## BEAR STEARNS COMPANIES INC

## Form FWP

January 23, 2006
Filed Pursuant to Rule 433 Registration No. 333-121744

BEAR
STRUCTURED EQUITY PRODUCTS
STEARNS

Indicative Terms

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New Issue January 20, 2006
```

The Bear Stearns Companies Inc. Note linked to a Basket of Commodities

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Due July [29], 2011
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Investment Highlights

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0 5.5 year term to maturity
O Principal protected if held to maturity
O Issue is a direct obligation of The Bear Stearns Companies Inc. (Rated A1
    by Moody's / A by S&P)
O Issue Price: 100.00% of the Principal Amount ($1,000)
O Linked to Crude Oil, Natural Gas, Aluminum, Copper and Gold
O Depending upon the value of the Basket, potential [2.50% - 3.50%]
    semi-annual Coupons, [5.00% - 7.00%] annualized
O 100% participation in the percentage gain, if any, in the value of the
    Basket
```

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this free writing prospectus relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www. sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll free 1-866-803-9204.
[GRAPHIC OMITTED]

STRUCTURED EQUITY PRODUCTS
(212) 272-6928

## TERMS OF OFFERING

| TERMS OF OFFERING |  |
| :---: | :---: |
| Issuer: | The Bear Stearns Companies Inc. ("BSC") |
| Issuer's Rating: | A1 / A (Moody's / S\&P) |
| CUSIP Number: | 073928 N 41 |
| Issue Price: | 100.00\% of principal (the "Principal Amount"). |
| Agent's Discount | [ ] \% |
| Denominations: | \$1,000 per Note. |
| Selling Period Ends: | January [25], 2006 |
| Settlement Date: | January [31], 2006 |
| Calculation Date: | July [25], 2011 |
| Maturity Date: | ```July [29], 2011 (for a term of approximately 5.5-years).``` |
| Interest Amount: | If, on any Semi-Annual Interest Observation Date, the Basket Level is greater than the Initial Basket Level, the interest payment for that period will be [2.50\% $3.50 \%$ ]. If the Basket Level is below the Initial Basket Level, no interest will be paid for that period. |
| Cash Settlement Value: | Principal Amount + (100\% x Basket Performance) |
| Basket Performance: | The greater of zero and the formula below: |
| । (Basket Level on Calculation Date - Initial Basket Level) ${ }^{\text {- }}$ |  |
|  |  |
| Initial Basket Level: | 100 |
| Basket Level: | 100 x the sum of [Component Weight x Commodity Level] |
| Component Weight: | 20\% for each Component |
| Commodity Level: | - - |
|  | \| Individual Component Level |
|  | \| Initial Individual Component Level |
| Individual Components: | Crude Oil, WTI: Natural Gas: Aluminum: <br> CL1 (Comdty) on Bloomberg NG1 (Comdty) on Bloomberg LOAHDY (Comdty) on Bloomberg |

Copper: LOCADY (Comdty) on Bloomberg Gold: GOLDLNPM (Comdty) on Bloomberg

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## ADDITIONAL TERMS SPECIFIC TO THE NOTES

You should read this document together with the Prospectus, as supplemented by the Prospectus Supplement, each dated February 2, 2005, and the more detailed information contained in the Pricing Supplement, dated January 11, 2006. Please note that the table and graph on pages $7-8$ below supersede and restate the table and graph on pages PS-28 and PS-29 in the Pricing Supplement dated January 11, 2006. You should carefully consider, among other things, the matters set forth in "Risk Factors" in the Pricing Supplement, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the Notes. The Pricing Supplement, dated January 11, 2006, and the accompanying Prospectus and Prospectus Supplement, each dated February 2, 2005 may be accessed on the SEC Web site at www.sec.gov as follows:

- http://www.sec.gov/Archives/edgar/data/777001/
$000104746906000332 / a 2166514 z 424 b 5 . h t m$


## ILLUSTRATIVE EXAMPLES

## Illustrative Examples:

The following are illustrative examples demonstrating the hypothetical Cash Settlement Value of a Note based on the five assumptions listed below. Actual returns may be different.

