BEAR STEARNS COMPANIES INC
Form 424B2
November 02, 2007

PSIf this document is a Prospectus Supplement, do not delete this paragraph.

Subject to Completion, dated November 2, 2007
PRICING SUPPLEMENT
(To Prospectus Dated August 16, 2006 and
Prospectus Supplement Dated August 16, 2006)

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

The Bear Stearns Companies Inc.

$[ ] Principal Protected Leveraged Lookback Notes, Linked to the Strengthening of the Brazilian Real, Russian Ruble, Indian Rupee and Chinese Yuan Exchange Rates against the U.S. Dollar, Due November [ ], 2009

· The Notes are 100% principal protected if held to maturity and are linked to an equally weighted basket (the "Basket") consisting of the currency exchange rates between: (1) the U.S. Dollar and the Brazilian Real (the "BRL Exchange Rate"); (2) the U.S. Dollar and the Russian Ruble (the "RUB Exchange Rate"); (3) the U.S. Dollar and the Indian Rupee (the "INR Exchange Rate"); and (4) the U.S. Dollar and the Chinese Yuan (the "CNY Exchange Rate" and, together with the BRL Exchange Rate, the RUB Exchange Rate and the INR Exchange Rate, each a "Component" and collectively the "Components"), each expressed as the number of units of the U.S. Dollar, per Brazilian Real, Russian Ruble, Indian Rupee or Chinese Yuan (each a "Reference Currency" and collectively the "Reference Currencies"), as applicable. The weighting of each Component is fixed at 25% and will not change, unless any Component is modified during the term of the Notes. When we refer to Notes in this pricing supplement, we mean Notes with a principal amount of $1,000. On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash that is based on the Highest Basket Performance.

· If, at maturity, the Highest Basket Performance is greater than 0%, the Cash Settlement Value per note will equal $1,000 plus the product of: (a) $1,000 *multiplied by* (b) the Participation Rate *multiplied by* (c) the Highest Basket Performance.

· If, at maturity, the Highest Basket Performance is less than or equal to 0%, the Cash Settlement Value per Note will equal $1,000. Because the Notes are 100% principal protected if held to maturity, in no event will the Cash Settlement Value at maturity be less than $1,000 per Note.

· The Participation Rate is [150.00]%.

· The Highest Basket Performance is equal to the greatest of the four Basket Performances.

· The Basket Performance, with respect to an Observation Date, is equal to the quotient (expressed as a percentage) of (i) the sum of the four Component Performances, for such Observation Date, *divided by* (ii) 4. The "Component Performance" with respect to each Component on the applicable Observation Date, is the percentage resulting from the quotient of (a) the applicable Observation Fixing Level minus the Initial Fixing Level, divided by (b) the Initial Fixing Level. For the avoidance of doubt, the Basket Performance is *greater* when the Exchange Rates, on average, *increase*, as increasing Exchange Rates mean that fewer units of the respective Reference Currency are required to purchase one U.S. Dollar.

· The Observation Dates are scheduled to be May [l], 2008; November [l], 2008, May [l], 2009; and November [l], 2009 (the "Final Observation Date"). The Observation Dates are subject to adjustment as described herein.

· The Maturity Date for the Notes is expected to be November [l], 2009. If the Final Observation Date is postponed, the Maturity Date will be three Business Days following the postponed Final Observation Date.

· The CUSIP number for the Notes is 073928Y72.

· The Notes will not be listed on any U.S. securities exchange or quotation system.

INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. THERE MAY NOT BE A SECONDARY MARKET IN THE NOTES, AND IF THERE WERE TO BE A SECONDARY MARKET, IT MAY NOT BE LIQUID. YOU SHOULD REFER TO "RISK FACTORS" BEGINNING ON PAGE PS-11.

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

	Per Note	**Total**
Initial public offering price[1]	100.00%‡	$ [ ]
Agent's discount	[ ]%	$ [ ]
Proceeds, before expenses, to us	[ ]%	$ [ ]

[1] Investors who purchase an aggregate amount of at least $1,000,000 of Notes will be entitled to purchase such Notes for [99.00]% of the principal amount.

