractive than those for traditional secured credit:
  - Less collateral required: *non-purpose loan:* If a client is not using the proceeds of the loan to purchase or carry margin stock, Regulation U would not apply, and we would generally lend about 90% of the Put Strike on each share

    purpose loan: If the client intends to use the proceeds to carry margin stock (i.e., publicly traded equities), Regulation U requires an initial collateral value of 2:1
  - Downside protection: no requirement to provide additional collateral if stock price falls
  - Pricing: Libor plus a spread; generally below unhedged lending spreads

Please note that collared loans will be extended through JPMorgan Chase Bank.

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PrISM

Assuming exempt to Section 16 and in compliance with company policy. For illustrative purposes only.

What is a PrISM?

Description

- A PrISM is a prepaid variable forward securities contract
- A PrISM (Principal Installment Stock Monetization strategy) allows a client to receive attractive upfront liquidity (typically 80-90% of the stock value) and allows for flexibility in the reinvestment of the proceeds.
- Client defers taxes on underlying shares until the maturity of the transaction (assuming that they deliver shares).
- The client protects their position below the *hedged value* and retains all participation in the upside appreciation up to a predetermined *upside limit.*
- Client retains all dividends (optional) and voting rights during the term of the PrISM.
- While similar to collar plus a loan,
  - Generally provides more cash upfront
  - No interim cash payments are required

Key Risks

- Stock appreciation is capped at the *upside limit*.
- Shares are pledged for the duration of the VPF

Settlement Formula

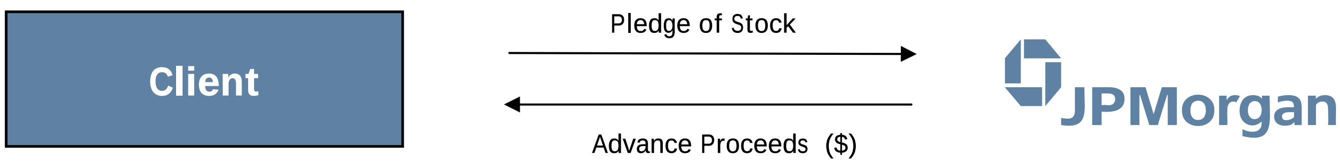
- At maturity, Client pays, in cash or shares, an amount that varies with the stock price:
  - **If stock price at maturity ≤ hedged value,** market value of the shares
  - **If hedged value < stock price at maturity ≤ upside limit,** hedged value of shares
  - **If the stock price at maturity > upside limit,** hedged value of shares plus appreciation above upside limit

Assuming exempt to Section 16 and in compliance with company policy. For illustrative purposes only.

PrISM: Example Transaction Flow

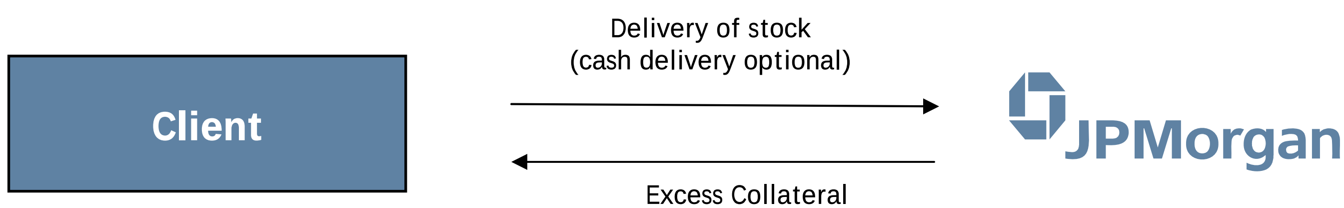
PrISM - Trade Mechanics

- **Start Date**



- **During the term of the trade**: The Client can use proceeds from sale for any purpose. Client continues to receive dividends (optional) and voting rights

- **Maturity**



Assuming exempt to Section 16 and in compliance with company policy. For illustrative purposes only.

