

BEAR STEARNS COMPANIES INC

Form 424B5

July 18, 2006

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This preliminary pricing supplement relates to an effective registration statement under the Securities Act of 1933, but is not complete and may be changed. This preliminary pricing supplement and the accompanying prospectus supplement and prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any state where such an offer or sale would not be permitted.

Subject to Completion, dated July 18, 2006

**PRICING SUPPLEMENT**

(To Prospectus Dated February 2, 2005 and  
Prospectus Supplement Dated February 2, 2005)



**The Bear Stearns Companies Inc.**



**[\$ ] Medium-Term Notes, Linked to a Basket of Three International Equity Indices  
Due August [ ], 2010**



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The Notes are fully principal protected if held to maturity and are linked to the potential positive performance of an equally-weighted basket comprised of the following three equity indices: (1) the S&P 500® Index ( SPX ); (2) the Dow Jones EURO STOXX® Index ( SX5E ); and (3) the Nikkei 225SM Index ( NKY ) (each such index a Component and together the Basket ). When we refer to Notes in this pricing supplement, we mean Notes with a principal amount of \$1,000. On the Maturity Date you will receive the Cash Settlement Value, an amount in cash that depends on whether the average of the percentage change of each Component ( Basket Return ) is greater than zero on the Calculation Date. Because the Notes are principal protected if held to maturity, in no event will the Cash Settlement Value be less than the principal amount of the Notes.

If, on the Calculation Date, the Basket Return is greater than zero, then, at maturity, we will pay you the principal amount of the Notes, plus:

$\$1,000 \times \text{Basket Return} \times \text{Participation Rate}$

If, on the Calculation Date, the Basket Return is equal to or less than zero, then the Cash Settlement Value will be \$1,000. Because the Notes are principal protected if held to maturity, in no event will the Cash Settlement Value be less than \$1,000.

The CUSIP number for the Notes is 073928Q97.

INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. THERE MAY NOT BE AN ACTIVE SECONDARY MARKET IN THE NOTES, AND IF THERE WERE TO BE AN ACTIVE SECONDARY MARKET, IT MAY NOT BE LIQUID. YOU SHOULD REFER TO RISK FACTORS BEGINNING ON PAGE PS-[ ].

Each Component is a service mark or trademark of the Sponsor of such Component and has been, or will be, licensed for use by The Bear Stearns Companies Inc. The Notes, which are linked to the performance of the Components, are not sponsored, endorsed, sold or promoted by the Sponsor of any Component; and the Sponsors of such Components make no representations regarding the advisability of investing in the Notes.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the Notes or determined that this pricing supplement, or the accompanying prospectus supplement and prospectus, is truthful or complete. Any representation to the contrary is a criminal offense.**

	Per Note		Total
Initial public offering price	[100.00] %*	\$	[ ]
Agent's discount	[ ] %	\$	[ ]
Proceeds, before expenses, to us	[ ] %	\$	[ ]

\* Investors who purchase an aggregate principal amount of at least \$1,000,000 of this Note offering will be entitled to purchase Notes for 99.00% of the principal amount.

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Any additional reissuances will be offered at a price to be determined at the time of pricing of each offering of Notes, which price will be a function of the prevailing market conditions and level of the Basket at the time of the relevant sale.

We may grant Bear, Stearns & Co. Inc. a 30-day option from the date of this pricing supplement to purchase from us up to an additional \$[ ] of Notes at the public offering price to cover any over-allotments. We expect that the Notes will be ready for delivery in book-entry form only through the book-entry facilities of The Depository Trust Company in New York, New York, on or about August [ ], 2006, against payment in immediately available funds. The distribution of the Notes will conform to the requirements set forth in Rule 2720 of the NASD Inc. Conduct Rules.



