

BEAR STEARNS COMPANIES INC
Form S-3ASR
August 16, 2006

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As filed with the Securities and Exchange Commission on August 16, 2006

Registration No. 333-[]

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

THE BEAR STEARNS COMPANIES INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

13-3286161
(I.R.S. Employer
Identification No.)

**383 Madison Avenue
New York, New York 10179
(212) 272-2000**

(Address, including Zip Code, and Telephone Number,
including Area Code, of Registrant's Principal Executive Offices)

**Samuel L. Molinaro Jr.
Executive Vice President and
Chief Financial Officer
The Bear Stearns Companies Inc.
383 Madison Avenue
New York, New York 10179
(212) 272-2000**

(Name, Address, including Zip Code, and Telephone Number,
including Area Code, of Agent for Service)

Copies to:

**Dennis J. Block, Esq.
Cadwalader, Wickersham & Taft LLP
One World Financial Center
New York, New York 10281
(212) 504-6000**

Approximate date of commencement of proposed sale to public: From time to time after the effective date of this Registration Statement as determined by market conditions.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

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If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit(1)	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Debt Securities(2)				
Warrants				
Preferred Stock				
Depository Shares(3)				
Purchase Contracts				
Units (4)				

(1) An indeterminate aggregate initial offering price or number of securities of each identified class is being registered as may from time to time be issued at indeterminate prices. In accordance with Rules 456(b) and 457(r), the Registrant is deferring payment of all the registration fee, except for \$5,000 that has already been paid and may be offset pursuant to Rule 457(p) for fees paid with respect to \$51,000,000 aggregate initial offering price of securities that were previously registered pursuant to Registration Statement No. 333-121744, declared effective on February 2, 2005, and were not sold thereunder. Registration Statement No. 333-121744 is hereby withdrawn. In connection with the securities offered hereby, except as specified in the previous sentence, the Registrant will pay "pay-as-you-go registration fees" in accordance with Rule 456(b).

(2) In U.S. dollars or their equivalent in one or more foreign or composite currencies.

(3) Separate consideration may or may not be received for securities that are issuable on exercise, conversion or exchange of other securities or that are issued in units or represented by the depository shares. Depository receipts evidencing the depository shares will be issued pursuant to a deposit agreement.

(4) Each unit will be issued under a unit agreement and will represent an interest in two or more securities of any identified class or a combination thereof which may or may not be separable from one another.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to Section 8(a), may determine.

PROSPECTUS

The Bear Stearns Companies Inc.

**Debt Securities
Warrants
Preferred Stock
Depository Shares
Purchase Contracts
Units**

By this prospectus, we intend to offer at one or more times

Debt Securities
Warrants
Preferred Stock
Depository Shares
Purchase Contracts
Units

in one or more series with an indeterminate aggregate initial public offering price (as described in the applicable prospectus supplement).

We will provide the specific terms of these securities in supplements to this prospectus. You should read this prospectus and any supplements carefully before you invest in the securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

We may use this prospectus in the initial sale of these securities. In addition, Bear, Stearns & Co. Inc. or any of our other affiliates may use this prospectus in a market-making transaction in any of these or similar securities after their initial sale. **Unless we or our agent inform the purchaser otherwise in the confirmation of sale, this prospectus is being used in a market-making transaction.**

Bear, Stearns & Co. Inc.

Prospectus dated August 16, 2006.

The information contained in this prospectus is not complete and may be changed. You should only rely on the information incorporated by reference or provided in this prospectus or any supplement to this prospectus. We have not authorized anyone else to provide you with different information. These securities are not being offered in any state where the offer is not permitted. You should not assume that the information in this prospectus or any supplement to this prospectus is accurate as of any date other than the date on the front of those documents.

TABLE OF CONTENTS

WHERE YOU CAN FIND MORE INFORMATION	1
THE BEAR STEARNS COMPANIES INC.	2
USE OF PROCEEDS	4
DESCRIPTION OF DEBT SECURITIES	4
DESCRIPTION OF WARRANTS	16
DESCRIPTION OF PREFERRED STOCK	21
DESCRIPTION OF DEPOSITARY SHARES	25
DESCRIPTION OF PURCHASE CONTRACTS	28
DESCRIPTION OF UNITS	31
BOOK-ENTRY PROCEDURES AND SETTLEMENT	33
LIMITATIONS ON ISSUANCE OF BEARER DEBT SECURITIES AND BEARER WARRANTS	43
PLAN OF DISTRIBUTION	44
ERISA CONSIDERATIONS	48
LEGAL MATTERS	49
EXPERTS	49

Offers and sales of the securities are subject to restrictions in certain jurisdictions. The distribution of this prospectus and the offer or sale of the securities in certain jurisdictions may be restricted by law. Persons who come into possession of this prospectus or any securities must inform themselves about and observe any applicable restrictions on the distribution of this prospectus and the offer and sale of the securities.

We accept responsibility for the information contained in this prospectus. To the best of our knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this prospectus is in accordance with the facts and does not omit anything likely to affect the import of the information.

You must read this prospectus as one along with all the documents which are deemed to be incorporated in this prospectus by reference (see "Where You Can Find More Information"). This prospectus must be read and construed on the basis that the incorporated documents are so incorporated and form part of this document, except as specified in this document.

We have not authorized any person to give any information or represent anything not contained in this prospectus. You must not rely on any unauthorized information.

WHERE YOU CAN FIND MORE INFORMATION

We file current, annual and quarterly reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the SEC. You may read and copy any document we file at the SEC's public reference room located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information about the public reference room. Our SEC filings are also available to the public from the SEC's Internet site at <http://www.sec.gov>. Copies of these reports, proxy statements and other information can also be inspected at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

Our website is <http://www.bearstearns.com>. We make available free of charge on our website, via a link to the SEC's internet site at <http://www.sec.gov>, our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and Forms 3, 4 and 5 filed on behalf of directors and executive officers and any amendments to those reports filed or furnished pursuant to the Exchange Act as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC.

In addition, we currently make available on <http://www.bearstearns.com> our most recent annual report on Form 10-K, our quarterly reports on Form 10-Q for the current fiscal year and our most recent proxy statement, although in some cases these documents are not available on our website as soon as they are available on the SEC's internet site. You will need to have on your computer the Adobe Acrobat Reader software to view these documents, which are in the PDF format.

We have filed with the SEC a registration statement on Form S-3 (the "Registration Statement") under the Securities Act of 1933, as amended, with respect to the securities. This prospectus, which constitutes a part of that Registration Statement, does not include all the information contained in that Registration Statement and its exhibits. For further information with respect to the securities, you should consult the Registration Statement and its exhibits.

Statements contained in this prospectus concerning the provisions of any documents are necessarily summaries of those documents, and each statement is qualified in its entirety by reference to the copy of the document filed with the SEC. The Registration Statement and any of its amendments, including exhibits filed as a part of the Registration Statement or an amendment to the Registration Statement, are available for inspection and copying through the entities listed above.

The SEC allows us to "incorporate by reference" the information that we file with them, which means that we can disclose important information to you by referring you to the other information we have filed with the SEC. The information that we incorporate by reference is considered to be part of this prospectus, and information that we file later with the SEC will automatically update and supersede this information.

