

Additional Terms Specific to the Notes

You should read this term sheet together with the prospectus dated December 1, 2005, as supplemented by the prospectus supplement dated October 12, 2006 relating to our Series E medium-term notes of which these notes are a part, and the more detailed information contained in product supplement no. 135-I dated May 1, 2008. **This term sheet, together with the documents listed below, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, fact sheets, brochures or other educational materials of ours.** You should carefully consider, among other things, the matters set forth in “Risk Factors” in the accompanying product supplement no. 135-I, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the notes.

You may access these documents on the SEC website at www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

- Product supplement no. 135-I dated May 1, 2008:
http://www.sec.gov/Archives/edgar/data/19617/000089109208002370/e31452_424b2.pdf
- Prospectus supplement dated October 12, 2006:
http://www.sec.gov/Archives/edgar/data/19617/000089109206003117/e25276_424b2.pdf
- Prospectus dated December 1, 2005:
http://www.sec.gov/Archives/edgar/data/19617/000089109205002389/e22923_base.txt

Our Central Index Key, or CIK, on the SEC website is 19617. As used in this term sheet, the “Company,” “we,” “us” or “our” refers to JPMorgan Chase & Co.

Additional Key Terms

- **CURRENCY BUSINESS DAY** — A “currency business day,” with respect to each Basket Currency, means (1) any day other than a day on which banking institutions in The City of New York are authorized or required by law, regulation or executive order to close and (2) (i) with respect to the Brazilian Real, a day on which dealings in foreign currency in accordance with the practice of the foreign exchange market occur in Sao Paulo, Brazil, (ii) with respect to the Russian Ruble, a day on which dealings in foreign currency in accordance with the practice of the foreign exchange market occur in Moscow, Russia, (iii) with respect to the South Korean Won, a day on which dealings in foreign currency in accordance with the practice of the foreign exchange market occur in Seoul, Korea, (iv) with respect to the Chinese Renminbi, a day on which dealings in foreign currency in accordance with the practice of the foreign exchange market occur in Beijing, China, and (v) with respect to the Indian Rupee, a day on which dealings in foreign currency in accordance with the practice of the foreign exchange market occur in Mumbai, India.

Selected Purchase Considerations

- **PRESERVATION OF CAPITAL AT MATURITY** — You will receive at least 100% of the principal amount of your notes if you hold the notes to maturity, regardless of the performance of the Basket. Because the notes are our senior unsecured obligations, payment of any amount at maturity is subject to our ability to pay our obligations as they become due.
- **APPRECIATION POTENTIAL** — At maturity, in addition to your principal, for each \$1,000 principal amount note you will receive a payment equal to either (1) if the Ending Basket Level is greater than the Starting Basket Level, \$1,000 x the Basket Return x the Upside Participation Rate^{††} or (2) if the Ending Basket Level is equal to or less than the Starting Basket Level, \$1,000 x the Absolute Basket Return x the Downside Participation Rate^{††}.
^{††} The Upside Participation Rate and Downside Participation Rate will be determined on the pricing date and will not be less than 140% and 40%, respectively.
- **POTENTIAL FOR A POSITIVE RETURN AT MATURITY EVEN IF THE BASKET RETURN IS NEGATIVE** — If the Ending Basket Level is less than the Starting Basket Level, then the Additional Amount will be calculated based on the Absolute Basket Return, which will always be a positive number. For example, if the Basket declined 15% from the Starting Basket Level to the Ending Basket Level, the Absolute Basket Return will equal 15%. Under these circumstances you will receive more than the principal amount of your notes at maturity, even though the Basket Return is negative.
- **DIVERSIFICATION AMONG THE BASKET CURRENCIES** — The return on the notes is linked to the performance of a basket of global currencies, which we refer to as the Basket Currencies, relative to the U.S. Dollar, and will enable you to participate in potential increases in the value of the Basket Currencies, relative to the U.S. Dollar, during the term of the notes. The Basket derives its value from an equally weighted group of currencies consisting of the Brazilian Real, the Russian Ruble, the South Korean Won, the Chinese Renminbi and the Indian Rupee.
- **TAXED AS CONTINGENT PAYMENT DEBT INSTRUMENTS** — You should review carefully the section entitled “Certain U.S. Federal Income Tax Consequences” in the accompanying product supplement no. 135-I. Subject to the limitations described therein, in the opinion of our special tax counsel, Sidley Austin LLP, the notes will be treated for U.S. federal income tax purposes as “contingent payment debt instruments.” You will generally be required to recognize interest income in each year at the “comparable yield,” as determined by us, although we will not make any payments with respect to the notes until maturity. Interest included in income will increase your basis in the notes. Generally, amounts received at maturity or earlier sale or disposition in excess of your basis will be treated as additional interest income while any loss will be treated as an ordinary loss to the extent of all previous inclusions with respect to the notes, which will be deductible against other income (e.g., employment and interest income), with the balance treated as capital loss, the deductibility of which may be subject to limitations. Purchasers who are not initial purchasers of notes at the issue price should consult their tax advisers with respect to the tax consequences of an investment in the notes, including the treatment of the difference, if any, between their basis in the notes and the notes’ adjusted issue price.
- **COMPARABLE YIELD AND PROJECTED PAYMENT SCHEDULE** — We will determine the comparable yield for the notes and will provide that comparable yield, and the related projected payment schedule, in the pricing supplement for the notes, which we will file with the SEC. If the notes had priced on August 28, 2008 and we had determined the comparable yield on that date, it would have been an annual rate of 4.68%, compounded semi-annually. The actual comparable yield that we will determine for the notes may be more or less than 4.68%, and will depend upon a variety of factors, including actual market conditions and our borrowing costs for debt instruments of comparable maturities. **Neither the comparable yield nor the projected payment schedule constitutes a representation by us regarding the actual amount, if any, that we will pay on the notes.**