Prepared for: *BD - $9.5MM shares*
Pricing as of: *February 23, 2007*

JPMorgan

INDICATIVE PRICING - Principal Installment Stock Monetization (PrISM)

Entering into OTC options transactions entails certain risks that you should be familiar with. In connection with the information provided below, you acknowledge that you have received the Options Clearing Corporation's "Characteristics and Risks of Standardized Options". If you have not received this document prior to reviewing the information provided below, please contact your JPMorgan representative or refer to the OCC website at http://www.optionsclearing.com/publications/riskstoc.pdf.

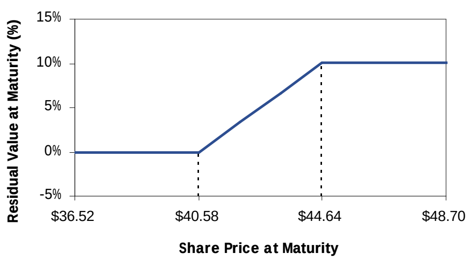
PrISM Assumptions

Underlying Stock: IAC/InterActiveCorp (IACI)
Current Share Price: $40.58
Base Amount: 9,500,000
Assumptions: Dividend Protection (based on a dividend schedule of $0.00 per quarter)
Assumes overnight borrow
Requires Averaging

OTC Option Style: European
Settlement: Cash or Physical
Bank Counterparty: JPMorgan Chase Bank (London Branch)

Structure	Maturity	Hedged Value		Upside Limit		Purchase Price	
A	1 year	100.00%	$40.58	110.00%	$44.64	**93.40%**	$360,066,340
B	1 year	100.00%	$40.58	120.00%	$48.70	**89.44%**	$344,800,144
C	3 years	100.00%	$40.58	120.00%	$48.70	**86.96%**	$335,235,641
D	3 years	100.00%	$40.58	130.00%	$52.75	**82.76%**	$319,048,076
E	5 years	100.00%	$40.58	120.00%	$48.70	**86.25%**	$332,502,375
F	5 years	100.00%	$40.58	140.00%	$56.81	**77.26%**	$297,845,026

Payoff at Maturity for Structure A



Shares Delivered for Physical Settlement

If the Share Price at Maturity ("SM") is *less than or equal to the Hedged Value,* then Shares Delivered is equal to 100% x Base Amount

If the SM is *above the Hedged Value and less than or equal to the Upside Limit,* then Shares Delivered is equal to (Hedged Value/ SM) x Base Amount

If the SM is *above the Upside Limit,* then Shares Delivered is equal to [(Hedged Value + (SM - Upside Limit))/SM] x Base Amount

Share Price at Maturity ("SM")	Position Value	Physical Settlement: Shares Delivered (%)	Physical Settlement: Shares Delivered	Cash Settlement: Cash Delivered[1] (Optional)	Residual Value[2]	Residual Value (%)
$30.58	$290,510,000	100.00%	9,500,000	$290,510,000	$0	0.00%
$35.58	$338,010,000	100.00%	9,500,000	$338,010,000	$0	0.00%
$40.58	$385,510,000	100.00%	9,500,000	$385,510,000	$0	0.00%
$41.93	$398,360,333	96.77%	9,193,548	$385,510,000	$12,850,333	3.33%
$43.29	$411,210,667	93.75%	8,906,250	$385,510,000	$25,700,667	6.67%
$44.64	$424,061,000	90.91%	8,636,364	$385,510,000	$38,551,000	10.00%
$49.64	$471,561,000	91.82%	8,723,357	$433,010,000	$38,551,000	10.00%
$54.64	$519,061,000	92.57%	8,794,429	$480,510,000	$38,551,000	10.00%

[1] With adjustments for fractional shares
[2] Residual Value = (Base Amount - Shares Delivered) * SM

The table above illustrates the payoff at maturity for Structure A. Please note that no structure may be unwound before its maturity without the agreement of JPMorgan. If a structure is terminated early, either due to an agreement between the Counterparty and JPMorgan or due to any termination event (including certain merger events), the scenario above will not apply. The payoff from such a termination will not equal the payoff you would expect given the same underlying equity price at maturity. To determine any amounts payable to JPMorgan under the structure JPMorgan will take into account a number of variables, including the time remaining on a structure, the market price of the underlying, interest rates, volatility levels, and dividend yields.