The following documents filed by us with the SEC pursuant to Section 13 of the Exchange Act (File No. 1-8989) and any future filings under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act made before the termination of the offering are incorporated by reference:

(1) the Annual Report on Form 10-K as amended by Form 10-K/A (including the portions of the Company's Annual Report to Stockholders and Proxy Statement incorporated by reference therein) for the fiscal year ended November 30, 2005 filed with the SEC on February 13, 2006, as amended on Form 10-K/A filed with the SEC on February 22, 2006;

(2) the Quarterly Reports on Form 10-Q for the fiscal quarters ended February 28, 2006 and May 31, 2006; and

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(3) the Current Reports on Form 8-K dated December 9, 2005, December 15, 2005, December 27, 2005, January 20, 2006, January 25, 2006, March 16, 2006 (two separate reports), June 15, 2006 and June 21, 2006.

We will provide to you without charge, a copy of any or all documents incorporated by reference into this prospectus except the exhibits to those documents (unless they are specifically incorporated by reference in those documents). You may request copies by writing or telephoning us at our Investor Relations Department, The Bear Stearns Companies Inc., 383 Madison Avenue, New York, New York 10179, Attn.: Investor Relations, telephone number (212) 272-2000.

THE BEAR STEARNS COMPANIES INC.

We are a holding company that, through our broker-dealer and international bank subsidiaries, principally Bear, Stearns & Co. Inc. ("Bear Stearns"), Bear, Stearns Securities Corp. ("BSSC"), Bear, Stearns International Limited ("BSIL") and Bear Stearns Bank plc ("BSB"), is a leading investment banking, securities and derivatives trading, clearance and brokerage firm serving corporations, governments, institutional and individual investors worldwide. BSSC, a subsidiary of Bear Stearns, provides professional and correspondent clearing services, in addition to clearing and settling customer transactions and certain of our proprietary transactions. In addition to conducting a substantial portion of our operating activities through certain of our regulated subsidiaries (Bear Stearns, BSSC, BSIL and BSB), we also conduct significant activities through other wholly-owned subsidiaries including: Bear Stearns Global Lending Limited; Custodial Trust Company; Bear Stearns Financial Products Inc.; Bear Stearns Capital Markets Inc.; Bear Stearns Credit Products Inc.; Bear Stearns Forex Inc.; EMC Mortgage Corporation; Bear Stearns Commercial Mortgage Inc and through our majority owned subsidiary Bear Hunter Holdings LLC.

Our business includes:

market-making and trading in U.S. government, government agency, corporate debt and equity, mortgage-related, asset-backed, municipal securities and high yield products;

trading in options, futures, foreign currencies, interest rate swaps and other derivative products;

securities, options and futures brokerage;

providing securities clearance services;

managing equity and fixed income assets for institutional and individual clients;

financing customer activities;

securities lending;

securities and futures arbitrage;

involvement in specialist and market-making activities on the New York Stock Exchange ("NYSE"), American Stock Exchange ("AMEX") and International Securities Exchange ("ISE");

underwriting and distributing securities;

arranging for the private placement of securities;

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assisting in mergers, acquisitions, restructurings and leveraged transactions;

making principal investments in leveraged acquisitions;

engaging in commercial real estate activities;

investment management and advisory services; and

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fiduciary, custody, agency and securities research services.

Our business is conducted:

from our principal offices in New York City;

from domestic regional offices in Atlanta, Boston, Chicago, Dallas, Denver, Los Angeles, San Francisco, San Juan and Scottsdale;

from representative offices in Beijing, Hong Kong, Sao Paulo and Shanghai; and

through international offices in Dublin, Hong Kong, London, Lugano, Milan, Singapore and Tokyo.

Our international offices provide services and engage in investment activities involving foreign clients and international transactions. Additionally, certain of these foreign offices provide services to U.S. clients.

Bear Stearns and BSSC are broker-dealers registered with the SEC. Additionally, Bear Stearns is registered as an investment adviser with the SEC. Bear Stearns and/or BSSC are also members of the NYSE, all other principal U.S. securities and futures exchanges, the National Association of Securities Dealers, Inc. ("NASD"), the National Futures Association and the ISE. Bear Stearns is a "primary dealer" in U.S. government securities as designated by the Federal Reserve Bank of New York.

BSIL is a full service broker-dealer based in London. BSIL is incorporated in the United Kingdom and is authorized and regulated by the Financial Services Authority.

BSB is bank based in the Republic of Ireland, which was registered in 1996 and subsequently granted a banking license on April 10, 1997 under the Irish Central Bank Act, 1971. BSB allows our existing and prospective clients the opportunity of dealing with a banking counterparty. BSB is incorporated in Ireland.

Bear Stearns Global Lending Limited ("BSGL") provides loans to certain Bear Stearns customers. BSGL is incorporated in the Cayman Islands.

Custodial Trust Company ("CTC"), an FDIC insured New Jersey State chartered bank, offers a range of trust, lending and securities-clearance services. CTC provides us with banking powers including access to the securities and funds-wire services of the Federal Reserve System. CTC provides trust, custody, agency and securities lending services for institutional accounts; commercial and margin lending; the clearance of government securities for institutions and dealers; and the processing of mortgage and mortgage-related products, including derivatives and collateralized mortgage obligations products. At November 30, 2005, CTC held approximately \$61 billion of assets for clients, including institutional clients such as pension funds, mutual funds, endowment funds and insurance companies. CTC is incorporated in the State of New Jersey.

Bear Stearns Financial Products Inc. ("BSFP") transacts business as a triple-A-rated counterparty to eligible clients, offering a wide range of fixed income and equity derivative products. Eligible clients are those rated A3 or better by Moody's Investors Service, Inc. and A- or better by Standard & Poor's Ratings Services or counterparties acceptable to both rating agencies. BSFP transfers its market risk associated with derivative transactions to Bear Stearns Capital Markets Inc., an affiliate of BSFP and one of our wholly-owned subsidiaries. BSFP is incorporated in the State of Delaware.

Bear Stearns Capital Markets Inc. ("BSCM") is engaged in fixed income derivatives transactions and hedges associated therewith. BSCM is incorporated in the State of Delaware.

Bear Stearns Credit Products Inc. ("BSCPI") is engaged in credit derivatives transactions and hedges associated therewith. BSCPI is incorporated in the State of Delaware.

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Bear Stearns Forex Inc. ("BSFX") is a foreign exchange dealer engaged in foreign currency transactions and hedges associated therewith. BSFX is incorporated in the State of Delaware.

EMC Mortgage Corporation ("EMC"), is a U.S. Department of Housing and Urban Development and Freddie MAC approved lender based in Irving, Texas. EMC purchases both conforming and non-conforming, investment-grade and non-investment grade, conventional fixed rate and adjustable rate residential mortgage loans with servicing released or retained and sells such loans to investors. EMC also purchases and sells residual certificates and mortgage servicing rights. EMC is incorporated in the State of Delaware.

Bear Stearns Commercial Mortgage Inc. ("BSCMI") is primarily engaged in the origination and securitization of commercial mortgage loans for resale in the form of pass-through securities ("certificates"). These certificates represent fractional and undivided interests in pools of mortgage loans held in a trust. BSCMI is incorporated in the State of New York.

Bear Hunter Holdings LLC ("BHH") is a Delaware limited liability company jointly owned by us and Hunter Partners LLC. Bear Wagner Specialists LLC, BHH's principal wholly owned subsidiary, is a registered broker dealer primarily engaged in specialist and market-making activities on the NYSE, AMEX and ISE.