## Assumptions:




| January 2009 | $0.01 \%$ | $\$ 30$ |
| :--- | :--- | :--- |
| July 2009 | $0.01 \%$ | $\$ 30$ |
| January 2010 | $0.01 \%$ | $\$ 30$ |
| July 2010 | $0.01 \%$ | $\$ 30$ |
| January 2011 |  |  |

The total return on the Notes equals the Cash Settlement Value of $\$ 1,000.10$ plus interest payments of $\$ 330$ or $\$ 1,330.10$.

Example 3: The five Components underlying the Basket each trade in a volatile and choppy manner and then decrease substantially during the last two years of the term of the Notes.

| Semi-Annual <br> Interest <br> Observation <br> Date for | Basket Performance <br> at the end of each <br> Period | Coupon, if <br> any, <br> per Note |
| :--- | :---: | :---: |
| July 2006 | $36.00 \%$ | $\$ 30$ |
| January 2007 | $45.00 \%$ | $\$ 30$ |
| June 2007 | $16.00 \%$ | $\$ 30$ |
| January 2008 | $25.00 \%$ | $\$ 30$ |
| July 2008 | $5.00 \%$ | $\$ 30$ |
| January 2009 | $3.00 \%$ | $\$ 30$ |
| July 2009 | $-10.00 \%$ | $\$ 0$ |



## HISTORICAL ANALYSIS

Below is a table illustrating, hypothetically, how the Note would have performed over the most recent 5.5-year period ending December 30, 2005. The table assumes a periodic contingent Coupon rate of $3.00 \%$ for each semi-annual period. The Note would have matured at $204.25 \%$ or $\$ 2,042.50$ per Note in addition to a total of $21 \%$ in aggregate coupon payments during the term of the Note. The total return was $125.25 \%$ or a CAGR of $15.91 \%$. Please be aware that past performance is no indication of future performance.

| Observation Date | Crude Oil | Gold | Natural Gas | Aluminum | Copper | Basket Level |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 6/30/2000 | 32.50 | 288.15 | 4.476 | 1,564.0 | 1,773.5 | 100.00 |
| 12/29/2000 | 26.80 | 274.45 | 9.775 | 1,560.0 | 1,808.5 | 119.56 |
| 6/29/2001 | 26.25 | 270.60 | 3.096 | 1,437.0 | 1,550.5 | 84.63 |
| 12/31/2001 | 19.84 | 276.50 | 2.570 | 1,335.0 | 1,462.0 | 76.44 |
| 6/28/2002 | 26.86 | 318.50 | 3.245 | 1,364.5 | 1,654.0 | 89.24 |
| 12/31/2002 | 31.20 | 347.20 | 4.789 | 1,344.5 | 1,536.0 | 99.21 |
| 6/30/2003 | 30.19 | 346.00 | 5.411 | 1,389.0 | 1,644.0 | 103.07 |
| 12/31/2003 | 32.52 | 416.25 | 6.189 | 1,592.5 | 2,321.0 | 123.10 |
| 6/30/2004 | 37.05 | 395.80 | 6.155 | 1,698.5 | 2,664.5 | 129.54 |
| 12/31/2004 | 43.45 | 435.60 | 6.149 | 1,964.0 | 3,279.5 | 146.55 |
| 6/30/2005 | 56.50 | 437.10 | 6.981 | 1,716.0 | 3,597.0 | 158.81 |
| 12/30/2005 | 61.04 | 513.00 | 11.225 | 2,285.0 | 4,584.5 | 204.25 |
| Value of Note at Maturi |  |  |  |  |  |  |
|  |  |  |  |  | Total of Coupons Pa |  |
| Total Return of No |  |  |  |  |  |  |

The table below depicts historical returns on the Basket that were less robust. For the 5.5 year period ending May 31, 2002 , the Note would have matured at $100.00 \%$, or $\$ 1,000$ per Note in addition to one coupon payment of $3 \%$ during the term of the Note. The total return was $103.00 \%$ or a CAGR of $0.54 \%$. Please be aware that past performance is no indication of future performance.