Prepared for: *BD - $2.5MM shares*
Pricing as of: *February 23, 2007*

JPMorgan

INDICATIVE PRICING - Principal Installment Stock Monetization (PrISM)

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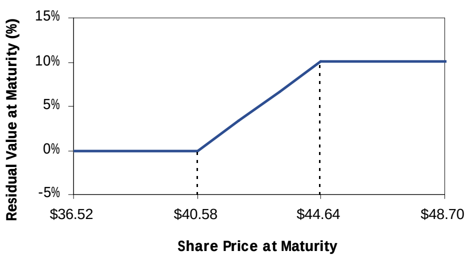
PrISM Assumptions

Underlying Stock: IAC/InterActiveCorp (IACI)
Current Share Price: $40.58
Base Amount: 2,500,000
Assumptions: Dividend Protection (based on a dividend schedule of $0.00 per quarter)
Assumes overnight borrow
Requires Averaging

OTC Option Style: European
Settlement: Cash or Physical
Bank Counterparty: JPMorgan Chase Bank (London Branch)

Structure	Maturity	Hedged Value		Upside Limit		Purchase Price	
A	1 year	100.00%	$40.58	110.00%	$44.64	**93.96%**	$95,322,420
B	1 year	100.00%	$40.58	120.00%	$48.70	**90.29%**	$91,599,205
C	3 years	100.00%	$40.58	120.00%	$48.70	**88.09%**	$89,367,305
D	3 years	100.00%	$40.58	130.00%	$52.75	**84.26%**	$85,481,770
E	5 years	100.00%	$40.58	120.00%	$48.70	**87.35%**	$88,616,575
F	5 years	100.00%	$40.58	140.00%	$56.81	**79.33%**	$80,480,285

Payoff at Maturity for Structure A



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If the Share Price at Maturity ("SM") is *less than or equal to the Hedged Value,* then Shares Delivered is equal to 100% x Base Amount

If the SM is *above the Hedged Value and less than or equal to the Upside Limit,* then Shares Delivered is equal to (Hedged Value/ SM) x Base Amount

If the SM is *above the Upside Limit,* then Shares Delivered is equal to [(Hedged Value + (SM - Upside Limit))/SM] x Base Amount

Share Price at Maturity ("SM")	Position Value	Physical Settlement: Shares Delivered (%)	Physical Settlement: Shares Delivered	Cash Settlement: Cash Delivered[1] (Optional)	Residual Value[2]	Residual Value (%)
$30.58	$76,450,000	100.00%	2,500,000	$76,450,000	$0	0.00%
$35.58	$88,950,000	100.00%	2,500,000	$88,950,000	$0	0.00%
$40.58	$101,450,000	100.00%	2,500,000	$101,450,000	$0	0.00%
$41.93	$104,831,667	96.77%	2,419,355	$101,450,000	$3,381,667	3.33%
$43.29	$108,213,333	93.75%	2,343,750	$101,450,000	$6,763,333	6.67%
$44.64	$111,595,000	90.91%	2,272,727	$101,450,000	$10,145,000	10.00%
$49.64	$124,095,000	91.82%	2,295,620	$113,950,000	$10,145,000	10.00%
$54.64	$136,595,000	92.57%	2,314,323	$126,450,000	$10,145,000	10.00%

(1) With adjustments for fractional shares
(2) Residual Value = (Base Amount - Shares Delivered) * SM

The table above illustrates the payoff at maturity for Structure A. Please note that no structure may be unwound before its maturity without the agreement of JPMorgan. If a structure is terminated early, either due to an agreement between the Counterparty and JPMorgan or due to any termination event (including certain merger events), the scenario above will not apply. The payoff from such a termination will not equal the payoff you would expect given the same underlying equity price at maturity. To determine any amounts payable to JPMorgan under the structure JPMorgan will take into account a number of variables, including the time remaining on a structure, the market price of the underlying, interest rates, volatility levels, and dividend yields.