We are incorporated in the State of Delaware. Our principal executive office is located at 383 Madison, New York, New York 10179, USA, and our telephone number is (212) 272-2000. Our internet address is <http://www.bearstearns.com>. In this prospectus, the terms "Company," "we," "us" and "our" refer only to The Bear Stearns Companies Inc. excluding its consolidated subsidiaries.

USE OF PROCEEDS

Unless otherwise specified in the applicable prospectus supplement, we intend to use the net proceeds from the sale of our securities for general corporate purposes, which may include additions to working capital, the repayment of short-term and long-term debt and investments in, or extensions of credit to, subsidiaries. Pending such uses, the net proceeds may be temporarily invested in short-term obligations.

DESCRIPTION OF DEBT SECURITIES

This section describes certain general terms and provisions of the debt securities to which any prospectus supplement may relate. The particular terms of any debt securities offered by a prospectus supplement and the extent to which these general terms and provisions will not apply to the particular series of debt securities being offered, will be described in the prospectus supplement relating to that particular series of debt securities.

We may issue either senior debt (the "Senior Debt Securities" or "Senior Debt") or senior subordinated debt (the "Subordinated Debt Securities" or "Subordinated Debt"). Senior Debt Securities will be issued under the senior debt indenture dated as of May 31, 1991, as amended (the "Senior Indenture"), between us and JPMorgan Chase Bank, N.A. (formerly, The Chase Manhattan Bank), as trustee (the "Trustee"). Subordinated Debt Securities will be issued under the form of subordinated debt indenture filed as an exhibit to the Registration Statement of which this prospectus is a part (the "Subordinated Indenture"). We refer to the Senior Indenture and the Subordinated Indenture individually as an "Indenture" and collectively as the "Indentures."

The terms of the debt securities include those stated in the Indentures and those made part of the Indentures by reference to the TIA. We have filed copies of the Indentures as exhibits to the Registration Statement of which this prospectus forms a part. Copies of the Indentures are available as described under "Where You Can Find More Information."

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This section, along with the description in the applicable prospectus supplement, is a summary of the material provisions of the Indentures and is not complete. It does not restate the Indentures in their entirety. We urge you to read the Indentures because they, and not these descriptions, define your rights as a holder of debt securities.

Unless otherwise provided in the applicable prospectus supplement, the trustee under both the Senior Indenture and the Subordinated Indenture will be JPMorgan Chase Bank, N.A. (formerly, The Chase Manhattan Bank).

Because we are a holding company, our rights and the rights of our creditors, including the holders of the debt securities, to participate in the assets of any subsidiary upon the subsidiary's liquidation or reorganization or otherwise would be subject to the prior claims of the subsidiary's creditors, except to the extent that we may be a creditor with recognized claims against such subsidiary.

The Indentures do not limit the aggregate principal amount of debt securities that may be issued. We may issue debt securities in series up to the aggregate principal amount that may be authorized from time to time by us without your consent. The debt securities will be our unsecured obligations. The Senior Debt Securities will rank equally with all of our other unsecured and unsubordinated indebtedness. We extend credit to our subsidiaries at various times. Any credit we may extend to our subsidiaries may be subordinated to the claims of unaffiliated creditors of those subsidiaries. The Subordinated Debt Securities will be subordinate in right of payment as described under "Subordination."

General

As of the date of this prospectus, we have issued approximately \$103,755,094,650 aggregate principal amount of Senior Debt Securities under the Senior Indenture, of which \$32,752,155,000 is currently outstanding. As of the date of this prospectus, we have not issued any Subordinated Debt Securities. The Indentures permit us to:

issue debt securities at various times in one or more series;

issue an unlimited principal amount of debt securities;

provide for the issuance of debt securities under the Indentures other than those authorized on the date of this prospectus at various times and without your consent; and

"reopen" a previous issue of a series of debt securities and issue additional debt securities of the series.

Each prospectus supplement will describe the terms of any debt securities we issue, which may include the following:

the title and type of the debt securities, including the subordination provisions, if any, applicable to the debt securities;

the total principal amount of the debt securities;

the minimum denominations;

the percentage of the stated principal amount at which the debt securities will be sold and, if applicable, the method of determining the price;

the person to whom interest is payable, if other than the owner of the debt securities;

the maturity date or dates;

the interest rate or rates, which may be fixed or variable, and the method used to calculate that interest;

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any index used to determine the amounts of any payments on the debt securities and the manner in which those amounts will be determined;

the interest payment dates, the regular record dates for the interest payment dates, and the date interest will begin to accrue;

the place or places where payments on the debt securities may be made and the place or places where the debt securities may be presented for registration of transfer or exchange;

any date or dates after which the debt securities may be redeemed, repurchased, or repaid in whole or in part at our option or the option of the holder and the periods, prices, terms, and conditions of that redemption, repurchase, or repayment;

any exchange or conversion features;

if other than the full principal amount, the portion of the principal amount of the debt securities that will be payable if their maturity is accelerated;

the currency of principal, any premium, interest, and any other amounts payable on the debt securities, if other than U.S. dollars;

if the debt securities will be issued in other than book-entry form;

the identification of or method of selecting any interest rate calculation agents, exchange rate agents, or any other agents for the debt securities;

any provisions for the discharge of our obligations relating to the debt securities by the deposit of funds or U.S. government obligations;

any provision relating to the extension or renewal of the maturity date of the debt securities;

any applicable U.S. federal income tax consequences;

whether the debt securities will be listed on any securities exchange; and

any other terms of the debt securities, which could be different from those described in this prospectus.

Unless we provide otherwise in an applicable prospectus supplement, we will issue debt securities only in registered form without coupons in denominations of \$1,000 and integral multiples of \$1,000, and in bearer form with or without coupons in the denomination of \$5,000. If we issue bearer debt securities of a series, we will describe the U.S. federal income tax consequences and other special considerations applicable to those bearer debt securities in the prospectus supplement relating to that series.

Unless we provide otherwise in the applicable prospectus supplement and subject to any limitations in the Indenture, you may transfer or exchange your registered securities at the corporate trust office or agency of the Trustee in the City and State of New York without paying a service charge, other than applicable tax or governmental charges. Bearer debt securities will be transferable by delivery. We will describe the provisions relating to the exchange of bearer debt securities of any series in the prospectus supplement relating to that series.

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If the principal, any premium or interest on the debt securities of any series is payable in a foreign or composite currency, the applicable prospectus supplement will describe any restrictions, elections, U.S. federal income tax consequences, specific terms and other information that apply to those debt securities and the currency.

We may sell one or more series of debt securities at a substantial discount below the stated principal amount, bearing either no interest or interest at a rate that at the time of issuance is below

market rate. One or more series of debt securities may be variable rate debt securities that may be exchanged for fixed rate debt securities. We will describe the U.S. federal income tax consequences and other special considerations applicable to a series in the prospectus supplement relating to that series.

Ranking

The Senior Debt and the Subordinated Debt will be unsecured and will rank equally with all of our other unsecured and unsubordinated indebtedness. The Subordinated Debt will be subordinate in right of payment as described under "Subordination." We extend credit to our subsidiaries at various times. Any credit we may extend to our subsidiaries may be subordinated to the claims of unaffiliated creditors of those subsidiaries.