Selected Risk Considerations

An investment in the notes involves significant risks. Investing in the notes is not equivalent to investing directly in the Basket Currencies or any of contracts related to the Basket Currencies. These risks are explained in more detail in the “Risk Factors” section of the accompanying product supplement no. 135-I dated May 1, 2008.

- **CURRENCY MARKET RISK** — The Basket Return will depend, in part, on the aggregate performance of the Brazilian Real, the Russian Ruble, the South Korean Won, the Chinese Renminbi and the Indian Rupee relative to the U.S. Dollar and, therefore, your notes will be exposed to currency exchange rate risk with respect to Brazil, Russia, South Korea, India, the People's Republic of China and the United States. The value of any currency, including the Basket Currencies, may be affected by complex political and economic factors. The value of each Basket Currency, relative to the U.S. Dollar, is, at any moment, the result of the interaction between many factors directly or indirectly affecting economic or political developments in the originating country (or countries) of each Basket Currency and the United States, including economic and political developments in other countries. Therefore, in calculating the Ending Basket Level, increases in the exchange rates of one or more of the Basket Currencies may be moderated, or more than offset, by lesser increases or decreases in the exchange rates of the remaining Basket Currencies. IF THE ENDING BASKET LEVEL IS LESS THAN THE STARTING BASKET LEVEL, YOU WILL RECEIVE A RETURN ON YOUR INVESTMENT THAT WILL NOT BE LESS THAN 40% OF THE ABSOLUTE BASKET RETURN.
- **WE HAVE NO CONTROL OVER EXCHANGE RATES** — Foreign exchange rates can either float or be fixed by sovereign governments. Exchange rates of the currencies used by most economically developed nations are permitted to fluctuate in value relative to the U.S. Dollar and to each other. However, from time to time governments may use a variety of techniques, such as intervention by a central bank, the imposition of regulatory controls or taxes or changes in interest rates to influence the exchange rates of their currencies. Governments may also issue a new currency to replace an existing currency or alter the exchange rate or relative exchange characteristics by a devaluation or revaluation of a currency. These governmental actions could change or interfere with currency valuations and currency fluctuations that would otherwise occur in response to economic forces, as well as in response to the movement of currencies across borders. As a consequence, these government actions could adversely affect an investment in a Note that is linked to an exchange rate.
- **THE EXCHANGE RATE OF THE CHINESE RENMINBI IS CURRENTLY MANAGED BY THE CHINESE GOVERNMENT** - On July 21, 2005, the People's Bank of China (the “People's Bank”), with the authorization of the State Council of the People's Republic of China, announced that the Chinese Renminbi exchange rate would no longer be pegged to the U.S. Dollar and would float based on market supply and demand with reference to a basket of currencies. According to public reports, the governor of the People's Bank has stated that the basket is composed mainly of the U.S. Dollar, the European Union Euro, the Japanese Yen and the South Korean Won. Also considered, but playing smaller roles, are the currencies of Singapore, the United Kingdom, Malaysia, Russia, Australia, Canada and Thailand. The weight of each currency within the basket has not been announced.