The Chart below tracks the performance of each Component in the Basket and the Basket itself since January 31, 1995 through December 30, 2005.
[The following data is represented by a single graph containing 6 line charts in the printed material.]

| Date | Crude Oil | Gold | Natural Gas | Aluminum | Copper | Basket |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 1/31/1995 | 100.000 | 100.000 | 100.000 | 100.000 | 100.000 | 100.000 |
| 2/28/1995 | 100.544 | 100.400 | 109.527 | 84.579 | 95.447 | 98.099 |
| 3/31/1995 | 104.241 | 104.561 | 124.446 | 88.553 | 99.600 | 104.280 |
| 4/28/1995 | 110.821 | 103.961 | 122.747 | 87.890 | 94.430 | 103.970 |
| 5/31/1995 | 102.719 | 102.507 | 126.883 | 85.525 | 95.097 | 102.546 |
| 6/30/1995 | 94.617 | 103.241 | 112.999 | 85.241 | 103.169 | 99.853 |
| 7/31/1995 | 95.487 | 102.254 | 119.202 | 88.505 | 100.233 | 101.136 |
| 8/31/1995 | 97.009 | 101.987 | 129.099 | 85.123 | 98.399 | 102.323 |
| 9/29/1995 | 95.378 | 102.427 | 129.247 | 83.113 | 98.199 | 101.673 |
| 10/31/1995 | 95.922 | 102.067 | 137.814 | 77.767 | 94.463 | 101.607 |
| 11/30/1995 | 98.858 | 103.441 | 149.040 | 77.980 | 97.398 | 105.343 |
| 12/29/1995 | 106.308 | 103.228 | 193.427 | 79.234 | 93.296 | 115.098 |
| 1/31/1996 | 96.465 | 108.176 | 196.307 | 73.936 | 85.757 | 112.128 |
| 2/29/1996 | 106.253 | 106.868 | 165.140 | 74.314 | 84.456 | 107.407 |
| 3/29/1996 | 116.748 | 105.722 | 172.526 | 77.342 | 84.973 | 111.462 |
| 4/30/1996 | 115.280 | 104.374 | 164.254 | 75.922 | 90.260 | 110.018 |
| 5/31/1996 | 107.450 | 104.174 | 177.696 | 73.723 | 84.857 | 109.580 |
| 6/28/1996 | 113.757 | 101.894 | 214.993 | 69.584 | 65.377 | 113.121 |
| 7/31/1996 | 111.039 | 102.774 | 159.749 | 70.766 | 68.012 | 102.468 |