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

We may grant the agents a 13-day option from the date of the final pricing supplement, to purchase from us up to an additional $[ ] of Notes at the public offering price, less the agent's discount, to cover any over-allotments.

We expect that the Notes will be ready for delivery in book-entry form only through the book-entry facilities of The Depository Trust Company in New York, New York, on or about the Settlement Date, against payment in immediately available funds. The distribution of the Notes will conform to the requirements set forth in Rule 2720 of the National Association of Securities Dealers, Inc. Conduct Rules.

Bear, Stearns & Co. Inc.

November [ ], 2007

SUMMARY

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

The Bear Stearns Companies Inc. Medium-Term Notes, Series B, Principal Protected Notes, Linked to the Strengthening of the Brazilian Real, Russian Ruble, Indian Rupee and Chinese Yuan Exchange Rates against the U.S. Dollar, Due November [ ], 2009 (the "Notes") are Notes whose return is tied or "linked" to an equally weighted basket (the "Basket") comprised of the currency exchange rates between: (i) the U.S. Dollar and the Brazilian Real (the "BRL Exchange Rate"); (ii) the U.S. Dollar and the Russian Ruble (the "RUB Exchange Rate"); (iii) the U.S. Dollar and the Indian Rupee (the "INR Exchange Rate"); and (iv) the U.S. Dollar and the Chinese Yuan (the "CNY Exchange Rate" and, together with the BRL Exchange Rate, the RUB Exchange Rate and the INR Exchange Rate, each a "Component" and collectively the "Components"), each expressed as the number of units of the U.S. Dollar, per Brazilian Real, Russian Ruble, Indian Rupee or Chinese Yuan (each a "Reference Currency" and collectively the "Reference Currencies"), as applicable. The weighting of each Component is fixed at 25% and will not change, unless any Component is modified during the term of the Notes. When we refer to Notes in this pricing supplement, we mean Notes with a principal amount of $1,000. The Notes are principal protected if held to maturity.

On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash that is based on the Highest Basket Performance. The Highest Basket Performance is equal to the greatest of the four Basket Performances. The Basket Performance, with respect to an Observation Date, is equal to the quotient (expressed as a percentage) of (i) the sum of the four Component Performances, for such Observation Date, *divided by* (ii) 4. The Component Performance with respect to each Component on the applicable Observation Date, is the percentage resulting from the quotient of (a) the applicable Observation Fixing Level minus the Initial Fixing Level, divided by (b) the Initial Fixing Level. For the avoidance of doubt, the Basket Performance is *greater* when the Exchange Rates, on average, *increase*, as increasing Exchange Rates mean that fewer units of the respective Reference Currency are required to purchase one U.S. Dollar. If, at maturity, the Highest Basket Performance is greater than 0%, the Cash Settlement Value per note will equal $1,000 plus the product of: (a) $1,000 *multiplied by* (b) the Participation Rate *multiplied by* (c) the Highest Basket Performance. If, at maturity, the Highest Basket Performance is less than or equal to 0%, the Cash Settlement Value per Note will equal $1,000. Because the Notes are 100% principal protected if held to maturity, in no event will the Cash Settlement Value at maturity be less than $1,000 per Note. We will not pay any interest during the term of the Notes.

Selected Investment Considerations

- Full principal protection—If, at maturity, the Highest Basket Performance is less than or equal to 0%, in all cases the Cash Settlement Value per Note will be $1,000. Because the Notes are 100% principal protected, in no event will the Cash Settlement Value, at maturity, be less than $1,000 per Note.

- Bullish on the Reference Currencies / Bearish on the U.S. Dollar—The Notes may be an attractive investment for investors who have a bullish view, on average, of the Reference Currencies relative to the U.S. Dollar (or equivalently, a bearish view, on average, of the U.S. Dollar relative to the Reference Currencies). If, at maturity, the Highest Basket Performance is greater than 0%, the Cash Settlement Value per note will equal $1,000 plus the product of: (a) $1,000 *multiplied by* (b) the Participation Rate *multiplied by* (c) the Highest Basket Performance. Therefore the Notes will allow you to participate in [150.00]% of the Highest Basket Performance, at maturity. The Highest Basket Performance will only be positive if, on any Observation Date, the value of the U.S. Dollar depreciates relative to the Initial Fixing Levels of the Reference Currencies. If, on each Observation Date, the U.S. Dollar appreciates in value relative to the Reference Currencies, the Cash Settlement Value payable at maturity, and therefore the market value of the Notes, will be adversely affected.