**Bear, Stearns & Co. Inc.**



July [ ], 2006



**SUMMARY**



*This summary highlights selected information from the accompanying prospectus and prospectus supplement and this pricing supplement to help you understand the Notes linked to the Basket. You should carefully read this entire pricing supplement and the accompanying prospectus supplement and prospectus to fully understand the terms of the Notes, as well as certain tax and other considerations that are important to you in making a decision about whether to invest in the Notes. You should carefully review the section Risk Factors in this pricing supplement and Risk Factors in the accompanying prospectus supplement which highlight a number of significant risks, to determine whether an investment in the Notes is appropriate for you. All of the information set forth below is qualified in its entirety by the more detailed explanation set forth elsewhere in this pricing supplement and the accompanying prospectus supplement and prospectus. If information in this pricing supplement is inconsistent with the prospectus or prospectus supplement, this pricing supplement will supersede those documents. In this pricing supplement, the terms Company, we, us and our refer only to The Bear Stearns Companies Inc. excluding its consolidated subsidiaries.*

**The Bear Stearns Companies Inc. Medium-Term Notes, Series B, Linked to a Basket of Three International Equity Indices, Due August [ ], 2010 (the Notes ) are Notes whose return is tied or linked to the potential positive performance of an equally-weighted basket comprised of the following three equity indices: (1) the S&P 500<sup>®</sup> Index ( SPX ); (2) the Dow Jones EURO STOXX 50<sup>®</sup> Index ( SX5E ); and (3) the Nikkei 225<sup>SM</sup> Index ( NKY ) (each such index a Component and together the Basket ). When we refer to Note or Notes in this pricing supplement, we mean \$1,000 principal amount of Notes. The Notes are principal protected. On the Maturity Date you will receive the Cash Settlement Value, an amount in cash that depends on whether the average of the percentage change of each Component ( Basket Return ) is greater than zero on the Calculation Date. If the Basket Return is greater than zero on the Calculation Date, we will pay you the principal amount of the Notes, at maturity, plus \$1,000 x Basket Return x [100]%. If the Basket Return is less than or equal to zero on the Calculation Date, the Cash Settlement Value, at maturity, will be \$1,000.**





**Selected Investment Considerations**



**Principal protection** Because the Notes are principal protected if held to maturity, in no event will you receive a Cash Settlement Value less than \$1,000 per Note. If the Basket Return is less than or equal to zero, you will receive the principal amount of the Notes.

**Diversification** The Basket is comprised of the following three equally-weighted international equity indices: (1) the S&P 500<sup>®</sup> Index; (2) the Dow Jones EURO STOXX 50<sup>®</sup> Index; and (3) the Nikkei 225<sup>SM</sup> Index. Therefore, the Notes may allow you to diversify an existing portfolio or investment.

**Low minimum investment** The minimum purchase is \$1,000, with increments of \$1,000 thereafter.

**Exchange-listed** The Notes will be listed on the American Stock Exchange.

**Taxes** For U.S. federal income tax purposes, we intend to treat the Notes as contingent payment debt instruments. As a result, you will be required to include original issue discount ( **OID** ) in income during your ownership of the Notes even though no cash payments will be made with respect to the Notes until maturity. Additionally, you will generally be required to recognize ordinary income on the gain, if any, realized on a sale, upon maturity, or other disposition of the Notes. You should review the discussion under the section entitled **Certain U.S. Federal Income Tax Considerations** in this pricing supplement.

#### **Selected Risk Considerations**



No current income We will not pay any interest on the Notes. The yield on the Notes therefore may be less than the overall return you would earn if you purchased a conventional debt security at the same time and with the same maturity.

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**No dividend or other payments** You will not receive any dividend payments or other distributions on the stocks underlying the indices that comprise the Basket; nor will such payments be included in the calculation of the Cash Settlement Value you will receive at maturity.

**Possible loss of value in the secondary market** Your principal investment in the Notes is protected only if you hold your Notes to maturity. If you sell your Notes prior to the Maturity Date, you may receive less, and possibly significantly less, than the amount you originally invested.