Sample list of reported pre-paid variable forward contracts

Pre-Paid Variable Forwards	
Company	**Executive/Entity**
Qwest Communication International Inc.	Philip Anschutz, founder
Dobson Communications Corp.	Dobson CC Limited Partnership
William Lyon Homes Inc.	Cable Family Trust
Men's Wearhouse	Mr. Zimmer, Founder and CEO
Walt Disney Corporation	Roy Disney, Vice Chairman
WellPoint Inc.	Leonard Schaeffer, CEO
Nextel Communications	Digital Radio--Craig McCaw controlled entity
O'Reilly Automotive	Charlie, Rosalie, Larry, and David O'Reilly -- most of the executive officers
Gemstar-TV Guide International, Inc.	Henry Yuen - Chairman and CEO
Level 3 Communications	James Crowe, CEO
Clear Channel Communications, Inc.	McCombs, co-founder and Director
Reebok International, Ltd.	Paul Fireman, CEO
Markel Corporation	Anthony F. Markel, President and COO
Optical Communication Products Inc.	Muoi Van Tran, Chairman and CEO
Indexed Stock Options	Schering-Plough

Note: This presentation is for educational purposes only. This is not for distribution outside of this presentation.
Source: Bloomberg

Sample Pre-Paid Variable Forward Contract Press Releases

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Morningstar, Inc.

CHICAGO, April 7 /PRNewswire-FirstCall/ -- Morningstar, Inc. (Nasdaq: MORN), a leading provider of independent investment research, today announced that Joe Mansueto, its founder, chairman, and chief executive officer, is establishing a pre-arranged stock trading plan under Rule 10b5-1 of the Securities and Exchange Act of 1934 to sell a small portion of his Morningstar shares on a regular basis. Mansueto may sell up to 1.2 million shares, or 4 percent of his total shares, during a 12-month period that will begin in June 2006. Mansueto, who is adopting the plan for asset diversification purposes, wrote about his decision in his annual letter to shareholders, which was posted today at http://global.morningstar.com/2005annualreport .

Rule 10b5-1 allows corporate insiders to adopt pre-arranged stock trading plans to buy or sell a specified number of shares of company stock. Transactions under the plan will be disclosed through filings with the Securities and Exchange Commission.

As of March 31, 2006, Mansueto owned 30 million shares of Morningstar, Inc. common stock, which represented 73.7 percent of the company's outstanding shares.

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Source: Bloomberg

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North Fork Bancorporation Inc.

On February 1, 2005, Thomas S. Johnson, a director of the Registrant and former CEO of GreenPoint Financial Corporation, recently acquired by the Registrant, entered into an individual sales plan with his personal securities broker, J.P. Morgan Securities, Inc., for the periodic sale on the open market at prevailing market prices of specified numbers of shares of the Registrant's common stock beneficially owned by Mr. Johnson, provided certain conditions including threshold trading prices are met. Assuming all conditions are met, the sales will occur every other week over the next 9 months and, if the plan is not terminated, may involve as many as 5.05 million shares, all of which will be shares received by Mr. Johnson upon exercise of compensatory stock options currently held by him. Mr. Johnson's sales plan is structured in accordance with Rule 10b5-1 of the Securities and Exchange Commission, which provides that trades by a corporate insider in his company's securities will not be subject to insider trading liability if effected pursuant to a qualifying plan established by the insider while not in possession of material non-public information, Mr. Johnson has stated that he adopted the plan for purposes of estate planning and portfolio diversification.