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| 8/30/1996 | 120.990 | 103.081 | 137.297 | 69.253 | 67.712 | 99.666 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 9/30/1996 | 132.572 | 101.094 | 163.516 | 64.096 | 64.643 | 105.184 |
| 10/31/1996 | 126.971 | 101.227 | 201.477 | 66.982 | 66.995 | 112.730 |
| 11/29/1996 | 129.146 | 99.040 | 258.272 | 71.641 | 83.289 | 128.278 |
| 12/31/1996 | 140.946 | 98.493 | 203.619 | 71.689 | 73.966 | 117.743 |
| 1/31/1997 | 131.321 | 92.158 | 176.145 | 75.284 | 79.520 | 110.886 |
| 2/28/1997 | 110.386 | 95.652 | 134.490 | 76.845 | 80.854 | 99.645 |
| 3/31/1997 | 110.984 | 92.865 | 142.245 | 75.993 | 80.454 | 100.508 |
| 4/30/1997 | 109.897 | 90.731 | 161.300 | 76.183 | 80.520 | 103.726 |
| 5/30/1997 | 113.540 | 92.185 | 165.362 | 75.828 | 86.891 | 106.761 |
| 6/30/1997 | 107.667 | 89.237 | 157.976 | 73.841 | 86.241 | 102.993 |
| 7/31/1997 | 109.516 | 87.050 | 160.783 | 79.494 | 77.718 | 102.912 |
| 8/29/1997 | 106.634 | 86.783 | 200.443 | 76.112 | 71.714 | 108.337 |
| 9/30/1997 | 115.171 | 88.584 | 227.622 | 77.247 | 71.648 | 116.054 |
| 10/31/1997 | 114.628 | 83.062 | 262.334 | 75.875 | 66.644 | 120.509 |
| 11/28/1997 | 104.133 | 79.168 | 190.399 | 74.905 | 62.075 | 102.136 |
| 12/31/1997 | 95.922 | 77.407 | 167.208 | 72.635 | 57.505 | 94.135 |
| 1/30/1998 | 93.583 | 81.315 | 166.691 | 71.665 | 58.039 | 94.259 |
| 2/27/1998 | 83.959 | 79.328 | 171.418 | 68.212 | 56.037 | 91.791 |
| 3/31/1998 | 84.883 | 80.288 | 186.263 | 67.313 | 58.205 | 95.391 |
| 4/30/1998 | 83.687 | 82.875 | 164.032 | 67.502 | 61.791 | 91.978 |
| 5/29/1998 | 82.654 | 78.314 | 160.266 | 63.482 | 56.204 | 88.184 |
| 6/30/1998 | 77.107 | 79.034 | 182.349 | 60.785 | 54.003 | 90.656 |
| 7/31/1998 | 77.270 | 77.047 | 136.189 | 63.221 | 56.604 | 82.066 |
| 8/31/1998 | 72.539 | 72.926 | 129.394 | 63.198 | 55.270 | 78.666 |
| 9/30/1998 | 87.765 | 78.381 | 179.690 | 62.252 | 54.520 | 92.521 |
| 10/30/1998 | 78.412 | 77.967 | 168.021 | 61.235 | 52.168 | 87.561 |
| 11/30/1998 | 61.011 | 78.608 | 145.938 | 61.424 | 51.951 | 79.786 |
| 12/31/1998 | 65.525 | 76.767 | 143.648 | 58.562 | 48.566 | 78.614 |
| 1/29/1999 | 69.331 | 76.127 | 131.241 | 56.481 | 46.664 | 75.969 |