The initial adjustment of the Chinese Renminbi exchange rate was an approximate 2% revaluation from an exchange rate of 8.28 Chinese Renminbi per U.S. Dollar to 8.11 Chinese Renminbi per U.S. Dollar. The People's Bank has also announced that the daily trading price of the U.S. Dollar against the Chinese Renminbi in the inter-bank foreign exchange market will continue to be allowed to float within a band of 0.3 percent around the central parity published by the People's Bank, while the trading prices of the non-U.S. Dollar currencies against the Chinese Renminbi will be allowed to move within a certain band announced by the People's Bank. The People's Bank has stated that it will make adjustments of the Chinese Renminbi exchange rate band when necessary according to market developments as well as the economic and financial situation. In a later announcement published on May 18, 2007, the band was extended to 0.5%. On July 16, 2008, the Chinese Renminbi traded at 6.8128 Chinese Renminbi per U.S. Dollar, which is a 21.48% increase and the highest rate since the removal of the peg to the U.S. Dollar.

Despite the recent change in their exchange rate regime, the Chinese government continues to manage the valuation of the Chinese Renminbi, and, as currently managed, its price movements are unlikely to contribute significantly to either an increase or decrease in the value of the Basket. However, further changes in the Chinese government's management of the Chinese Renminbi could result in a significant movement in the U.S. Dollar/Chinese Renminbi exchange rate. Assuming the value of all other Basket Currencies remain constant, a decrease in the value of the Chinese Renminbi, whether as a result of a change in the government's management of the currency or for other reasons, would result in a decrease in the value of the Basket.

- **CHANGES IN THE VALUE OF THE BASKET CURRENCIES MAY OFFSET EACH OTHER** — Because the performance of the Basket is determined by the performance of the Brazilian Real, the Russian Ruble, the South Korean Won, the Chinese Renminbi and the Indian Rupee relative to the U.S. Dollar, your notes will be exposed to currency exchange rate risk with respect to Brazil, Russia, South Korea, India, the People's Republic of China and the United States. Movements in the exchange rates of the Basket Currencies may not correlate with each other. As a result, your investment in the notes may only yield a positive return if there occurs a broad-based rise in foreign currency values as compared to the U.S. Dollar across diverse markets over the term of the notes. Therefore, for example, in calculating the Ending Basket Level, an increase in the Spot Rate of the Indian Rupee may be moderated, or more than offset by, increases or declines in the Spot Rate of the Brazilian Real.
- **THE NOTES MIGHT NOT PAY AS MUCH AS AN INVESTMENT IN THE INDIVIDUAL BASKET CURRENCIES** — You may receive a lower payment at maturity than you would have received if you had invested in the Basket Currencies individually, a combination of Basket Currencies or contracts related to the Basket Currencies for which there is an active secondary market.
- **CERTAIN BUILT-IN COSTS ARE LIKELY TO ADVERSELY AFFECT THE VALUE OF THE NOTES PRIOR TO MATURITY** — While the payment at maturity described in this term sheet is based on the full principal amount of your notes, the original issue price of the notes includes the agent's commission and the estimated cost of hedging our obligations under the notes through one or more of our affiliates. As a result, and as a general matter, the price, if any, at which JPMSI will be willing to purchase notes from you in secondary market transactions, if at all, will likely be lower than the original issue price and any sale prior to the maturity date could result in a substantial loss to you. This secondary market price will also be affected by a number of factors aside from the agent's commission and hedging costs, including those set forth under “Many Economic and Market Factors Will Impact the Value of the Notes” below. The notes are not designed to be short-term trading instruments. Accordingly, you should be able and willing to hold your notes to maturity.
- **LACK OF LIQUIDITY** — The notes will not be listed on any securities exchange. JPMSI intends to offer to purchase the notes in the secondary market but is not required to do so. Even if there is a secondary market, it may not provide enough liquidity to allow you to trade or sell the notes easily. Because other dealers are not likely to make a secondary market for the notes, the price at which you may be able to trade your notes is likely to depend on the price, if any, at which JPMSI is willing to buy the notes.