**The Components may not move in tandem** At a time when the value of one or more of the Components increases, the value of one or more of the other Components may decline. Therefore, in calculating the Basket Performance, increases in the value of one or more of the Components may be moderated, or wholly offset, by lesser increases or declines in the value of one or more of the other Components.

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**KEY TERMS**





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<b>Issuer:</b>	The Bear Stearns Companies Inc.
<b>Basket:</b>	The Basket is equally weighted and comprised of three international equity indices: (1) the S&P 500 <sup>®</sup> Index; (2) the Dow Jones EURO STOXX 50 <sup>®</sup> Index; and (3) the Nikkei 225 <sup>SM</sup> Index. (Each such index is a Component and together the Basket. ) The weighting of each Component is fixed at 1/3, or 33%, and will not change during the term of the Notes unless one or more Components are modified during the term of the Notes.
<b>Face amount:</b>	The Notes will be denominated in U.S. dollars. Each Note will be issued in minimum denominations of \$1,000 and \$1,000 multiples thereafter; provided, however, that the minimum purchase for any purchaser domiciled in a Member state of the European Economic Area shall be \$100,000. The aggregate principal amount of the Notes being offered is \$[ ]. When we refer to Note or Notes in this pricing supplement, we mean Notes with a principal amount of \$1,000.
<b>Further Issuances:</b>	Under certain limited circumstances, and at our sole discretion, we may offer further issuances of the Notes. These further issuances, if any, will be consolidated to form a single series with the Notes and will have the same CUSIP number and will trade interchangeably with the Notes immediately upon settlement.
<b>Sponsors and Tickers:</b>	The Summary of the Components below details the Sponsors and the Bloomberg ticker symbol for each Component.
<b>Interest:</b>	The Notes will not bear interest.
<b>Component Level:</b>	The closing level, as determined by the applicable Sponsor, of the applicable Component on the applicable Business Day.
<b>Initial Component Level:</b>	The closing level, as determined by the applicable Sponsor, of the applicable Component on the applicable Pricing Date.
<b>Final Component Level:</b>	The closing level, as determined by the applicable Sponsor, of the applicable Component on the Calculation Date.
<b>Component Return:</b>	
<b>Basket Return:</b>	The sum of the Component Returns for all Components in the Basket divided by the number of Components.
<b>Participation Rate:</b>	[100]%
<b>Cash Settlement Value:</b>	<p>On the Maturity Date you will receive the Cash Settlement Value, an amount in cash that depends upon the performance of the Basket Return. If the Basket Return is greater than zero on the Calculation Date, we will pay you the principal amount of the Notes, plus:</p> $\$1,000 \times \text{Basket Return} \times \text{Participation Rate}$ <p>If the Basket Return is equal to or less than zero on the Calculation Date, you will receive the principal amount of the Notes because the Notes are principal protected if held to maturity.</p>
<b>Pricing Date:</b>	The Summary of the Components below details the Pricing Date for each Component.
<b>Calculation Date:</b>	The Summary of the Components below details the Calculation Date for each Component; if the applicable day is not a Component Business Day for that Component, the next Component Business Day will be the Calculation Date.

**Maturity Date:** The Notes will mature on August [ ], 2010.

**Exchange listing:** Subject to meeting certain listing criteria, we expect to list the Notes on the American Stock Exchange, under the symbol [ ].

**Calculation Agent:** Bear, Stearns & Co. Inc. All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will be conclusive for all purposes and binding on us and the beneficial owners of the Notes, absent manifest error.

**Relevant Exchanges:** The Summary of the Components below details the Relevant Exchanges for each Component.

**Component Business Day:** With respect to each Component, will be a calendar day, as determined by the Calculation Agent, on which such Component or any Successor Component is calculated and published and on which securities comprising more than 80% of the value of such Component on such day is capable of being traded on the applicable Relevant Exchange. All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will be conclusive for all purposes and binding on us and the beneficial owners of the Notes, absent manifest error.