| 2/26/1999 | 66.721 | 76.567 | 120.236 | 55.724 | 46.047 | 73.059 |
| 3/31/1999 | 91.136 | 74.540 | 148.671 | 57.261 | 45.747 | 83.471 |
| 4/30/1999 | 101.468 | 76.447 | 166.396 | 63.813 | 52.302 | 92.085 |
| 5/31/1999 | 91.572 | 71.646 | 174.151 | 58.609 | 45.264 | 88.248 |
| 6/30/1999 | 104.894 | 69.619 | 176.809 | 64.688 | 51.234 | 93.449 |
| 7/30/1999 | 111.637 | 68.178 | 187.814 | 65.397 | 53.336 | 97.272 |
| 8/31/1999 | 120.228 | 67.965 | 208.641 | 68.709 | 55.103 | 104.129 |
| 9/30/1999 | 133.279 | 79.755 | 202.659 | 70.009 | 58.639 | 108.868 |
| 10/29/1999 | 118.271 | 79.781 | 218.685 | 69.749 | 58.439 | 108.985 |
| 11/30/1999 | 133.714 | 77.714 | 170.162 | 71.689 | 58.189 | 102.294 |
| 12/31/1999 | 139.206 | 77.421 | 172.009 | 77.129 | 61.574 | 105.468 |
| 1/31/2000 | 150.299 | 75.567 | 196.603 | 81.126 | 60.440 | 112.807 |
| 2/29/2000 | 165.470 | 78.328 | 203.914 | 75.520 | 57.572 | 116.161 |
| 3/31/2000 | 146.275 | 73.820 | 217.504 | 72.044 | 57.655 | 113.459 |
| 4/28/2000 | 139.967 | 73.366 | 231.979 | 68.827 | 57.205 | 114.269 |
| 5/31/2000 | 157.749 | 72.619 | 321.713 | 68.117 | 57.889 | 135.617 |
| 6/30/2000 | 176.726 | 76.860 | 330.576 | 73.983 | 59.156 | 143.460 |
| 7/31/2000 | 149.157 | 73.820 | 278.730 | 72.990 | 61.691 | 127.277 |
| 8/31/2000 | 180.098 | 73.886 | 353.176 | 74.645 | 63.376 | 149.036 |
| 9/29/2000 | 167.700 | 72.993 | 383.013 | 74.693 | 65.977 | 152.875 |
| 10/31/2000 | 177.814 | 70.552 | 331.610 | 69.489 | 61.341 | 142.161 |
| 11/30/2000 | 183.904 | 71.779 | 486.632 | 70.861 | 60.524 | 174.740 |
| 12/29/2000 | 145.731 | 73.206 | 721.935 | 73.794 | 60.324 | 214.998 |
| 1/31/2001 | 155.846 | 70.552 | 421.492 | 82.167 | 60.223 | 158.056 |
| 2/28/2001 | 148.940 | 71.139 | 386.706 | 73.463 | 57.972 | 147.644 |
| 3/30/2001 | 142.958 | 68.738 | 371.123 | 69.489 | 55.570 | 141.576 |
| 4/30/2001 | 154.758 | 70.192 | 346.750 | 72.777 | 55.370 | 139.969 |
| 5/31/2001 | 154.269 | 71.352 | 289.069 | 70.932 | 55.570 | 128.239 |
| 6/29/2001 | 142.741 | 72.179 | 228.656 | 67.975 | 51.718 | 112.654 |
| 7/31/2001 | 143.284 | 70.926 | 243.427 | 65.184 | 48.999 | 114.364 |
| 8/31/2001 | 147.906 | 72.819 | 175.775 | 65.137 | 49.199 | 102.168 |
| 9/28/2001 | 127.406 | 78.181 | 165.731 | 62.417 | 47.498 | 96.247 |