We are a holding company and depend on the earnings and cash flow of our subsidiaries to meet our obligations under the debt securities. Because the creditors of our subsidiaries generally would have a right to receive payment superior to our right to receive payment from the assets of our subsidiaries, the holders of our debt securities will effectively be subordinated to the creditors of our subsidiaries. If we were to liquidate or reorganize, your right to participate in any distribution of our subsidiaries' assets is necessarily subject to the senior claims of the subsidiaries' creditors. Furthermore, the Exchange Act and the rules of certain exchanges and other regulatory bodies, as well as covenants governing certain indebtedness of our subsidiaries, impose net capital requirements on some of our subsidiaries that limit their ability to pay dividends or make loans and advances to us.

Methods of Receiving Payment on the Debt Securities

Registered Debt Securities. Unless we otherwise provide in the applicable prospectus supplement, if the debt securities are in registered form, then the principal, any premium and interest will be payable at the corporate trust office or agency of the Trustee in the City and State of New York.

Interest payments made before maturity or redemption on registered debt securities may be made:

at our option, by check mailed to the address of the person entitled to payment; or

at your option, if you hold at least \$10 million in principal amount of registered debt securities, by wire transfer to an account you have designated in writing at least 16 days before the date on which the payment is due.

Bearer Debt Securities. Unless we provide otherwise in the applicable prospectus supplement, if the debt securities are in bearer form, then the principal, any premium and interest will be payable at the Trustee's office located outside the United States that is maintained for this purpose. No payment on a bearer debt security will be made by mail to a U.S. address or by wire transfer to an account maintained in the United States, or will otherwise be made inside the United States, unless otherwise provided in the applicable prospectus supplement.

Notices

Registered Debt Securities. Unless otherwise provided in the applicable prospectus supplement, any notice given to a holder of a registered debt security will be mailed to the last address of such holder set forth in the applicable security register.

Bearer Debt Securities. Any notice given to a holder of a bearer debt security will be published in a daily newspaper of general circulation in the city or cities specified in the prospectus supplement relating to such bearer debt security.

Limitation on Liens

The Indentures do not allow us, and we may not permit any of our Restricted Subsidiaries to, issue, incur, assume, guarantee or suffer to exist any indebtedness for borrowed money secured by a pledge of, lien on or security interest in any shares of voting stock of any Restricted Subsidiary without effectively providing that the securities issued under the Indentures will be secured equally and ratably with such secured indebtedness.

The term "Restricted Subsidiary" as defined in the Indentures means Bear Stearns, CTC, BSSC and any of our other subsidiaries owning, directly or indirectly, any of the common stock of, or succeeding to a significant portion of the business, property or assets of, a Restricted Subsidiary, or with which a Restricted Subsidiary is merged or consolidated.

Merger and Consolidation

The Indentures allow us to consolidate or merge with or into any other corporation, and may sell, lease or convey all or substantially all of our assets to any corporation, organized and existing under the laws of the United States or any U.S. state, if:

- (1) we or any other successor corporation shall not immediately after the merger or consolidation be in default under the Indentures; and
- (2) the continuing corporation (if other than us), or the resulting entity that receives substantially all of our assets, shall expressly assume:
 - (a) payment of the principal of, and premium, if any, and interest on (and any additional amounts payable in respect of) the debt securities and
 - (b) performance and observance of all of the covenants and conditions of the Indentures to be performed or observed by us.

Unless otherwise provided in the applicable prospectus supplement, and subject to the foregoing, the Indentures permit:

a consolidation, merger, sale of assets or other similar transaction that may adversely affect our creditworthiness or that of a successor or combined entity;

a change in control; or

a highly leveraged transaction involving us, whether or not involving a change in control;

and the Indentures, therefore, will not protect holders of the debt securities from the substantial impact that any of the transactions described above may have on the value of the debt securities.

Modification and Waiver

With the consent of the holders of 66²/₃% in principal amount of the outstanding debt securities of each series affected, we and the Trustee may modify or amend the applicable Indenture, without the consent of each holder of the outstanding debt security affected, unless the modification or amendment:

changes the stated maturity or the date of any installment of principal of, or interest on, any debt security or changes its redemption price or optional redemption price;

reduces the principal amount of, or the rate of interest on, or the amount of any additional amount payable on, any debt security, or reduces the amount of principal that could be declared due and payable before the stated maturity of that debt security, or changes our obligation to pay any additional amounts (except as permitted under the applicable Indenture), or reduces the

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amount of principal of a discount security that would be due and payable if accelerated under the applicable Indenture;

changes the place or currency of any payment of principal, premium, if any, or interest on any debt security;

impairs the right to institute suit for the enforcement of any payment on or with respect to any debt security;

reduces the percentage in principal amount of the outstanding debt securities of any series, the consent of whose holders is required to modify or amend the applicable Indenture; or

modifies the foregoing requirements or reduces the percentage of outstanding debt securities necessary to waive any past default to less than a majority.

We may make any of these amendments or modifications, however, with the consent of the holder of each outstanding debt security affected.

Except with respect to defaults relating to certain fundamental provisions of the applicable Indenture, which cannot be waived without the consent of the holders of each outstanding security of a series affected, the holders of at least a majority in principal amount of outstanding debt securities of any series may, with respect to that series, waive past defaults under the applicable Indenture and waive compliance with certain provisions of the applicable Indenture, either in a specific instance or generally.

Events of Default Senior Indenture

Under the Senior Indenture, an "Event of Default" with respect to any Senior Debt Securities mean:

- (1) a failure to pay any interest, or any additional amounts payable, on any debt securities of that series for 30 days after payment is due;
- (2) a failure to pay the principal of, and premium, if any, on any debt security of that series when due;
- (3) a failure to deposit any sinking fund payment when due relating to that series;
- (4) a failure to perform any other covenant contained in the Indenture or relating to that series that has continued for 60 days after written notice was provided;
- (5) a failure lasting 10 days after notice relating to any of our other indebtedness for borrowed money or indebtedness of any Restricted Subsidiary in excess of \$10 million, that results in such indebtedness becoming due and payable before maturity;
- (6) certain events of bankruptcy, insolvency or reorganization, whether voluntary or involuntary; and
- (7) any other Event of Default with respect to debt securities of that series.

If an Event of Default for any series of Senior Debt Securities occurs and continues, the Trustee or the holders of 25% of the aggregate principal amount (or any lesser amount that the series may provide) of the outstanding Senior Debt Securities affected by the default may require us to immediately repay the entire principal amount (or any lesser amount that the series may provide) of the outstanding Senior Debt Securities of such series.

So long as the Trustee has not yet obtained a judgment or decree for payment of money due, and we have paid all amounts due (other than those due solely as a result of acceleration) and have remedied all Events of Default, the holders of a majority in principal amount of the outstanding Senior

Debt Securities of the affected series may rescind any acceleration and its consequences or may waive any past default. However, the holders of a majority in principal amount of all outstanding Senior Debt Securities of the affected series may not waive any Event of Default with respect to any series of Senior Debt Securities in the following two circumstances:

a failure to pay the principal of, and premium, if any, or interest on, or any additional amounts payable in respect of, any Senior Debt Security of that series for which payment had not been subsequently made; or

a covenant or provision that cannot be modified or amended without the consent of each holder of outstanding Senior Debt Security of that series.

The holders of a majority in principal amount of the outstanding Senior Debt Securities of a series may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to Senior Debt Securities of that series, provided that this direction is not in conflict with any rule of law or the Senior Indenture. Before proceeding to exercise any right or power under the Senior Indenture at the direction of those holders, the Trustee will be entitled to receive from those holders reasonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in complying with any such direction.