- **POTENTIAL CONFLICTS** — We and our affiliates play a variety of roles in connection with the issuance of the notes, including acting as calculation agent and hedging our obligations under the notes. In performing these duties, the economic interests of the calculation agent and other affiliates of ours are potentially adverse to your interests as an investor in the notes. For example, one of JPMSI's duties as calculation agent involves determining the Starting Spot Rate in a manner set forth on the cover page of this term sheet. The Starting Spot Rate may vary, and may vary significantly, from the rates displayed in publicly available sources at 6:00 p.m., New York City time, on the pricing date. If the calculation agent determines that the Starting Spot Rate for one or more Basket Currencies differs from that reflected in the publicly available information, the performance of each Basket Currency may be affected in a way that negatively impacts your payment on the notes at maturity. JPMSI will not have any obligation to consider your interests as a holder of the notes in making this determination.
- **MANY ECONOMIC AND MARKET FACTORS WILL IMPACT THE VALUE OF THE NOTES** — In addition to the level of the Basket on any day, the value of the notes will be affected by a number of economic and market factors that may either offset or magnify each other, including:
 - the expected volatility in the Basket Currencies and the U.S. Dollar;
 - the exchange rate and the volatility of the exchange rate among each of the Basket Currencies;
 - changes in correlation between the Basket Currency exchange rates;
 - a variety of economic, financial, political and regulatory or judicial events;
 - suspension or disruption of market trading in any or all of the Basket Currencies or the U.S. Dollar;
 - interest and yield rates in the market generally as well as in each of the Basket Currencies' countries and in the United States;
 - the time remaining to the maturity of the notes; and
 - our creditworthiness, including actual or anticipated downgrades in our credit ratings.

Sensitivity Analysis — Hypothetical Payment at Maturity for Each \$1,000 Principal Amount Note

The following table illustrates the payment at maturity (including, where relevant, the payment of the Additional Amount) for a \$1,000 principal amount note for a hypothetical range of performances for the Basket Return from -80% to +80% and assumes an Upside Participation Rate of 140% and a Downside Participation Rate of 40%. **The Upside Participation Rate will be determined on the pricing date and will not be less than 140%. The Downside Participation Rate will be determined on the pricing date and will not be less than 40%.** The following results are based solely on the hypothetical example cited. You should consider carefully whether the notes are suitable to your investment goals. The numbers appearing in the table below have been rounded for ease of analysis.

Ending Basket Level	Basket Return	Absolute Basket Return	Basket Return x Upside Participation Rate (140%)	Absolute Basket Return x Downside Participation Rate (40%)	Additional Amount	Principal	Payment at Maturity
180	80%	80%	112.0%	N/A	\$1,120	+	\$1,000 = \$2,120
170	70%	70%	98.0%	N/A	\$980	+	\$1,000 = \$1,980
160	60%	60%	84.0%	N/A	\$840	+	\$1,000 = \$1,840
150	50%	50%	70.0%	N/A	\$700	+	\$1,000 = \$1,700
140	40%	40%	56.0%	N/A	\$560	+	\$1,000 = \$1,560
130	30%	30%	42.0%	N/A	\$420	+	\$1,000 = \$1,420
120	20%	20%	28.0%	N/A	\$280	+	\$1,000 = \$1,280
115	15%	15%	21.0%	N/A	\$210	+	\$1,000 = \$1,210
110	10%	10%	14.0%	N/A	\$140	+	\$1,000 = \$1,140
100	0%	0%	0.0%	0.0%	\$0	+	\$1,000 = \$1,000
90	-10%	10%	N/A	4.0%	\$40	+	\$1,000 = \$1,040
80	-20%	20%	N/A	8.0%	\$80	+	\$1,000 = \$1,080
70	-30%	30%	N/A	12.0%	\$120	+	\$1,000 = \$1,120
60	-40%	40%	N/A	16.0%	\$160	+	\$1,000 = \$1,160
50	-50%	50%	N/A	20.0%	\$200	+	\$1,000 = \$1,200
40	-60%	60%	N/A	24.0%	\$240	+	\$1,000 = \$1,240
30	-70%	70%	N/A	28.0%	\$280	+	\$1,000 = \$1,280
20	-80%	80%	N/A	32.0%	\$320	+	\$1,000 = \$1,320