- No current income—We will not pay any interest on the Notes. The yield on the Notes may be less than the overall return you would earn if you purchased a conventional debt security at the same time and with the same maturity. Because the Cash Settlement Value depends upon the Highest Basket Performance, the effective yield to maturity on the Notes is not known and may not be enough to compensate you for any opportunity cost implied by inflation and other factors relating to the time value of money.

- Diversification— The Basket represents the relationship between each of the Reference Currencies and the U.S. Dollar. The Basket Performance on an Observation Date is *greater* when the Exchange Rates, on average, *increase*, as increasing Exchange Rates mean that fewer units of the respective Reference Currency are required to purchase one U.S. Dollar. Therefore, the Notes may allow you to diversify an existing portfolio or investment.

Selected Risk Considerations

- Possible loss of value in the secondary market—Your principal investment in the Notes is 100% protected only if you hold your Notes to maturity. If you sell your Notes prior to the Maturity Date, you may receive less, and possibly significantly less, than your initial investment in the Notes.

- Volatility of the Components—The Components are volatile and are affected by numerous factors specific to each country represented by a Reference Currency. The value of each Reference Currency relative to the U.S. Dollar, which is primarily affected by the supply and demand for the respective Reference Currency and the U.S. Dollar, may be affected by political, economic, financial, legal, accounting and tax matters specific to the country in which the Reference Currency is the official currency.

- No interest, dividend or other payments—During the term of the Notes, you will not receive any periodic interest or other distributions and such payments will not be included in the calculation of the Cash Settlement Value payable at maturity.

- Not listed on any securities exchange or quotation system—You should be aware that we cannot ensure that a secondary market in the Notes will develop; and, if such market does develop, it may not be liquid. Our subsidiary, Bear, Stearns & Co. Inc. (“Bear Stearns”) has advised us that it intends, under ordinary market conditions, to indicate prices for the Notes upon request. However, we cannot guarantee that bids for outstanding Notes will be made in the future; nor can we predict the price at which any such bids will be made. In any event, any such market-making activities will cease as of the close of business on the Maturity Date.

- Components may not move in tandem—At a time when the value of one or more of the Reference Currencies increases, the value of one or more of the other Reference Currencies may decline. Therefore, in calculating the Basket Performance with respect to an Observation Date, increases in the value of one or more of the Reference Currencies against the U.S. Dollar may be moderated, or wholly offset, by lesser increases or declines in the value of one or more of the other Reference Currencies against the U.S. Dollar.

- Not subject to the special rules for nonfunctional currency contingent payment debt instruments—We intend to treat the Notes as contingent payment debt instruments that are subject to taxation as described under the heading “Certain U.S. Federal Income Tax Considerations—U.S. Federal Income Tax Treatment of the Notes as Indebtedness for U.S. Federal Income Tax Purposes—Contingent Payment Debt Instruments” in the accompanying prospectus supplement.

KEY TERMS

Issuer: The Bear Stearns Companies Inc.

Face Amount: The Notes will be denominated in U.S. Dollars. Each Note will be issued in minimum denominations of $1,000, with amounts in excess thereof in integral multiples of $1,000. When we refer to Notes in this pricing supplement, we mean Notes with a principal amount of $1,000.

Further Issuances: Under certain limited circumstances, and at our sole discretion, we may offer further issuances of the Notes. These further issuances, if any, will be consolidated to form a single series with the Notes and will have the same CUSIP number and will trade interchangeably with the Notes immediately upon settlement.