Events of Default Subordinated Indenture

The only events of default under the Subordinated Indenture with respect to Subordinated Debt Securities of any series will be (i) certain events in bankruptcy or insolvency, whether voluntary or involuntary, involving us or our receivership or the receivership of substantially all our assets; (ii) default in the deposit of any sinking fund payment; (iii) and default in the performance, or breach, of our covenants or warranties, subject to applicable notice requirements and grace periods.

If an event of default with respect to Subordinated Debt Securities of any series at the time outstanding occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the outstanding Subordinated Debt Securities of that series may declare the principal amount of (or, if any of the Subordinated Debt Securities of that series are discount securities or indexed securities, the portion of the principal amount of such Subordinated Debt Securities as may be specified in the terms thereof) and all accrued but unpaid interest on all the Subordinated Debt Securities of that series to be due and payable immediately, by a written notice to us (and to the Trustee, if given by holders), and upon such a declaration the principal amount (or specified amount) and interest of that series shall become immediately due and payable.

The foregoing provision would, in the event of the bankruptcy or insolvency involving us, be subject as to enforcement to the broad equity powers of a federal bankruptcy court and to the determination by that court of the nature and status of the payment claims of the holders of the Subordinated Debt Securities. At any time after a declaration of acceleration with respect to the Subordinated Debt Securities of any series has been made, but before a judgment or decree for payment of the money due has been obtained, the holders of a majority in principal amount of outstanding Subordinated Debt Securities of that series may, under certain circumstances, rescind and annul the acceleration and its consequences but only if all Defaults have been remedied, or if permitted, waived, and if certain other conditions have been satisfied.

The following events will be defaults ("Defaults") under the Subordinated Indenture with respect to Subordinated Debt Securities of any series:

- (a) an event of default with respect to that series of Subordinated Debt Securities;

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(b) failure to pay principal or premium, if any, on any Subordinated Debt Securities of that series at maturity, continued for seven days; and

(c) failure to pay any interest, if any, on any Subordinated Debt Securities of that series when due and payable, continued for 30 days.

If a Default with respect to the Subordinated Debt Securities of any series occurs and is continuing, the Trustee may, subject to certain limitations and conditions, seek to enforce its rights and the rights of the holders of Subordinated Debt Securities of that series and may demand that the Company pay to it the whole amount then due and payable on such Subordinated Debt Securities.

The Subordinated Indenture provides that, subject to the duty of the Trustee upon the occurrence of a Default to act with the required standard of care, the Trustee will be under no obligation to exercise any of its rights or powers under the Subordinated Indenture at the request or direction of any of the holders of Subordinated Securities of any series unless the same holders shall have offered to the Trustee reasonable indemnity or security against the costs, expenses and liabilities which may be incurred by the Trustee in compliance with the request or direction. Subject to certain provisions, the holders of a majority in principal amount of the outstanding Subordinated Debt Securities of any series will have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, with respect to the Subordinated Debt Securities of that series.

Concerning the Trustee

Under the Indentures, within 90 days after any default, the Trustee will notify you of the default, unless the default is cured or waived.

The Trustee may withhold notice of a default (except a default relating to the payment of principal, premium or interest, or any additional amounts related to any debt security or the payment of any sinking fund installment), if the Trustee in good faith determines that withholding notice is in your interests.

If a default in the performance or breach of any covenant or warranty in the Indentures or relating to that series occurs and continues for 60 days after written notice has been given to us or the Trustee by the holders of at least 25% in principal amount of the outstanding debt securities of a series, the Trustee will not give notice to the holders for at least an additional 30 days after such default.

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Under the Indentures, we are required to deliver to the Trustee an annual statement as to our fulfillment of all of our indenture obligations.

Subordinated Debt Securities

The Subordinated Debt Securities will be our direct, unsecured obligations. Our obligations pursuant to the Subordinated Debt Securities will be subordinate in right of payment to all Senior Indebtedness as defined below under "Subordination."

Subordination

Our obligation to make any payment on account of the principal of or premium, if any, and interest, if any, on the Subordinated Debt Securities will be subordinate and junior in right of payment to our obligations to the holders of our Senior Indebtedness to the extent described herein.

"Senior Indebtedness" is defined in the Subordinated Indenture to mean our "Indebtedness for Money Borrowed," whether outstanding on the date of the Subordinated Indenture or thereafter created, assumed or incurred, except "Indebtedness Ranking on a Parity with the Securities" or "Indebtedness Ranking Junior to the Securities" and any deferrals, renewals or extensions of the Senior Indebtedness. As of May 31, 2006, our Senior Indebtedness, as defined in the Subordinated Indenture, was approximately \$65.9 billion. This number does not include the \$248.6 billion, as of May 31, 2006, of our subsidiaries' indebtedness and liabilities. Senior Indebtedness, as defined in the Subordinated Indenture, is effectively subordinated to our subsidiaries' indebtedness and liabilities.

"Indebtedness for Money Borrowed" is defined in the Subordinated Indenture as:

- (a) any obligation of ours, or any obligation guaranteed by us, for the repayment of borrowed money, whether or not evidenced by bonds, debentures, notes or other written instruments,
- (b) similar obligations arising from off-balance sheet guarantees and direct credit substitutes,
- (c) obligations associated with derivative products, such as interest-rate and foreign-exchange-rate contracts, commodity contracts and similar arrangements and
- (d) any deferred obligations for the payment of the purchase price of property or assets.

"Indebtedness Ranking on a Parity with the Securities" is defined in the Subordinated Indenture to mean our Indebtedness for Money Borrowed, whether outstanding on the date of the Subordinated Indenture or thereafter created, assumed or incurred, which specifically by its terms ranks equally with and not prior to the Subordinated Debt Securities in the right of payment upon the happening of any event of the kind specified in the first sentence of the next paragraph. As of May 31, 2006, there was no Indebtedness Ranking on a Parity with the Securities, as defined in the Subordinated Indenture.

"Indebtedness Ranking Junior to the Securities" is defined in the Subordinated Indenture to mean any of our Indebtedness for Money Borrowed, whether outstanding on the date of execution of the Subordinated Indenture or thereafter created, assumed or incurred, which specifically by its terms ranks junior to and not equally with or prior to the Subordinated Debt Securities (and any other Indebtedness Ranking on a Parity with the Subordinated Debt Securities) in right of payment upon the happening of certain bankruptcy, insolvency, receivership or winding-up events described below. As of May 31, 2006, there was no Indebtedness Ranking Junior to the Securities, as defined in the Subordinated Indenture.

In the case of any bankruptcy, insolvency, receivership, conservatorship, reorganization, readjustment of debt, marshaling of assets and liabilities or similar proceedings or any liquidation or winding up involving us, whether voluntary or involuntary, all of our obligations to holders of our

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Senior Indebtedness will be entitled to be paid in full before any payment can be made on account of the principal of, or premium, if any, or interest, if any, on the Subordinated Debt Securities of any series. In the event and during the continuation of any default in the payment of principal of, or premium, if any, or interest, if any, on, any Senior Indebtedness beyond any applicable grace period, or in the event that any event of default with respect to any Senior Indebtedness has occurred and is continuing, or would occur as a result of certain payments, permitting the holders of the relevant Senior Indebtedness (or a trustee on behalf of the holders thereof) to accelerate its maturity, then, unless and until we cure such default or event of default or such default or event of default is waived or ceases to exist, we will not make any payment of principal of, or premium, if any, or interest, if any, on the Subordinated Debt Securities, or in respect of any redemption, exchange, retirement, purchase or other acquisition of any of the Subordinated Debt Securities.