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| 10/31/2001 | 115.171 | 74.353 | 243.058 | 59.934 | 45.380 | 107.579 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| 11/30/2001 | 105.710 | 73.486 | 199.483 | 67.644 | 51.101 | 99.485 |
| 12/31/2001 | 107.885 | 73.753 | 189.808 | 63.150 | 48.766 | 96.672 |
| 1/31/2002 | 105.927 | 75.300 | 157.903 | 64.096 | 50.534 | 90.752 |
| 2/28/2002 | 118.216 | 79.181 | 174.077 | 65.894 | 51.334 | 97.741 |
| 3/29/2002 | 143.067 | 80.395 | 242.467 | 65.563 | 54.136 | 117.125 |
| 4/30/2002 | 148.396 | 82.209 | 280.281 | 65.066 | 53.319 | 125.854 |
| 5/31/2002 | 137.629 | 87.117 | 237.592 | 64.877 | 54.336 | 116.310 |
| 6/28/2002 | 146.058 | 84.956 | 239.660 | 64.546 | 55.170 | 118.078 |
| 7/31/2002 | 146.928 | 81.262 | 218.168 | 61.968 | 50.384 | 111.742 |
| 8/30/2002 | 157.586 | 83.436 | 243.427 | 61.187 | 50.033 | 119.134 |
| 9/30/2002 | 165.579 | 86.343 | 305.613 | 60.572 | 47.849 | 133.191 |
| 10/31/2002 | 148.015 | 84.529 | 306.942 | 63.269 | 51.234 | 130.798 |
| 11/29/2002 | 146.221 | 85.103 | 310.192 | 65.184 | 54.236 | 132.187 |
| 12/31/2002 | 169.657 | 92.611 | 353.693 | 63.600 | 51.234 | 146.159 |
| 1/31/2003 | 182.219 | 98.026 | 413.959 | 67.502 | 57.155 | 163.772 |
| 2/28/2003 | 199.021 | 92.678 | 598.301 | 69.016 | 57.238 | 203.251 |
| 3/31/2003 | 168.787 | 89.317 | 373.708 | 63.860 | 52.952 | 149.725 |
| 4/30/2003 | 140.294 | 89.824 | 397.710 | 64.167 | 53.502 | 149.100 |
| 5/30/2003 | 160.740 | 96.399 | 461.669 | 67.408 | 56.137 | 168.471 |
| 6/30/2003 | 164.165 | 92.291 | 399.631 | 65.705 | 54.837 | 155.326 |
| 7/31/2003 | 166.069 | 94.625 | 348.449 | 69.536 | 59.006 | 147.537 |
| 8/29/2003 | 171.669 | 100.187 | 349.409 | 67.739 | 58.239 | 149.449 |
| 9/30/2003 | 158.782 | 103.494 | 356.721 | 66.580 | 59.840 | 149.083 |
| 10/31/2003 | 158.293 | 103.027 | 361.374 | 71.902 | 68.612 | 152.642 |
| 11/28/2003 | 165.362 | 106.255 | 363.737 | 72.517 | 69.163 | 155.407 |
| 12/31/2003 | 176.835 | 111.030 | 457.090 | 75.331 | 77.418 | 179.541 |
| 1/30/2004 | 179.717 | 106.628 | 398.597 | 77.271 | 83.022 | 169.047 |
| 2/27/2004 | 196.629 | 105.588 | 400.000 | 80.511 | 99.633 | 176.472 |
| 3/31/2004 | 194.454 | 113.017 | 438.183 | 79.872 | 102.318 | 185.569 |
| 4/30/2004 | 203.263 | 103.628 | 432.939 | 78.217 | 91.795 | 181.968 |
| 5/31/2004 | 216.857 | 104.895 | 475.775 | 78.548 | 94.413 | 194.098 |
| 6/30/2004 | 201.468 | 105.575 | 454.579 | 80.345 | 88.876 | 186.169 |
| 7/30/2004 | 238.173 | 104.401 | 451.403 | 79.801 | 96.731 | 194.102 |
| 8/31/2004 | 229.038 | 108.629 | 374.742 | 79.872 | 94.963 | 177.449 |
| 9/30/2004 | 269.929 | 110.870 | 501.846 | 86.235 | 104.736 | 214.723 |
| 10/29/2004 | 281.457 | 113.510 | 644.387 | 87.039 | 98.432 | 244.965 |
| 11/30/2004 | 267.156 | 120.939 | 562.777 | 87.677 | 108.806 | 229.471 |
| 12/31/2004 | 236.270 | 116.191 | 454.136 | 92.904 | 109.390 | 201.778 |
| 1/31/2005 | 262.099 | 112.603 | 466.839 | 88.269 | 109.256 | 207.813 |
| 2/28/2005 | 281.403 | 116.151 | 497.046 | 91.509 | 113.576 | 219.937 |
| 3/31/2005 | 301.251 | 114.030 | 565.214 | 93.330 | 113.676 | 237.500 |
| 4/29/2005 | 270.364 | 116.218 | 486.337 | 85.454 | 111.691 | 214.013 |
| 5/31/2005 | 282.599 | 110.549 | 471.123 | 81.197 | 107.205 | 210.535 |
| 6/30/2005 | 307.232 | 116.591 | 515.583 | 81.173 | 119.980 | 228.112 |
| 7/29/2005 | 329.364 | 114.431 | 582.349 | 87.110 | 125.917 | 247.834 |
| 8/31/2005 | 374.878 | 115.564 | 847.267 | 87.938 | 130.587 | 311.247 |
| 9/30/2005 | 360.196 | 126.234 | 1,028.139 | 87.843 | 131.721 | 346.826 |
| 10/31/2005 | 324.959 | 125.567 | 901.403 | 94.229 | 136.458 | 316.523 |
| 11/30/2005 | 311.691 | 132.209 | 929.616 | 102.152 | 146.915 | 324.517 |
| 12/30/2005 | 331.920 | 136.836 | 829.025 | 108.089 | 152.919 | 311.758 |