**Summary of Components**

Component	Sponsor	Bloomberg Ticker Symbol	Pricing Date (the date below represents the date in the time zone of the applicable Relevant Exchanges)	Initial Component Level	Calculation Date (the date below represents the date in the time zone of the applicable Relevant Exchanges)	Relevant Exchanges
S&P 500® Index	Standard & Poor's ( S&P )	SPX <Index>	July [ ], 2006	[ ]	July [ ], 2010	New York Stock Exchange and Nasdaq
Dow Jones EURO STOXX 50® Index	STOXX Limited ( STOXX )	SX5E <Index>	July [ ], 2006	[ ]	July [ ], 2010	Major stock exchanges, respectively located in one of 17 European countries, including London Stock Exchange, Frankfurt Stock Exchange and others.
Nikkei 225 <sup>SM</sup> Index	Nihon Keizai Shimbun, Inc. or its successor ( NKS )	NKY <Index>	July [ ], 2006	[ ]	July [ ], 2010	Tokyo Stock Exchange or its successor (the TSE )

**Offers and sales of the Notes are subject to restrictions in certain jurisdictions. The distribution of this pricing supplement, the accompanying prospectus supplement and prospectus and the offer or sale of the Notes in certain other jurisdictions may be restricted by law. Persons who come into possession of this pricing supplement, and the accompanying prospectus supplement and prospectus or any Notes must inform themselves about and observe any applicable restrictions on the distribution of this pricing supplement, the accompanying prospectus supplement and prospectus and the offer and sale of the Notes. Notwithstanding the minimum denomination of \$1,000, the minimum purchase for any purchaser domiciled in a member state of the European Economic Area shall be \$100,000.**

#### **QUESTIONS AND ANSWERS**



**What are the Notes?**



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The Notes are a series of our senior debt securities, the value of which is linked to the potential positive performance of the Basket Return. The Notes will not bear interest, and no other payments will be made prior to maturity. See the section Risk Factors.

The Notes will mature on the Maturity Date. The Notes do not provide for earlier redemption. When we refer to Notes in this pricing supplement, we mean Notes with a principal amount of \$1,000. You should refer to the section Description of the Notes.

**Are the Notes equity or debt securities?**





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The Notes are our unsecured debt securities. The Notes are principal protected if held to maturity. However, the Notes differ from traditional debt securities in that the Notes offer the opportunity to participate in the positive performance of the Basket Return, if any.

**What will I receive at maturity of the Notes?**



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We have designed the Notes for investors who want to protect their investment by receiving at least 100% of the principal amount of their Notes at maturity. On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash that depends upon the performance of the Basket Return. If the Basket Return is less than or equal to zero on the Calculation Date, the Cash Settlement Value will equal the principal amount of the Notes.

If the Basket Return is greater than zero on the Calculation Date, we will pay you the principal amount of the Notes, plus:

$\$1,000 \times \text{Basket Return} \times \text{Participation Rate}$

If the Basket Return is equal to or less than zero on the Calculation Date, you will receive the principal amount of the Notes because the Notes are principal protected if held to maturity.

For more specific information about the Cash Settlement Value and for illustrative examples, you should refer to Description of the Notes.

**Will there be additional offerings of the Notes?**



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Under certain limited circumstances, and at our sole discretion, we may offer further issuances of the Notes. These further issuances, if any, will be consolidated to form a single series with the Notes and will have the same CUSIP number and will trade interchangeably with the Notes immediately upon settlement. Any additional issuance will increase the aggregate principal amount of the outstanding Notes of this series to include the aggregate principal amount of any Notes bearing the same CUSIP number that are issued pursuant to (i) any 30-day option we grant to Bear, Stearns & Co. Inc., and (ii) any future issuances of Notes bearing the same CUSIP number. The price of any additional offerings will be determined at the time of pricing of each offering, which price will be a function of the prevailing market conditions and level of the Basket at the time of the relevant sale.