As of May 31, 2006, we had no Subordinated Debt Securities outstanding. When issued, our Subordinated Debt Securities will be subordinated to our Senior Debt Securities and both the Senior Debt Securities are and the Subordinated Debt Securities will be effectively subordinated to our subsidiaries' existing and future indebtedness and liabilities, which as of May 31, 2006 totaled \$248.6 billion.

Any applicable prospectus supplement relating to an issuance of Subordinated Debt Securities will set forth (as of the most recent practicable date) the aggregate amount of outstanding Senior Indebtedness and any limitation on the issuance of additional Senior Indebtedness.

Holders of Subordinated Securities, by their acceptance of the Subordinated Debt Securities, will be deemed to have irrevocably waived any rights they may have to counterclaim or set-off amounts they owe to us against amounts owed to them by us under the Subordinated Indenture or to institute proceedings in respect of these amounts.

By reason of the above subordination in favor of the holders of our Senior Indebtedness, in the event of our bankruptcy or insolvency, holders of our Senior Indebtedness may receive more, ratably, and holders of the Subordinated Debt Securities having a claim pursuant to the Subordinated Debt Securities may receive less, ratably, than our other creditors.

Defeasance

If provided for under the Indentures with respect to Senior Debt Securities or Subordinated Debt Securities of any series that are registered debt securities denominated and payable only in U.S. dollars (except as otherwise provided under the applicable Indenture), we will:

be discharged from any and all obligations in respect of the debt securities of that series under the Indenture (except for certain obligations to register the transfer or exchange of debt securities of that series, replace stolen, lost or mutilated debt securities of that series, maintain paying agents and hold moneys for payment in trust) on the 91st day after the applicable conditions described in this paragraph have been satisfied; or

not be subject to provisions of the Indenture described above under the subsections entitled " Limitation on Liens" and " Merger and Consolidation" with respect to the debt securities of that series;

in each case if we deposit with the Trustee, in trust, money or U.S. government obligations that, through the payment of interest and principal in accordance with their terms, will provide money in an amount sufficient to pay all the principal (including any mandatory sinking fund payments) of, and premium, if any, and any interest on, the debt securities of that series on the dates such payments are due in accordance with the terms of those debt securities.

To exercise either option, we are required to deliver to the Trustee an opinion of counsel to the effect that:

- (1) the deposit and related defeasance would not cause the holders of the debt securities of the series being defeased to recognize income, gain or loss for U.S. federal income tax purposes; and
- (2) if the debt securities of that series are then listed on the NYSE, the exercise of the option would not result in delisting.

We may specify defeasance provisions with respect to any series of debt securities.

Redemption Upon Certain Tax Events

If (a) as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under those laws) of the United States (or any political subdivision or taxing authority of the United States or in the United States), or any change in, or amendments to, the official position regarding the application or interpretation of these laws, regulations or rulings, which is announced or becomes effective on or after the date of this prospectus, we become or will become obligated to pay additional amounts as described in the applicable prospectus supplement or (b) any act is taken by a taxing authority of the United States on or after the date of this prospectus, whether that act is taken with respect to us or any affiliate, that results in a substantial probability that we will or may be required to pay such additional amounts, then we may, at our option, redeem, in whole, but not in part, the debt securities on any Interest Payment Date on not less than 30 nor more than 60 days' prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued on the debt securities to the date fixed for redemption; provided that we determine, in our business judgment, that the obligation to pay such additional amounts cannot be avoided by the use of reasonable measures available to us, not including substitution of the obligor under the securities.

Principal Paying Agent, Paying Agents, Registrar and Transfer Agent

JPMorgan Chase Bank, N.A. will initially act as the principal office or agency where the Senior Debt Securities and the Subordinated Debt Securities may be presented for payment (the "Principal Paying Agent"). We have appointed JPMorgan Chase Bank, N.A. (formerly, The Chase Manhattan Bank) to serve as registrar (the "Registrar") under each of the Indentures.

Methods of Receiving Payments on the Debt Securities

The Principal Paying Agent will pay interest to The Depository Trust Company ("DTC"), or its nominee, by wire transfer of same day funds for credit to the accounts of DTC's participants and subsequent distribution to the beneficial owners of the securities, or, if the securities are issued in certificated form under the circumstances described below in "Certificates in Registered Form," the Principal Paying Agent will pay the registered holder of the securities against presentation and surrender by such holder of its security to any paying agent, by check drawn on a bank in New York City and mailed on the business day immediately before the interest due date.

Payment of Additional Amounts

Subject to the various exceptions and limitations set forth below, we may pay as additional interest or principal, as the case may be, on the debt securities, all such additional amounts that are necessary in order that the net payment by us or a paying agent of the principal of and interest on the debt securities to a person that is not a "U.S." person "for U.S.", federal income tax purposes, after deduction for any tax, assessment or governmental charge of the United States or a political subdivision or taxing authority thereof or therein, imposed by withholding with respect to the payment and as a

result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in, or amendment to, the official position regarding the application or interpretation of such laws, regulations or rulings, which is announced or becomes effective on or after the closing date of the debt securities, will not be less than the amount provided in the debt securities to be then due and payable. However, the obligation to pay additional amounts shall not apply:

(1) to a tax, assessment or governmental charge that is imposed or withheld solely by reason of the holder, or a fiduciary, settlor, beneficiary, member or shareholder of the holder, if the holder is an estate, trust, partnership or corporation for U.S. federal income tax purposes, or a person holding a power over such an estate, trust, partnership or corporation, or a person holding a power over such an estate or trust administered by a fiduciary holder, being considered as:

(a) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;

(b) having a current or former connection with the United States, including a connection as a citizen or resident thereof;

(c) being or having been a domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or a corporation that has accumulated earnings to avoid U.S. federal income tax;

(d) being or having been a private foundation or other tax-exempt organization;

(e) being or having been a "10-percent shareholder" of the Company as defined in Section 871(h)(3) of the U.S. Internal Revenue Code of 1986, as amended, or any successor provision; or

(f) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business;

(2) to any holder that is not the sole beneficial owner of the debt securities, or a portion thereof, or that is a fiduciary or partnership, but only to the extent that a beneficiary or settlor with respect to the fiduciary, a beneficial owner or member of the partnership would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;

(3) to a tax, assessment or governmental charge that is imposed or withheld solely by reason of the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of such debt security, if compliance is required by statute or regulation of the United States or of any political subdivision or taxing authority thereof or therein, or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;

(4) to a tax, assessment or governmental charge that is imposed otherwise than by withholding by us or a paying agent from payments on or in respect of a debt security;

(5) to a tax, assessment or governmental charge that is imposed or withheld by reason of the presentation by or on behalf of the beneficial owner of any debt security for payment on a date more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

(6) to an estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or a similar tax, assessment or governmental charge;

(7) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any debt security, if such payment can be made without such withholding by any other paying agent; or

(8) in the case of any combination of any of the above items;

nor shall additional amounts be paid with respect to any payment on a debt security to a holder who is a fiduciary or partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the United States (or any political subdivision thereof) to be included in the income, for tax purposes, of a beneficiary or settlor with respect to such fiduciary or a member of such partnership or a beneficial owner who would not have been entitled to the additional amounts had such beneficiary, settlor, member or beneficial owner held its interest in the debt security directly.