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Note: The following table and graph supersede and restate the table and graph on pages PS-28 and PS-29 in the Pricing Supplement dated January 11, 2006.

Hypothetical Cash Settlement Value Plus Interest Payments Using Historical Data of the Components Underlying the Basket Assuming a 5.5-Year Holding Period

|  |  |  | Hypothetical |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Cash |  |  |  |
|  |  |  | Settlement |  |  |  |
|  |  | Total | Value Per |  |  | Total |
| 5.5-Year |  | Coupons | Note Plus | 5.5-Year |  | Coupon |
| Period |  | During | Interest | Period |  | Durin |
| Ending | Basket | 5.5-Year | Payments, | Ending | Basket | 5.5-Ye |
| Date | Performance | Period | if any | Date | Performance | Perio |
| July-2000 | $27.28 \%$ | $21.00 \%$ | \$1,482.80 | April-2003 | $9.40 \%$ | 15 |
| August-2000 | 45.96\% | $24.00 \%$ | \$1,699.60 | May-2003 | $39.81 \%$ | 21 |
| September-2000 | $37.81 \%$ | $15.00 \%$ | \$1,528.10 | June-2003 | $43.04 \%$ | 21 |
| October-2000 | $28.50 \%$ | 18.00\% | \$1,465.00 | July-2003 | $40.31 \%$ | 21 |
| November-2000 | 55.82\% | $18.00 \%$ | \$1,738. 20 | August-2003 | $47.57 \%$ | 27 |
| December-2000 | $101.77 \%$ | $21.00 \%$ | \$2,227.70 | September-2003 | 41.84\% | 27 |
| January-2001 | $47.74 \%$ | $18.00 \%$ | \$1,657.40 | October-2003 | $50.27 \%$ | 27 |
| February-2001 | $33.61 \%$ | $15.00 \%$ | \$1,486.10 | November-2003 | $60.00 \%$ | 27 |
| March-2001 | $28.87 \%$ | $21.00 \%$ | \$1,498.70 | December-2003 | $77.56 \%$ | 30. |
| April-2001 | $26.78 \%$ | $24.00 \%$ | \$1,507.80 | January-2004 | $86.51 \%$ | 30 |
| May-2001 | 13.40\% | $18.00 \%$ | \$1,314.00 | February-2004 | $106.53 \%$ | 30. |
| June-2001 | $0.00 \%$ | 9.00\% | \$1,090.00 | March-2004 | $85.12 \%$ | 30 |
| July-2001 | $0.00 \%$ | 12.00\% | \$1,120.00 | April-2004 | 90.70\% | 33. |
| August-2001 | $0.00 \%$ | 9.00\% | \$1,090.00 | May-2004 | 124.90\% | 33 |
| September-2001 | $0.00 \%$ | $6.00 \%$ | \$1,060.00 | June-2004 | $116.33 \%$ | 33. |
| October-2001 | $0.00 \%$ | 9.00\% | \$1,090.00 | July-2004 | $134.64 \%$ | 33. |
| November-2001 | $0.00 \%$ | $12.00 \%$ | \$1,120.00 | August-2004 | 129.28\% | 33. |
| December-2001 | $0.00 \%$ | 9.00\% | \$1,090.00 | September-2004 | 132.40\% | 33 |
| January-2002 | $0.00 \%$ | 18.00\% | \$1,180.00 | October-2004 | 127.55\% | 33. |
| February-2002 | $0.00 \%$ | 15.00\% | \$1,150.00 | November-2004 | $134.74 \%$ | 33 |
| March-2002 | 4.35\% | $21.00 \%$ | \$1,253.50 | December-2004 | $101.22 \%$ | 33. |
| April-2002 | $2.79 \%$ | $12.00 \%$ | \$1,147.90 | January-2005 | 97.66\% | 30 |
| May-2002 | $0.00 \%$ | $3.00 \%$ | \$1,030.00 | February-2005 | $96.50 \%$ | 27 |
| June-2002 | $0.00 \%$ | $6.00 \%$ | \$1,060.00 | March-2005 | 95.01\% | 30 |
| July-2002 | $0.00 \%$ | $6.00 \%$ | \$1,060.00 | April-2005 | $82.06 \%$ | 30. |
| August-2002 | $10.50 \%$ | 15.00\% | \$1,255.00 | May-2005 | 85.59\% | 30 |
| September-2002 | $19.24 \%$ | $21.00 \%$ | \$1,402.40 | June-2005 | 94.23\% | 30. |
| October-2002 | 12.96\% | 18.00\% | \$1,309.60 | July-2005 | 96.50\% | 24 |
| November-2002 | 11.41\% | $15.00 \%$ | \$1,264.10 | August-2005 | $126.57 \%$ | 24 |
| December-2002 | $26.16 \%$ | $18.00 \%$ | \$1,441.60 | September-2005 | $148.07 \%$ | 30 |
| January-2003 | 38.98\% | $18.00 \%$ | \$1,569.80 | October-2005 | 133.47\% | 30. |
| February-2003 | $52.48 \%$ | $15.00 \%$ | \$1,674.80 | November-2005 | $114.47 \%$ | 21 |
| March-2003 | 13.63\% | 12.00\% | \$1,256. 30 | December-2005 | $104.25 \%$ | 21 |

The Chart below sets forth the information provided in the table above and represents the ending date for the preceding 5.5-year period.
[The following data is represented by a single line chart in the printed material.]