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H.J. Heinz Company

PITTSBURGH--(BUSINESS WIRE)--March 29, 2006--H.J. Heinz Company (NYSE:HNZ), a global food manufacturer, today announced that its Chairman, President and Chief Executive Officer, William R. Johnson, has adopted a prearranged trading plan in order to exercise expiring options. The stock trading plan was adopted in accordance with the guidelines specified under Rule 10b5-1 of the Securities and Exchange Act of 1934.

Rule 10b5-1 allows persons who may have material non-public information about a company to adopt written, pre-arranged stock trading plans when they are not in possession of material, non-public information. Such plans establish parameters for future stock transactions to automatically take place which may be modified or revoked by the person adopting the plan only in limited circumstances. In providing for these plans, the SEC recognized the need for corporate insiders to gradually diversify their holdings and spread stock trades out over extended periods of time to reduce market impact, without concerns whether such individuals might have had access to material, non-public information at the time of a particular transaction.

Mr. Johnson's plan provides for the exercise of 277,487 options of Heinz Common Stock due to expire in June 2006, and liquidation of shares at certain predetermined price levels to satisfy tax obligations related to the exercise, with the intention of retaining approximately 100 percent of the after-tax proceeds in Heinz Common Stock. The exercises and sales are subject to satisfaction of certain conditions and continue through June 9, 2006, at which date the trading plan terminates.

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Source: Bloomberg

Rule 10b5-1

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JPMorgan can help insiders and/or affiliates with the successful sale of restricted stock by balancing two potentially conflicting objectives

Corporate

- Minimize negative market signal

Personal

- Defer capital gains tax
- Hedge downside risk of underlying stock position
- Benefit from stock appreciation

JPMorgan 10b5-1 PrISM Program

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Rule 10b5-1 addresses challenges associated with Rule 144 requirements by offering flexibility in restricted stock sales

- This rule establishes broad "awareness" standards prohibiting insider trades on the basis of material nonpublic information if he/she is aware of the information at the time trade is made
- Establishes "affirmative defense" – no liability if, before becoming aware of the material nonpublic information, insider:
  - entered into a binding **contract** to buy or sell, or
  - gave **instructions** to another person to buy or sell for the insider's account, **or**
  - adopted a written **plan** for selling securities
- The contract, instructions, or plan must meet certain additional requirements

Although we do not provide legal advice, our team can work with your legal advisors and issuers counsel to identify solutions and alternatives.

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JPMorgan's 10b5-1 Selling Program enables insiders to take advantage of this expanded flexibility

How this works	Benefits
• Transfer all or a portion of company stock into J.P. Morgan Securities Inc. brokerage account • Develop, with dedicated "10b5-1 Team", a phased, pre-planned sales program to be executed at either market or specified prices in accordance with Rule 144 • Contract generally remains in effect until the earlier of: specified shares are sold, or one year from effective date of contract	• **Diversification and wealth management:** can address tax, estate planning and other issues • **Flexibility:** selling in tranches allows for market adjustments and meets cash flow needs • **Protection:** dedicated team provides additional distance between insider and execution of trades, reducing appearance of impropriety • **Efficiency:** dedicated team executes and monitors entire process, including Form 144 compliance

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10b5-1 Program: issues to consider

- Rule 10b5-1 only provides an affirmative defense against 10b-5 liability
  - Section 16 matching liability can still apply
  - Rule 144 must still be complied with
  - state laws still apply
  - Schedule 13D/G amendments still apply
- Enter into a plan only when insider is not aware of material nonpublic information
- Corporation must acknowledge the selling program by signing the sales plan
- Corporation should review their insider trading policy
  - a trading program will probably need relief from the blackout period policy
  - corporations may want to amend their policies accordingly
- The insider has the burden to prove compliance with the rule
- This fairly recent (effective October 2000) SEC rule has and may generate ongoing interpretations

Assuming exempt to Section 16 and in compliance with company policy. For illustrative purposes only.