The debt securities are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation that is applicable to them. Except as specifically provided under this heading " Payment of Additional Amounts" and under the heading " Redemption Upon Certain Tax Events," we are not required to make any payments with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

Unclaimed Amounts

The Indentures provide that any payments in respect of principal and any interest remaining that are unclaimed for two years after their due date will be paid to us, and the holder of the debt security will after that time look, as an unsecured creditor, only to us for payment of those amounts.

Governing Law

The Indentures, the Senior Debt Securities and the Subordinated Debt Securities will be governed by and construed in accordance with the laws of the State of New York.

DESCRIPTION OF WARRANTS

This section sets forth certain general terms and provisions of the warrants to which any prospectus supplement may relate. The particular terms of the warrants offered by any prospectus supplement and the extent to which such general terms and provisions will not apply to the warrants so offered will be described in the prospectus supplement relating to those warrants.

We may issue warrants that are debt warrants, index warrants, interest rate warrants or universal warrants as described in the applicable prospectus supplement. Warrants may be offered independently of or together with one or more additional warrants, any series of debt securities, preferred stock or other securities or any combination thereof and may be attached to or separate from any such securities. The warrants will be settled either through physical delivery or through payment of a cash settlement value as described in this prospectus and in any applicable prospectus supplement.

Each series of warrants will be issued under a separate warrant agreement to be entered into between us and a bank or a trust company, as warrant agent, all as described in the prospectus supplement relating to that series of warrants. The warrant agent will act solely as our agent under the applicable warrant agreement and in connection with the certificates for any warrants of that series, and will not assume any obligation or relationship of agency or trust for or with any holders of those warrant certificates or beneficial owners of those warrants.

This section, along with the description in the applicable prospectus supplement, is a summary of certain provisions of the forms of warrant agreements and warrant certificates and is not complete. We

urge you to read the warrant agreements and the warrant certificates, because those documents, and not these descriptions, define your rights as a holder of warrants. We have filed copies of the forms of the warrant agreements and warrant certificates as exhibits to the Registration Statement of which this prospectus is a part. Copies of the forms of warrant agreements and warrant certificates are available as described under "Where You Can Find More Information."

Debt Warrants

We may issue, together with debt securities or separately, debt warrants for the purchase of debt securities on terms to be determined at the time of sale.

Index Warrants

We may issue index warrants entitling the holders thereof to receive from us, upon exercise, an amount in cash determined by reference to decreases or increases in the level of a specific index or in the levels (or relative levels) of two or more indices or combinations of indices, which index or indices may be based on one or more stocks, bonds or other securities, one or more interest rates, one or more currencies or currency units, or any combination of the foregoing.

Interest Rate Warrants

We may issue interest rate warrants entitling the holders thereof to receive from us, upon exercise, an amount in cash determined by reference to decreases or increases in the yield or closing price of one or more specified debt instruments or in the interest rates, interest rate swap rates, or other rates established from time to time by one or more specified financial institutions, or any combination of the foregoing.

Universal Warrants

We may also issue universal warrants:

to purchase or sell securities of one or more issuers, securities based on the performance of an issuer, securities based on the performance of an issuer but excluding the performance of a particular subsidiary or subsidiaries of that issuer, a basket of securities, or securities whose value is determined by reference to the performance, level, or value of, any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance, or any combination of the above;

entitling the holders thereof to receive from us, upon exercise, an amount in cash determined by reference to the right to purchase or the right to sell a specified amount of one or more currencies or currency units or any combination of the foregoing for a specified amount of one or more different currencies or currency units or any combination of the foregoing;

to purchase or sell commodities; or

in such other form as shall be specified in the applicable prospectus supplement.

We refer to the property in the above clauses as the warrant property. We may satisfy our obligations, if any, with respect to any universal warrants by delivering the warrant property, cash or in the case of warrants to purchase or sell securities or commodities, the cash value of the securities or commodities, as described in the applicable prospectus supplement.

Further Information in Prospectus Supplement

General Terms of Warrants

The applicable prospectus supplement may contain, where applicable, the following additional information relating to the warrants:

the specific designation and aggregate number of warrants;

the offering price;

the currency, currency unit, currency index or currency basket based on or relating to currencies for which those warrants may be purchased;

the date on which the right to exercise those warrants will commence and the date on which that right will expire or, if you may not continuously exercise the warrants throughout that period, the specific date on which you may exercise the warrants;

whether the warrants will be issued in registered form or bearer form;

whether those warrants are extendible and the period or periods of such extendibility;

the terms upon which bearer warrants of any series may be exchanged for registered warrants of that series;

whether those warrants will be issued in book-entry form, as a global warrant certificate, or in certificated form;

any applicable U.S. federal income tax consequences;

the identity of the warrant agent for the warrants and of any other depositories, execution or paying agents, transfer agents, registrars, determination, or other agents;

the proposed listing, if any, of the warrants or any securities purchasable upon exercise of the warrants on any securities exchange;

whether the warrants are to be sold separately or with other securities; and

any other terms of those warrants not inconsistent with the applicable warrant agreement.

Additional Terms of Debt Warrants

The applicable prospectus supplement may contain, where applicable, the following additional information relating to any debt warrants:

the designation, aggregate principal amount, currency and terms of the debt securities that may be purchased upon exercise of the debt warrants;

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the exercise price and whether the exercise price may be paid in cash, by the exchange of any debt warrants or other securities or both and the method of exercising the debt warrants; and

the designation, terms and amount of debt securities, if any, to be issued together with each of the debt warrants and the date, if any, after which the debt warrants and debt securities will be separately transferable.

Additional Terms of Index and Interest Rate Warrants

The applicable prospectus supplement may contain, where applicable, the following additional information relating to any index and interest rate warrants:

the exercise price, if any;

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the index or indices for any index warrants, which index or indices may be based on one or more U.S. or foreign stocks, bonds, or other securities, one or more U.S. or foreign interest rates, one or more currencies or currency units, or any combination of the foregoing, and may be a preexisting U.S. or foreign index or an index based on one or more securities, interest rates, currencies or currency units selected by us solely in connection with the issuance of such index warrants, and certain information regarding such index or indices and the underlying securities, interest rates, currencies or currency units (including, to the extent possible, the policies of the publisher of the index with respect to additions, deletions and substitutions of such securities, interest rates, currencies or currency units);

for index warrants, the method of providing for a substitute index or indices or otherwise determining the amount payable in connection with the exercise of such index warrants if the index changes or ceases to be made available by the publisher of the index;

the commodity, commodity index or combinations of commodities or commodity indices;

any market to which the commodity or commodity index relates;

the debt instrument (which may be one or more debt instruments issued either by the U.S. government or by a foreign government), the rate (which may be one or more interest rates or interest rate swap rates established from time to time by one or more specified financial institutions) or the other yield or price utilized for any interest rate warrants, and certain information regarding such debt instrument, rate, yield or price;

the strike amount, the method of determining the spot amount and the method of expressing movements in the yield or closing price of the debt instrument or in the level of the rate as a cash amount in the currency in which the interest rate cash settlement value of any interest rate warrants is payable;

whether such warrants shall be put warrants, call warrants or otherwise;

the formula for determining the cash settlement value of each warrant;

the circumstances, if any, under which a minimum and/or maximum expiration value is applicable upon the expiration of such warrants;

any minimum number of warrants which must be exercised at any one time, other than upon automatic exercise;

the maximum number, if any, of such warrants that may, subject to our election, be exercised by all holders on any day;

any provisions for the automatic exercise of such warrants other than at expiration;

whether and under what circumstances such warrants may be canceled by us prior to the expiration date; and

any other procedures and conditions relating to the exercise of such warrants.