Basket: The Basket is comprised of the currency exchange rates between: (1) the U.S. Dollar and the Brazilian Real (the “BRL Exchange Rate”); (2) the U.S. Dollar and the Russian Ruble (the “RUB Exchange Rate”); (3) the U.S. Dollar and the Indian Rupee (the “INR Exchange Rate”); and (4) the U.S. Dollar and the Chinese Yuan (the “CNY Exchange Rate” and, together with the BRL Exchange Rate, the RUB Exchange Rate and the INR Exchange Rate, each a “Component” and collectively the “Components”), each expressed as the number of units of the U.S. Dollar, per Brazilian Real, Russian Ruble, Indian Rupee or Chinese Yuan (each a “Reference Currency”), as applicable. The weighting of each Component is fixed at 25% and will not change, unless any Component is modified during the term of the Notes.

Cash Settlement Value: On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash that is based on the Highest Basket Performance:

If, at maturity, the Highest Basket Performance is greater than 0%, the Cash Settlement Value per note will equal $1,000 plus the product of: (a) $1,000 multiplied by (b) the Participation Rate multiplied by (c) the Highest Basket Performance.

If, at maturity, the Highest Basket Performance is less than or equal to 0%, the Cash Settlement Value per Note will equal $1,000. Because the Notes are 100% principal protected if held to maturity, in no event will the Cash Settlement Value at maturity be less than $1,000 per Note.

Highest Basket Performance: Will be equal to the greatest of the four Basket Performances.

Basket Performance: With respect to an Observation Date, is equal to the quotient (expressed as a percentage) of (i) the sum of the four Component Performances, for such Observation Date, *divided by* (ii) 4.

For the avoidance of doubt, the Basket Performance is *greater* when the Exchange Rates, on average, *increase*, as increasing Exchange Rates mean that fewer units of the respective Reference Currency are required to purchase one U.S. Dollar.

Component Performance:

	With respect to each Component, on the applicable Observation Date, is the percentage resulting from the quotient of (a) the applicable Observation Fixing Level minus the Initial Fixing Level, divided by (b) the Initial Fixing Level.
Participation Rate:	[150.00]%.

Initial Fixing Level:	[ ] with respect to the BRL Exchange Rate ("BRL Initial"); [ ] with respect to the RUB Exchange Rate ("RUB Initial"); [ ] with respect to the INR Exchange Rate ("INR Initial"); and [ ] with respect to the CNY Exchange Rate("CNY Initial") which, in each case, represents the Currency Exchange Rate of such Component on the Initial Fixing Date.
Observation Fixing Level:	With respect to each Component, the Currency Exchange Rate on the relevant Observation Date (referred to as "BRL Observation", "RUB Observation", "INR Observation" and "CNY Observation", as applicable), as determined by the Calculation Agent.
Currency Exchange Rate:	With respect to each Component, the quotient of (i) one *divided by* (ii) the number of units of the applicable Reference Currency which can be exchanged for one unit of the U.S. Dollar as stated on the Fixing Page on the applicable Observation Date. If, with respect to a Component, no fixing is published on any Observation Date or the Initial Fixing Date, the relevant fixing level shall be determined by the Calculation Agent for such Observation Date or the Initial Fixing Date, as applicable.
Fixing Page:	With respect to the BRL Exchange Rate, the ask side exchange rate published on Bloomberg page BZFXPTAX <Currency> <Go>; with respect to the RUB Exchange Rate, the spot exchange rate published on Reuters page EMTA; with respect to the INR Exchange Rate, the reference rate published on Bloomberg page INRRATE <Currency> <Go>; and with respect to the CNY Exchange Rate, the reference rate published on Bloomberg page CYCFUSD <Currency> <Go>.
Observation Dates:	May [ ], 2008; November [ ], 2008; May [ ], 2009; and November [ ], 2009 (the "Final Observation Date") provided that, with respect to a Component, (i) if such date is not a Component Business Day (as defined herein) for that Component, then the Observation Date for that Component will be the next succeeding day that is a Component Business Day for that Component and (ii) if a Market Disruption Event (as defined herein) exists for that Component on the Observation Date, the Observation Date for that Component will be the next Component Business Day for that Component on which a Market Disruption Event does not exist for that Component. If the Observation Date for any Component is postponed for three consecutive Component Business Days due to the existence of a Market Disruption Event, then, notwithstanding the existence of a Market Disruption Event on that third Component Business Day, that third Component Business Day will be the Observation Date for that Component. If no Market Disruption Event exists with respect to a Component on the Observation Date, the determination of that Component's Observation Level will be made on the Observation Date, irrespective of the existence of a Market Disruption Event with respect to one or more of the other Components.
Initial Fixing Date:	November [ ], 2007
Maturity Date:	The Notes are expected to mature on November [ ], 2009 unless such date is not a Business Day, in which case the Maturity Date shall be the next Business Day. If