Postpaid PrISM

Assuming exempt to Section 16 and in compliance with company policy. For illustrative purposes only.

What is a Postpaid PrISM?

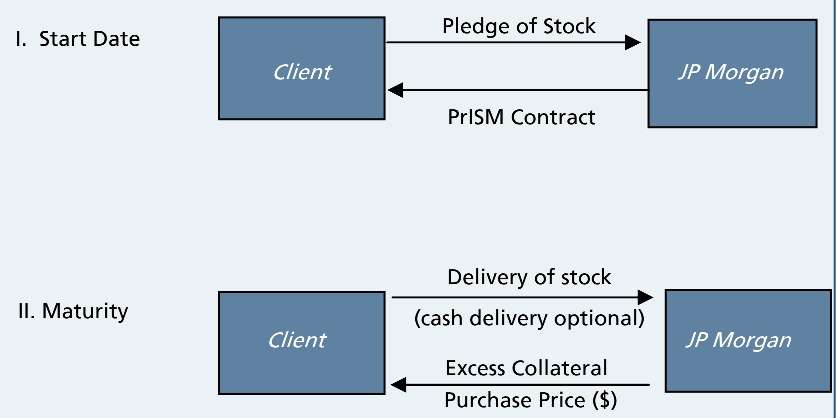
Description

- A Post-Paid PrISM allows a client to (1) lock-in a minimum Purchase Price (equal to the hedged value) for the stock and (2) retaining all appreciation in the shares up to a cap (the upside limit).
- The proceeds are advanced to the client at Maturity.
- The transaction must be physically settled, client will therefore defer taxes on the underlying shares only until maturity

Benefits

- The client protects their position below the hedged value and retains all participation in the upside appreciation up to a predetermined upside limit.
- Client retains all dividends (optional) and voting rights during the term of the PrISM.

Transaction Flow



Key Risks

- Stock appreciation is capped at the upside limit
- Shares are pledged for the duration of the PrISM
- The transaction must be physically-settled by delivery of some or all of the shares hedged. Unlike the traditional PrISM transaction, under the Post-Paid PrISM the choice of cash settlement at maturity is not available.
- If unwound early, payout may vary from expected payout at maturity *

Note: This strategy may not be suitable for all investors. This material is distributed with the understanding that it is not rendering accounting, legal or tax advice. Please consult your legal or tax advisor concerning such matters.

*based on factors including the underlying stock price, volatility, interest rates, dividend yields and time to maturity

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Prepared for: *BD - $9.5MM shares*
Pricing as of: *February 23, 2007*

JPMorgan

INDICATIVE PRICING - Postpaid Principal Installment Stock Monetization (PrISM)

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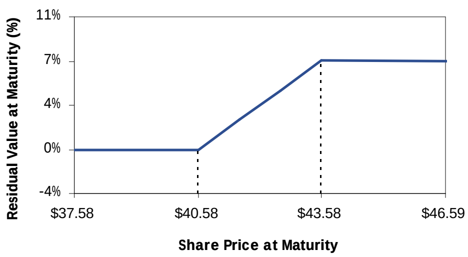
Postpaid PrISM Assumptions

Underlying Stock: IAC/InterActiveCorp (IACI)
Current Share Price: $40.58
Base Amount: 9,500,000
Assumptions: Dividend Protection (based on a dividend schedule of $0.00 per quarter)
Assumes overnight borrow
Requires Averaging

OTC Option Style: European
Settlement: Physical
Bank Counterparty: JPMorgan Chase Bank (London Branch)

Structure	Maturity	Hedged Value		Upside Limit		Collar Premium	Cash at Maturity
A	1 year	100.00%	$40.58	107.40%	$43.58	**0.00%**	$385,510,000
B	1 year	90.00%	$36.52	111.05%	$45.06	**0.00%**	$346,959,000
C	3 years	100.00%	$40.58	122.15%	$49.57	**0.00%**	$385,510,000
D	3 years	90.00%	$36.52	126.09%	$51.17	**0.00%**	$346,959,000
E	5 years	100.00%	$40.58	138.80%	$56.33	**0.00%**	$385,510,000
F	5 years	90.00%	$36.52	142.75%	$57.93	**0.00%**	$346,959,000