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What does **principal protected** mean?



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Principal protected means that at maturity your principal investment in the Notes will not be at risk as a result of a decrease in the Basket Return. If the Basket Return is equal to or less than zero on the Calculation Date, the Cash Settlement Value at maturity will be \$1,000. You may receive less than the principal amount of the Notes if you sell your Notes prior to maturity.

**Will I receive interest on the Notes?**





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You will not receive any interest payments on the Notes, but will instead receive the Cash Settlement Value upon maturity of the Notes.

**What is the Basket?**



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The Basket is comprised of three international equity indices: 1) the S&P 500<sup>®</sup> Index; (2) the Dow Jones EURO STOXX 50<sup>®</sup> Index; and (3) the Nikkei 225<sup>SM</sup> Index (each such index a Component and together the Basket ). The weighting of each Component is fixed at 1/3, or 33%, and will not change during the term of the Notes unless one or more of the Components is modified during the term of the Notes. For more specific information about the Basket, please see the section Description of the Basket. Unless otherwise stated, all information regarding the Components that is provided in this pricing supplement is derived from the Sponsors or other publicly available sources.

**Who publishes information regarding the Components and where can I obtain further information?**



S&P 500<sup>®</sup> Index. The S&P 500<sup>®</sup> Index is a free-float weighted stock index published by Standard & Poor's ( S&P ) and is intended to track the price movements of the common stocks comprising the S&P 500<sup>®</sup> Index. As of June 30 2006, the common stocks of 424 companies, or 86.0% of the market capitalization of the S&P 500<sup>®</sup> Index, were traded on the New York Stock Exchange ( NYSE ) and the common stocks of 76 companies, or 14.0% of the market capitalization of the S&P 500<sup>®</sup> Index, were traded on The Nasdaq Stock Market ( Nasdaq ). The S&P 500<sup>®</sup> Index is quoted in U.S. dollars. You can obtain the level of the S&P 500<sup>®</sup> Index from the Bloomberg service under the symbol SPX <Index> or from the S&P website at <http://www.spglobal.com>.

Dow Jones EURO STOXX 50<sup>®</sup> Index. The Dow Jones EURO STOXX 50<sup>®</sup> Index is a free-float weighted index of 50 European blue-chip companies and is calculated, published and disseminated by STOXX Limited, a partnership of Deutsche Börse AG, Dow Jones & Company, Euronext Paris SA and SWX Swiss Exchange. The Dow Jones EURO STOXX 50<sup>®</sup> is currently comprised of 50 stocks that respectively trade on major stock exchanges located in one of 17 European countries. The Dow Jones EURO STOXX 50<sup>®</sup> Index is quoted in Euros. You can obtain the level of the Dow Jones EURO STOXX 50<sup>®</sup> Index from the Bloomberg service under the symbol SX5E <Index> or from the Dow Jones website at <http://www.djindexes.com>.

Nikkei 225<sup>SM</sup> Index. The Nikkei 225<sup>SM</sup> Index is a modified, price-weighted stock index calculated, published and disseminated by Nihon Keizai Shimbun, Inc. ( NKS ) that measures the composite price performance of selected Japanese stocks. The Nikkei 225<sup>SM</sup> Index is currently comprised of 225 stocks that trade on the Tokyo Stock Exchange and represents a broad cross-section of Japanese industry. All 225 of the stocks underlying the Index are stocks listed in the First Section of the Tokyo Stock Exchange. The Nikkei 225<sup>SM</sup> Index is quoted in Japanese yen. You can obtain the level of the Nikkei 225<sup>SM</sup> Index from the Bloomberg service under the symbol NKY <Index> or from the Tokyo Stock Exchange website at <http://www.tse.or.jp/english/index.shtml>.