	the Final Observation Date is postponed, the Maturity Date will be three Business Days following the Final Observation Date, as postponed for the last Component for which an Observation Fixing Level is determined.
Interest:	The Notes will not bear interest.

Business Day:	Means any day other than a Saturday or Sunday, on which banking institutions in the cities of New York, New York and London, England are not authorized or obligated by law or executive order to be closed.
Component Business Day:	With respect to any Component, any day other than a Saturday or Sunday, on which banking institutions in the cities of (i) New York, New York, (ii) London, England, and (iii) the Local Jurisdiction are not authorized or obligated by law or executive order to close.
Local Jurisdiction:	With respect to the BRL Exchange Rate: São Paulo, Brazil; with respect to the RUB Exchange Rate: Moscow, Russia; with respect to the INR Exchange Rate: Mumbai, India; and with respect to the CNY Exchange Rate: Beijing, China.
Exchange Listing:	The Notes will not be listed on any securities exchange or quotation system.
Calculation Agent:	Bear, Stearns & Co. Inc.

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

QUESTIONS AND ANSWERS

What are the Notes?

The Notes are a series of our senior debt securities, the value of which is linked to the performance of the Basket. The Notes may be an attractive investment for investors who have a bullish view, on average, of the Reference Currencies relative to the U.S. Dollar. The Notes will not bear interest, and no other payments will be made prior to maturity. See the section “Risk Factors.”

The Notes are expected to mature on November [l], 2009. The Notes do not provide for earlier redemption. When we refer to Notes in this pricing supplement, we mean Notes with a principal amount of $1,000. You should refer to the section “Description of the Notes,” for a detailed description of the Notes prior to making an investment in the Notes.

Are the Notes equity or debt securities?

The Notes are our unsecured debt securities. The Notes are 100% principal protected if held to maturity. However, the Notes differ from traditional debt securities in that the Notes provide you with participation in [150.00]% of the Highest Basket Performance if the Highest Basket Performance is greater than 0%.

Are there any risks associated with my investment?

Yes. The Notes are subject to a number of risks. You should refer to the section “Risk Factors” in this pricing supplement and the section “Risk Factors” in the accompanying prospectus supplement.

What will I receive at maturity of the Notes?

We have designed the Notes for investors who want to protect their initial investment by receiving at least 100% of the principal amount of their Notes at maturity. On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash that depends upon the Highest Basket Performance. The Cash Settlement Value, per Note, will be calculated as follows:

If, at maturity, the Highest Basket Performance is greater than 0%, the Cash Settlement Value per note will equal $1,000 plus the product of: (a) $1,000 multiplied by (b) the Participation Rate multiplied by (c) the Highest Basket Performance.

If, at maturity, the Highest Basket Performance is less than or equal to 0%, the Cash Settlement Value per Note will equal $1,000. Because the Notes are 100% principal protected if held to maturity, in no event will the Cash Settlement Value at maturity be less than $1,000 per Note.

The “Highest Basket Performance” will be equal to the greatest of the four Basket Performances.

The “Basket Performance” with respect to an Observation Date, is equal to the quotient (expressed as a percentage) of (i) the sum of the four Component Performances, for such Observation Date, *divided by* (ii) 4.

For the avoidance of doubt, the Basket Performance is greater when the Exchange Rates, on average, increase, as increasing Exchange Rates mean that fewer units of the respective Reference Currency are required to purchase one U.S. Dollar.

The "Component Performance" with respect to each Component, on the applicable Observation Date, is the percentage resulting from the quotient of (a) the applicable Observation Fixing Level minus the Initial Fixing Level, divided by (b) the Initial Fixing Level.

The "Participation Rate" is [150.00]%.

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

Will there be additional offering of the Notes?