Payoff at Maturity for Structure A



Shares Delivered for Physical Settlement

If the Share Price at Maturity ("SM") is *less than or equal to the Hedged Value,* then Shares Delivered is equal to 100% x Base Amount

If the SM is *above the Hedged Value and less than or equal to the Upside Limit,* then Shares Delivered is equal to (Hedged Value/ SM) x Base Amount

If the SM is *above the Upside Limit,* then Shares Delivered is equal to [(Hedged Value + (SM - Upside Limit))/SM] x Base Amount

Share Price at Maturity ("SM")	Position Value	Physical Settlement: Shares Delivered (%)	Physical Settlement: Shares Delivered	Cash Received[1] at Maturity	Residual Value[2]	Residual Value (%)
$30.58	$290,510,000	100.00%	9,500,000	$385,510,000	$0	0.00%
$35.58	$338,010,000	100.00%	9,500,000	$385,510,000	$0	0.00%
$40.58	$385,510,000	100.00%	9,500,000	$385,510,000	$0	0.00%
$41.58	$395,019,247	97.59%	9,271,308	$385,510,000	$9,509,247	2.47%
$42.58	$404,528,493	95.30%	9,053,367	$385,510,000	$19,018,493	4.93%
$43.58	$414,037,740	93.11%	8,845,438	$385,510,000	$28,527,740	7.40%
$48.58	$461,537,740	93.82%	8,912,803	$385,510,000	$28,527,740	7.40%
$53.58	$509,037,740	94.40%	8,967,596	$385,510,000	$28,527,740	7.40%

(1) Paid by JPMorgan to Client
(2) Residual Value = (Base Amount - Shares Delivered) * SM

The table above illustrates the payoff at maturity for Structure A. Please note that no structure may be unwound before its maturity without the agreement of JPMorgan. If a structure is terminated early, either due to an agreement between the Counterparty and JPMorgan or due to any termination event (including certain merger events), the scenario above will not apply. The payoff from such a termination will not equal the payoff you would expect given the same underlying equity price at maturity. To determine any amounts payable to JPMorgan under the structure JPMorgan will take into account a number of variables, including the time remaining on a structure, the market price of the underlying, interest rates, volatility levels, and dividend yields.

Prepared for: *BD - $2.5MM shares*
Pricing as of: *February 23, 2007*

JPMorgan

INDICATIVE PRICING - Postpaid Principal Installment Stock Monetization (PrISM)

Entering into OTC options transactions entails certain risks that you should be familiar with. In connection with the information provided below, you acknowledge that you have received the Options Clearing Corporation's "Characteristics and Risks of Standardized Options". If you have not received this document prior to reviewing the information provided below, please contact your JPMorgan representative or refer to the OCC website at http://www.optionsclearing.com/publications/riskstoc.pdf.

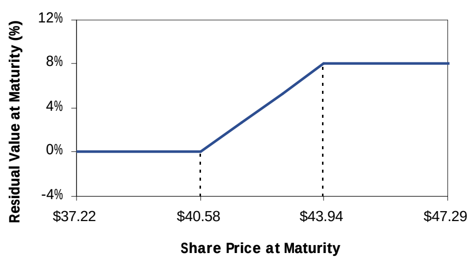
Postpaid PrISM Assumptions

Underlying Stock: IAC/InterActiveCorp (IACI)
Current Share Price: $40.58
Base Amount: 2,500,000
Assumptions: Dividend Protection (based on a dividend schedule of $0.00 per quarter)
Assumes overnight borrow
Requires Averaging