**How has the Basket performed historically?**



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We have provided tables depicting the highest and lowest daily levels for each of the Components, as well as the end-of-quarter closing levels for each of the Components, for each quarter beginning with January 2001. You can find these tables in the section "Description of the Basket - Historical Data on the Components." We have provided this historical information to help you evaluate the behavior of the Basket in various economic environments; however, the time period depicted is relatively limited and past performance is not indicative of the manner in which the Basket will perform in the future. You should refer to the section "Risk Factors - The

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historical performance of the Components and the historical pro forma performance of the Basket is not an indication of the future performance.

**Will the Notes be listed on a securities exchange?**



Yes. The Notes will be listed on the American Stock Exchange.

**What is the role of Bear Stearns?**



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Bear Stearns will be our agent for the offering and sale of the Notes. After the initial offering, Bear Stearns intends to buy and sell the Notes to create a secondary market for holders of the Notes, **Bear to confirm** and may stabilize or maintain the market price of the Notes during the initial distribution of the Notes. However, Bear Stearns will not be obligated to engage in any of these market activities or to continue them once they are begun.

Bear Stearns also will be our Calculation Agent for purposes of calculating the Cash Settlement Value. Under certain circumstances, these duties could result in a conflict of interest between Bear Stearns' status as our subsidiary and its responsibilities as Calculation Agent. You should refer to Risk Factors. The Calculation Agent is one of our affiliates, which could result in a conflict of interest.

**Can you tell me more about The Bear Stearns Companies Inc.?**



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We are a holding company that, through our broker-dealer and international bank subsidiaries, principally Bear Stearns, Bear, Stearns Securities Corp., Bear, Stearns International Limited ( BSIL ) and Bear Stearns Bank plc, is a leading investment banking, securities and derivatives trading, clearance and brokerage firm serving corporations, governments, institutional and individual investors worldwide. For more information about us, please refer to the section The Bear Stearns Companies Inc. in the accompanying prospectus. You should also read the other documents we have filed with the SEC, which you can find by referring to the section Where You Can Find More Information in the accompanying prospectus.

**Who should consider purchasing the Notes?**





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Because the Notes are tied to the price performance of the Components, they may be appropriate for investors with specific investment horizons who seek to participate in the potential price appreciation of the Components. In particular, the Notes may be an attractive investment for you if you:

want potential upside exposure to the Components underlying the Basket;

believe that the Basket will increase over the term of the Notes;

understand that the Components may not move in tandem and that increases in one or more Components may be offset by decreases in one or more other Components;

do not want to place your principal at risk and are willing to hold the Notes until maturity; and

are willing to forgo interest payments or dividend payments on the stocks underlying the Components of Basket.

The Notes may not be a suitable investment for you if:

seek an investment with an active secondary market;

you seek current income or dividend payments from your investment;

you are unable or unwilling to hold the Notes until maturity; or

you do not have a bullish view of the Basket over the term of the Notes.

**What are the U.S. federal income tax consequences of investing in the Notes?**



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We intend to treat the Notes as contingent payment debt instruments for federal income tax purposes. Therefore, a U.S. Holder of a Note will be required to include OID in gross income over the term of the Note even though no cash payments will be made with respect to the Notes until maturity. The amount of OID includible in each year is based on the comparable yield. In addition, we will compute a projected payment schedule that reflects a single payment at maturity that produces the comparable yield. The comparable yield and the projected payment schedule are neither predictions nor guarantees of the actual yield on the Notes or the actual payment at maturity. If the amount we actually pay at maturity is, in fact, less than the amount reflected on the projected payment schedule, then a U.S. Holder would have recognized taxable income in periods prior to maturity that exceeds the U.S. Holder's economic income from holding the Note during such periods (with an offsetting ordinary loss). If a U.S. Holder disposes of the Note prior to maturity, the U.S. Holder will be required to treat any gain recognized upon the disposition of the Note as ordinary income (rather than capital gain). You should review the discussion under the section entitled &#1