Under certain limited circumstances, and at our sole discretion, we may offer further issuances of the Notes. These further issuances, if any, will be consolidated to form a single series with the Notes and will have the same CUSIP number and will trade interchangeably with the Notes immediately upon settlement. Any additional issuance will increase the aggregate principal amount of the outstanding Notes of this series to include the aggregate principal amount of any Notes bearing the same CUSIP number that are issued pursuant to (i) any 13-day option we grant to Bear Stearns, and (ii) any future issuances of Notes bearing the same CUSIP number. The price of any additional offerings will be determined at the time of pricing of each offering, which will be a function of the prevailing market conditions and the value of the Basket at the time of the relevant sale.

We intend to treat any additional offerings of Notes as part of the same issue as the Notes for U.S. federal income tax purposes. Accordingly, for purposes of the Treasury regulations governing original issue discount on debt instruments, we will treat any additional offerings of Notes as having the same issue date, the same issue price and, with respect to holders, the same adjusted issue price as the Notes. Consequently, the "issue price" of any additional offering of Notes for U.S. federal income tax purposes will be the first price at which a substantial amount of the Notes were sold to the public (excluding sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers). If we offer further issuances of the Notes, we will disclose the treatment of any relevant accrued interest.

What does "principal protected" mean?

"Principal protected" means that your initial principal investment in the Notes will not be at risk as a result of a negative Highest Basket Performance, provided the Notes are held to maturity. If the Highest Basket Performance is less than 0% (i.e., the value of the U.S. Dollar has appreciated, on average, against the Reference Currencies on each of the Observation Dates), the Cash Settlement Value, per Note, will equal $1,000. Because the Notes are 100% principal protected if held to maturity, in no event will the Cash Settlement Value be less than $1,000 per Note.

Will I receive interest on the Notes?

You will not receive any periodic interest payments on the Notes. The only payment you will receive, if any, will be the Cash Settlement Value upon the maturity of the Notes.

How have the Components performed historically?

We have provided graphs showing the historical levels of the Components beginning in October 2002. You can find these tables in the section “Description of the Basket—Historical Data on the Components” in this pricing supplement. We have provided this historical information to help you evaluate the behavior of the Components in various economic environments; however, please note that this time period is relatively limited and past performance is not indicative of the manner in which the Components will perform in the future. You should refer to the section “Risk Factors—The historical performance of a Component is not an indication of the future performance of such Component.”

Will the Notes be listed on a securities exchange?

The Notes will not be listed on any securities exchange or quotation system; and we do not expect a secondary market to develop. This may affect the price that you receive for your Notes upon any sale prior to maturity. Bear Stearns has advised us that they intend, under ordinary market conditions, to indicate prices for the Notes on request. However, we cannot guarantee that bids for outstanding Notes will be made in the future; nor can we predict the price at which any such bids will be made. In any event, any market-making transactions in the Notes will cease as of the close of business on the Maturity Date. You should refer to the section “Risk Factors.”

What is the role of Bear Stearns?

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

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

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

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

Who should consider purchasing the Notes?

Because the Notes are tied to the increase, if any, in the value of the Reference Currencies against the U.S. Dollar, on average, on the Observation Dates, they may be appropriate for investors with specific investment horizons who seek to participate in the greatest depreciation in the value of the U.S. Dollar against the Reference Currencies, on average, on any Observation Date. In particular, the Notes may be an attractive investment for investors who:

- are seeking an investment that offers 100% principal protection if held to maturity and are willing to hold the Notes to maturity;

- want [150.00]% exposure to the potential depreciation, on average, of the value of the U.S. Dollar against the Reference Currencies, on the Observation Dates;

- believe that the value of the U.S. Dollar will decline against the Reference Currencies, on average, on the Observation Dates, or equivalently, that the value, on average, of the Reference Currencies will increase against the U.S. Dollar, on the Observation Dates;

- are willing to forgo interest payments or any other payments in return for 100% principal protection if the Notes are held to maturity; and

- understand that the values of the Components may not move in tandem and that increases in one or more Components may be offset by decreases in one or more other Components.

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

- seek current income or dividend payments from your investment;