Additional Terms of Universal Warrants

The applicable prospectus supplement may contain, where applicable, the following additional information relating to any universal warrants:

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whether the universal warrants are put warrants or call warrants and whether you or we will be entitled to exercise the warrants;

the specific warrant property, and the amount or the method for determining the amount of the warrant property, that may be purchased or sold upon exercise of each universal warrant;

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the currency in which the exercise price, if any, and the cash settlement value of such warrants is payable;

the base currency and the reference currency for any currency warrants;

the price at which and the currency with which the underlying securities or commodities may be purchased or sold upon the exercise of each universal warrant, or the method of determining that price;

whether the exercise price may be paid in cash, by the exchange of any other security offered with the universal warrants or both and the method of exercising the universal warrants; and

whether the exercise of the universal warrants is to be settled in cash or by delivery of the underlying securities or commodities or both.

Before you exercise your warrants, you will not have any of the rights of (1) holders of the debt securities of the series purchasable upon such exercise, including the right to receive payments of principal, any premium or interest on those debt securities, or to enforce any of the covenants or rights in the relevant indenture or any other agreement or (2) holders of preferred stock or other securities purchasable upon such exercise, including the right to receive payments of dividends, if any, on such preferred stock or other securities or to exercise any applicable right to vote.

You may exchange registered warrants of any series for registered warrants of the same series representing in total the number of warrants that you have surrendered for exchange. To the extent permitted, you may exchange warrant certificates and transfer registered warrants at the corporate trust office of the warrant agent for that series of warrants (or any other office indicated in the prospectus supplement relating to that series of warrants).

Unless otherwise specified in the applicable prospectus supplement, warrants will be issued in book-entry only form, and will be represented by a single global warrant certificate, registered in the name of the nominee of the depository of the warrants.

Bearer warrants will be transferable by delivery. The applicable prospectus supplement will describe the terms of exchange applicable to any bearer warrants.

Exercise of Warrants

You may exercise your warrants at the corporate trust office of the warrant agent (or any other office indicated in the prospectus supplement relating to those warrants) up to 5:00 p.m., New York time, on the date stated in the prospectus supplement relating to those warrants or as may be otherwise stated in the prospectus supplement. If you do not exercise your warrants before the time on that date (or such later date that we may set), your unexercised warrants will become void.

Only registered securities will be issued and delivered upon exercise of registered warrants. Warrants will be deemed to have been exercised upon receipt of the warrant certificate and any payment, if applicable, at the corporate trust office of the warrant agent or any other office indicated in the applicable prospectus supplement and we will, as soon as practicable after such receipt and payment, issue and deliver the warrant property or pay the settlement value in respect of the warrants.

If fewer than all of the warrants represented by such warrant certificate are exercised, a new warrant certificate will be issued for the remaining amount of the warrants. Special provisions relating to the exercise of any bearer warrants or automatic exercise of warrants will be described in the applicable prospectus supplement.

DESCRIPTION OF PREFERRED STOCK

This section describes certain general terms and provisions of the preferred stock to which any prospectus supplement may relate. The particular terms of the preferred stock offered by any prospectus supplement and the extent, if any, to which such general terms will not apply to the preferred stock so offered will be described in the prospectus supplement relating to such preferred stock.

This section, along with the description in the applicable prospectus supplement, is a summary of certain provisions of our restated certificate of incorporation, as amended, including the applicable certificates of designation, and is not complete.

We urge you to read the restated certificate of incorporation, as amended, and the certificate of designation for the relevant series of preferred stock in which you are intending to invest, because those documents, and not these descriptions, define your rights as a holder of preferred stock. We have filed a copy of the restated certificate of incorporation, as amended, and the certificates of designation for our currently outstanding shares of preferred stock as exhibits to the Registration Statement of which this prospectus is a part. Copies of the restated certificate of incorporation, as amended, are available described under "Where You Can Find More Information."

General

Our restated certificate of incorporation, as amended, authorizes the issuance of 10,000,000 shares of preferred stock, \$1.00 par value. We may issue preferred stock from time to time in one or more series. The exact terms of each series will be established by our board of directors or a duly authorized committee of the board.

The terms of any particular series of preferred stock will be described in the prospectus supplement relating to that particular series of preferred stock, including, where applicable:

- (1) the designation, stated value and liquidation preference of such preferred stock and the number of shares offered;
- (2) the offering price;
- (3) the dividend rate or rates (or method of calculation), the date or dates from which dividends shall accrue, and whether such dividends shall be cumulative or noncumulative and, if cumulative, the dates from which dividends shall commence to cumulate;
- (4) any redemption or sinking fund provisions;
- (5) the amount that shares of such series shall be entitled to receive in the event of our liquidation, dissolution or winding up;
- (6) the terms and conditions, if any, on which shares of such series shall be exchangeable for shares of our stock of any other class or classes, or other series of the same class;
- (7) the voting rights, if any, of shares of such series in addition to those set forth in "Voting Rights" below;
- (8) the status as to reissuance or sale of shares of such series redeemed, purchased or otherwise reacquired, or surrendered to us on conversion or exchange;
- (9) the conditions and restrictions, if any, on the payment of dividends or on the making of other distributions on, or the purchase, redemption or other acquisition by us or any subsidiary of, the common stock or any other class of our stock ranking junior to the shares of such series as to dividends or upon liquidation;

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(10) the conditions and restrictions, if any, on the creation of indebtedness of us or of any subsidiary, or on the issue of any additional stock ranking on a parity with or prior to the shares of such series as to dividends or upon liquidation; and

(11) any additional dividend, liquidation, redemption, sinking or retirement fund and other rights, preferences, privileges, limitations and restrictions of such preferred stock.

The preferred stock will, when issued, be fully paid and nonassessable. Unless otherwise specified in the applicable prospectus supplement, the shares of each series of preferred stock will upon issuance rank senior to the common stock and on a parity in all respects with each other outstanding series of preferred stock. As of May 31, 2006, there were outstanding:

3,493,250 depositary shares, each representing a one-fourth interest in a share of 6.15% Cumulative Preferred Stock, Series E;

1,800,200 depositary shares, each representing a one-fourth interest in a share of 5.72% Cumulative Preferred Stock, Series F; and

2,044,675 depositary shares, each representing a one-fourth interest in a share of 5.49% Cumulative Preferred Stock, Series G.

The preferred stock will have no preemptive rights to subscribe for any additional securities that may be issued by us.

Dividends

Unless otherwise specified in the applicable prospectus supplement, before any dividends may be declared or paid to the holders of shares of our common stock, par value \$1.00 per share, or of any other of our capital stock ranking junior to any series of the preferred stock as to the payment of dividends, the holders of the preferred stock of that series will be entitled to receive, when and as declared by the board of directors or a duly authorized committee of the board, out of our net profits or net assets legally available therefor, dividends payable quarterly.