|  | Hypothetical Cash |
| :--- | :--- |
| Date | Settlement Value |

July-2000
August-2000
September-2000
October-2000
November-2000
December-2000
January-2001
February-2001
March-2001
April-2001
May-2001
June-2001
July-2001
August-2001
September-2001
October-2001
November-2001
December-2001
January-2002
February-2002
March-2002
April-2002
May-2002
June-2002
July-2002
August-2002
September-2002
October-2002
November-2002
December-2002
January-2003
February-2003
March-2003
April-2003
May-2003
June-2003
July-2003
August-2003
September-2003
October-2003
November-2003
December-2003
January-2004
February-2004
March-2004
April-2004
May-2004
June-2004
July-2004
August-2004
September-2004
October-2004
November-2004
December-2004
January-2005
February-2005
March-2005
April-2005
May-2005
June-2005
July-2005
August-2005
$\$ 1,482.80$
$\$ 1,699.60$
\$ 1,528.10
\$ 1,465.00
$\$ 1,738.20$
\$ 2,227.70
\$ 1,657.40
\$ 1,486.10
\$ 1,498.70
$\$ 1,507.80$
\$ 1,314.00
$\$ 1,090.00$
$\$ 1,120.00$
$\$ 1,090.00$
$\$ 1,060.00$
$\$ 1,090.00$
$\$ 1,120.00$
$\$ 1,090.00$
$\$ 1,180.00$
$\$ 1,150.00$
$\$ 1,253.50$
$\$ 1,147.90$
\$ 1,030.00
$\$ 1,060.00$
$\$ 1,060.00$
$\$ 1,255.00$
\$ 1,402.40
\$ 1,309.60
\$ 1,264.10
\$ 1,441.60
\$ 1,569.80
$\$ 1,674.80$
$\$ 1,256.30$
$\$ 1,244.00$
\$ 1,608.10
$\$ 1,640.40$
\$ 1,613.10
$\$ 1,745.70$
\$ 1,688.40
$\$ 1,772.70$
$\$ 1,870.00$
$\$ 2,075.60$
\$ 2,165.10
$\$ 2,365.30$
\$ 2,151.20
$\$ 2,237.00$
\$ 2,579.00
$\$ 2,493.30$
$\$ 2,676.40$
$\$ 2,622.80$
\$ 2,654.00
$\$ 2,605.50$
\$ 2,677.40
$\$ 2,342.20$
\$ 2,276.60
$\$ 2,235.00$
\$ 2,250.10
\$ 2,120.60
\$ 2,155.90
\$ 2,242.30
$\$ 2,205.00$
$\$ 2,505.70$

| September-2005 | $\$ 2,780.70$ |
| :--- | :--- |
| October-2005 | $\$ 2,634.70$ |
| November-2005 | $\$ 2,354.70$ |
| December-2005 | $\$ 2,252.50$ |

SELECTED RISK CONSIDERATIONS
o Suitability of Note for Investment - A person should reach a decision to invest in the Notes after carefully considering, with his or her advisors, the suitability of the Notes in light of investment objectives and the information set out in the Pricing Supplement. Neither the Issuer nor any dealer participating in the offering makes any recommendation as to the suitability of the Notes for investment.
o Principal Protected only if held to Maturity - If you sell the Note in the secondary market (see Secondary Market below) prior to Maturity, you may receive less, and possibly significantly less, than the amount you originally invested.
o You May Not Receive Any Interest Payments - During the term of the Notes, if, on any Semi-Annual Interest Observation Date, the Basket Level is less than or equal to the Initial Basket Level, you will not receive any interest for the immediately preceding six-month period.
o Secondary Market - Because the Notes will not be listed on any Securities exchange, a secondary trading market is not expected to develop, and, if such a market were to develop, it may not be liquid. Bear, Stearns \& Co. Inc. intends under ordinary market conditions to indicate prices for the Notes on request. However, there can be no guarantee that bids for outstanding Notes will be made in the future; nor can the prices of those bids be predicted.
o Value at Maturity May Be Limited to the Principal Amount of the Note - The Basket Performance at maturity may be negative, in which case the amount you will receive at maturity will be limited to the amount you invested in the Notes, even if the value of the Basket has increased at certain times during the term of the Note before falling on the Calculation Date.
o Discontinuation of Component - If the relevant exchange for a Component or successor Component ceases or otherwise fails to publish the prices for such Component or discontinues trading in such Component, or some other extraordinary circumstance occurs, Bear, Stearns \& Co. Inc., as Calculation Agent, will determine the Individual Component Level for such Component and may in its sole discretion accelerate the Maturity Date of the Notes, which may adversely affect the trading value of the Notes. The Calculation Agent will have no responsibility for good faith errors or omissions in its calculations.
o Taxes - For U.S. federal income tax purposes, the Issuer intends to treat the Notes as contingent payment debt instruments. As a result, U.S. Holders of the Notes will be required to include original issue discount in income during their ownership of the Notes even though no cash payments may be made with respect to the Notes until maturity. Additionally, U.S. Holders of Notes will generally be required to recognize ordinary interest income on the gain, if any, realized on a sale, upon maturity, or other disposition of the Notes.