OTC Option Style: European
Settlement: Physical
Bank Counterparty: JPMorgan Chase Bank (London Branch)

Structure	Maturity	Hedged Value		Upside Limit		Collar Premium	Cash at Maturity
A	1 year	100.00%	$40.58	108.27%	$43.94	**0.00%**	$101,450,000
B	1 year	90.00%	$36.52	113.82%	$46.19	**0.00%**	$91,305,000
C	3 years	100.00%	$40.58	125.26%	$50.83	**0.00%**	$101,450,000
D	3 years	90.00%	$36.52	131.55%	$53.38	**0.00%**	$91,305,000
E	5 years	100.00%	$40.58	145.05%	$58.86	**0.00%**	$101,450,000
F	5 years	90.00%	$36.52	151.71%	$61.56	**0.00%**	$91,305,000

Payoff at Maturity for Structure A



Shares Delivered for Physical Settlement

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If the SM is *above the Upside Limit,* then Shares Delivered is equal to [(Hedged Value + (SM - Upside Limit))/SM] x Base Amount

Share Price at Maturity ("SM")	Position Value	Physical Settlement: Shares Delivered (%)	Physical Settlement: Shares Delivered	Cash Received[1] at Maturity	Residual Value[2]	Residual Value (%)
$30.58	$76,450,000	100.00%	2,500,000	$101,450,000	$0	0.00%
$35.58	$88,950,000	100.00%	2,500,000	$101,450,000	$0	0.00%
$40.58	$101,450,000	100.00%	2,500,000	$101,450,000	$0	0.00%
$41.70	$104,246,638	97.32%	2,432,932	$101,450,000	$2,796,638	2.76%
$42.82	$107,043,277	94.77%	2,369,369	$101,450,000	$5,593,277	5.51%
$43.94	$109,839,915	92.36%	2,309,042	$101,450,000	$8,389,915	8.27%
$48.94	$122,339,915	93.14%	2,328,553	$101,450,000	$8,389,915	8.27%
$53.94	$134,839,915	93.78%	2,344,447	$101,450,000	$8,389,915	8.27%

(1) Paid by JPMorgan to Client
(2) Residual Value = (Base Amount - Shares Delivered) * SM

The table above illustrates the payoff at maturity for Structure A. Please note that no structure may be unwound before its maturity without the agreement of JPMorgan. If a structure is terminated early, either due to an agreement between the Counterparty and JPMorgan or due to any termination event (including certain merger events), the scenario above will not apply. The payoff from such a termination will not equal the payoff you would expect given the same underlying equity price at maturity. To determine any amounts payable to JPMorgan under the structure JPMorgan will take into account a number of variables, including the time remaining on a structure, the market price of the underlying, interest rates, volatility levels, and dividend yields.

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Our investment management research incorporates our proprietary projections of the “equilibrium” returns and volatility of each asset class over the long term, as well as equilibrium estimates of the correlations among asset classes. Clearly, financial firms cannot predict how markets will perform in the future. But we do believe that by analyzing current economic and market conditions and historical market trends, and then, most critically, making projections of future economic growth, inflation, and real yields for each country, we can estimate the “equilibrium” performance for an entire asset class. The “equilibrium” return is simply the central tendency over a very long period of time around which market returns will tend to fluctuate, because it represents the value inherent in that market. It is possible – indeed, probable – that actual returns will vary considerably from this equilibrium, even for a number of years. But we believe that market returns will always at some point return to the equilibrium trend. We further believe that these kinds of forward-looking assessments are far more accurate than historical trends in deciding what asset class performance will be, and how best to determine an optimal asset mix.

In reviewing this material, please understand that all references to expected return are not promises, or even estimates, of actual returns one may achieve. They simply show what the equilibrium return should be, according to our best estimates. Also note that actual performance may be affected by the expertise of the person who actually manages these investments, both in picking individual securities and possibly adjusting the mix periodically to take advantage of asset class under valuations and overvaluations caused by market trends.

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