Hypothetical Examples of Amounts Payable at Maturity

The following examples illustrate how the total returns set forth in the table above are calculated.

Example 1: The level of the Basket increases from the Starting Basket Level of 100 to an Ending Basket Level of 120.

Because the Ending Basket Level of 120 is greater than the Starting Basket Level of 100, the Additional Amount is equal to \$280 and the final payment at maturity is equal to \$1,280 per \$1,000 principal amount note, calculated as follows:

$$\$1,000 + (\$1,000 \times [(120-100)/100] \times 140\%) = \$1,280$$

Example 2: The level of the Basket decreases from the Starting Basket Level of 100 to an Ending Basket Level of 60.

Because the Ending Basket Level of 60 is lower than the Starting Basket Level of 100, the Additional Amount is equal to \$160 and the final payment at maturity is equal to \$1,160 per \$1,000 principal amount note, calculated as follows:

$$\$1,000 + (\$1,000 \times \text{absolute value of } [(60-100)/100] \times 40\%) = \$1,160$$

Example 3: The level of the Basket increases from the Starting Basket Level of 100 to an Ending Basket Level of 110.

Because the Ending Basket Level of 110 is greater than the Starting Basket Level of 100, the Additional Amount is equal to \$140 and the final payment at maturity is equal to \$1,140 per \$1,000 principal amount note, calculated as follows:

$$\$1,000 + (\$1,000 \times [(110-100)/100] \times 140\%) = \$1,140$$

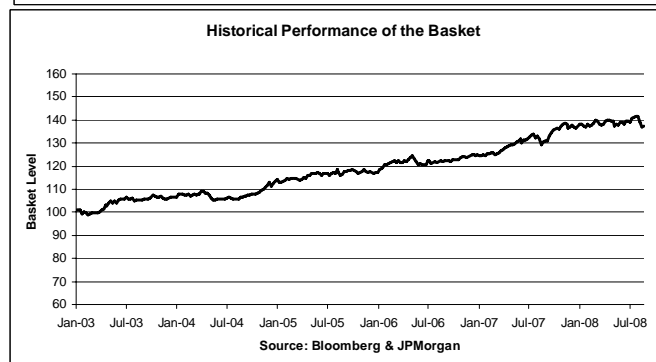
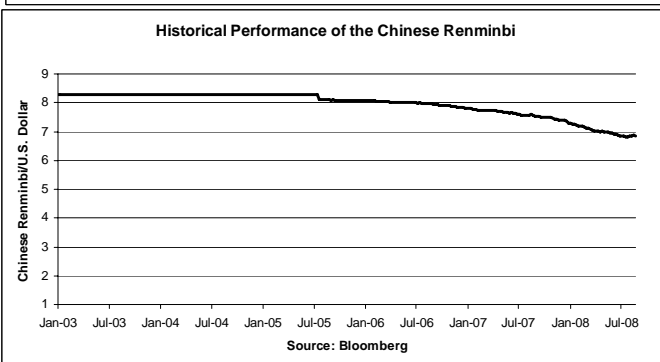
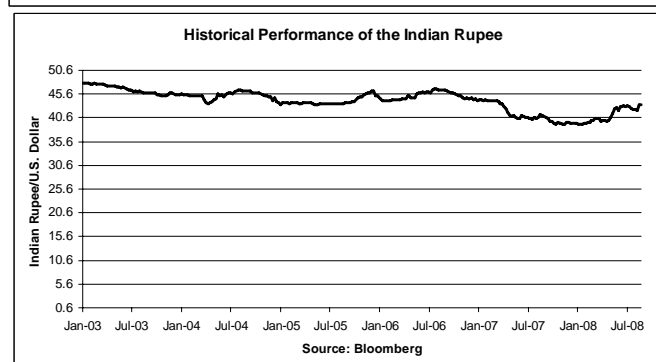
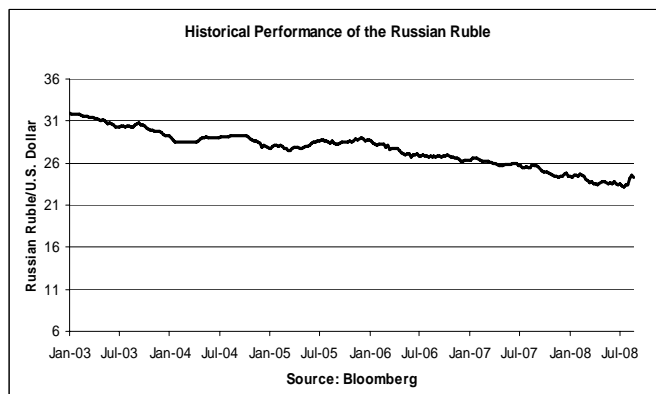
Example 4: The Ending Basket Level is 100. Because the Ending Basket Level of 100 is the same as the Starting Basket Level, the final payment at maturity is equal to \$1,000 per \$1,000 principal amount note.

Historical Information

The following first five graphs below show the historical weekly performance of each Basket Currency expressed in terms of the conventional market quotation, as shown on Bloomberg Financial Markets, for each currency (in each case the amount of the applicable Basket Currency that can be exchanged for one U.S. Dollar, which we refer to in this term sheet as the exchange rate) from January 3, 2003 through August 22, 2008. The exchange rates of the Brazilian Real, the Russian Ruble, the South Korean Won, the Chinese Renminbi and the Indian Rupee, at approximately 6:00 p.m., New York City time, on August 28, 2008, were 1.622, 24.6246, 1081.75, 6.8275 and 43.785, respectively.

The exchange rates displayed in the graphs below are for illustrative purposes only and do not form part of the calculation of the Basket Return. The value of the Basket, and thus the Basket Return, increases when the individual Basket Currencies appreciate in value against the U.S. Dollar. Therefore, the Basket Return is calculated using Spot Rates for each currency expressed as one divided by the amount of Basket Currency per one U.S. Dollar, which is the inverse of the conventional market quotation for each Basket Currency set forth in the first five graphs below.

The last graph below shows the weekly performance of the Basket from January 3, 2003 through August 22, 2008, assuming that the Basket Closing Level on January 3, 2003 was 100, that each Basket Currency had a 1/5 weight in the Basket on that date and that the historical spot rates of each Basket Currency on the relevant dates were the Spot Rates on such dates. The closing spot rates and the historical weekly Basket performance data in such graph were determined by dividing one by the rates reported by Bloomberg Financial Markets and may not be indicative of the Basket performance using the Spot Rates of the Basket Currencies at approximately 6:00 p.m., New York City time, that would be derived from the applicable Reuters page.



The Spot Rates of the Brazilian Real, the Russian Ruble, the South Korean Won, the Chinese Renminbi and the Indian Rupee, at approximately 6:00 p.m., New York City time, on August 28, 2008, were 0.61652, 0.04061, 0.00092, 0.14647 and 0.02284, respectively, calculated in the manner set forth under “Key Terms — Basket Closing Level” on the cover of this pricing supplement. We obtained the data needed to construct the graph which displays the weekly performance of the Basket from Bloomberg Financial Markets, and we obtained the exchange rates and the denominators used to calculate the Spot Rates from Reuters Group PLC. We make no representation or warranty as to the accuracy or completeness of the information obtained from Bloomberg Financial Markets or Reuters Group PLC. The historical performance of each Basket Currency and the Basket should not be taken as an indication of future performance, and no assurance can be given as to the Spot Rate of any of the Basket Currencies on the Observation Date. We cannot give you assurance that the performance of the Basket will result in the return of more than the principal amount of your notes.