BEAR STEARNS COMPANIES INC
Form 424B5
July 11, 2006

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**PRICING SUPPLEMENT**

(To Prospectus Dated February 2, 2005 and
Prospectus Supplement Dated February 16, 2006)

**The Bear Stearns Companies Inc.**

**$1,575,000 Reverse Convertible Notes**
**15.0% Coupon, Due July 12, 2007**
**Linked to the American Depositary Receipts of Petróleo Brasileiro S.A.**

Terms used herein are defined in the prospectus supplement. The Notes offered will have the terms described in the prospectus supplement and the prospectus, as supplemented or modified by this pricing supplement. **THE NOTES DO NOT GUARANTEE ANY RETURN OF PRINCIPAL AT MATURITY.**

| | |
|---|---|
| Reference Asset: | The American Depositary Receipts of Petróleo Brasileiro S.A. (or Brazilian Petroleum Corporation), traded on the New York Stock Exchange under the symbol PBR. |
| Principal amount: | $1,575,000 |
| Pricing Date: | July 7, 2006 |
| Original Issue Date: | July 12, 2006 |
| Calculation Date: | July 9, 2007, subject to postponement in the event of certain Market Disruption Events. |
| Maturity Date: | July 12, 2007 |
| Coupon rate: | 15.0% per annum, paid quarterly in arrears and calculated on the basis of a 360 day year of 12 equal 30-day months. |
| Interest Payment Dates: | On the 12th day of each October, January, April and July until maturity, commencing on October 12, 2006. |
| Initial Level: | $87.21, the Closing Price of the Reference Asset on the Pricing Date. |
| Final Level: | The Closing Price of the Reference Asset on the Calculation Date. |
| Contingent Protection Level: | 80% of the Initial Level. |
| Contingent Protection Price: | $69.77, equal to the product of the Contingent Protection Level and the Initial Level. |
| Payment at maturity: | We will pay you 100% of the principal amount of your Note if either of the following is true: (i) the Trading Level of the Reference Asset never equals or falls below the Contingent Protection Level on any day from the Pricing Date to and including the Calculation Date; or (ii) the Final Level of the Reference Asset is equal to or greater than the Initial Level of the Reference Asset.<br>However, if both of the following are true, the amount of principal you receive at maturity will be reduced by the percentage decrease in the Reference Asset: (i) the Trading Level of the Reference Asset ever equals or falls below the Contingent Protection Level on any day from the Pricing Date to and including the Calculation Date; and (ii) the Final Level of the Reference Asset is less than the Initial Level of the Reference Asset. In that event, we, at our option, will either: (i) physically deliver to you an amount of the Reference Asset equal to the Exchange Ratio plus the Fractional Share Cash Amount (which means that you will receive shares with a market value that is less than the full principal amount of your Notes); or (ii) pay you a cash amount equal to the principal amount you invested reduced by the percentage decrease in the Reference Asset. It is our intent to physically deliver the Reference Asset when applicable, but we reserve the right to settle the Note in cash. |
| Exchange Ratio: | 11; i.e., $1,000 divided by the Initial Level (rounded down to the nearest whole number, with fractional shares to be paid in cash). |
| Fractional Share Cash Amount: | |

| | |
|---|---|
| | An amount in cash per Note equal to the Final Level multiplied by the difference between (x) $1,000 divided by the Initial Level (rounded to the nearest three decimal places), and (y) the Exchange Ratio. |
| CUSIP: | 073902KR8 |
| Listing: | The Notes will not be listed on any U.S. securities exchange or quotation system. |

INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. YOU SHOULD REFER TO RISK FACTORS BEGINNING ON PAGE PS 4 BELOW.

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

| | Per Note | | Total |
|---|---|---|---|
| Initial public offering price | 100.00% | $ | 1,575,000.00 |
| Agent s discount | up to 1.50% | $ | 16,852.50 |
| Proceeds, before expenses, to us | 98.93% | $ | 1,558,147.50 |

We may grant the agents a 30-day option from the date of the final pricing supplement, to purchase from us up to an additional $236,000 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 Original Issue 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.**

July 7, 2006

**WHERE YOU CAN FIND MORE INFORMATION**

We have filed a registration statement (including a prospectus, as supplemented by a prospectus supplement) with the SEC, for the offering to which this pricing supplement relates. Before you invest, you should read the prospectus and prospectus supplement and any other documents relating to this offering that we have filed with the SEC for more complete information about us and this offering. 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. You may get these documents without cost by visiting EDGAR on the SEC web site at www.sec.gov. Alternatively, the Agent will arrange to send you the prospectus and the prospectus supplement if you so request by calling toll-free 866-803-9204.

You may access these documents on the SEC web site at www.sec.gov as follows:

Prospectus Supplement, dated February 16, 2006, and Prospectus, dated February 2, 2005:

http://www.sec.gov/Archives/edgar/data/777001/000104746906002070/a2167609z424b2.htm

**RETURN ON THE NOTES**

**The Notes are not principal protected and you may lose some or all of your principal.**

**Payment at Maturity**

We will pay you 100% of the principal amount of your Notes, in cash, at maturity if either of the following is true: (i) the Trading Level of the Reference Asset never equals or falls below the Contingent Protection Level on any day from the Pricing Date to and including the Calculation Date; or (ii) the Final Level of the Reference Asset is equal to or greater than the Initial Level of the Reference Asset.

However, if both of the following are true, the amount of principal you receive at maturity will be reduced by the percentage decrease in the Reference Asset: (i) the Trading Level of the Reference Asset ever equals or falls below the Contingent Protection Level on any day from the Pricing Date to and including the Calculation Date; and (ii) the Final Level of the Reference Asset is less than the Initial Level of the Reference Asset.

In that event, we, at our option, will either: (i) physically deliver to you an amount of the Reference Asset equal to the Exchange Ratio plus the Fractional Share Cash Amount (which means that you will receive shares with a market value that is less than the full principal amount of your Notes); or (ii) pay you a cash amount equal to the principal amount you invested reduced by the percentage decrease in the Reference Asset. It is our intent to physically deliver the Reference Asset when applicable, but we reserve the right to settle the Note in cash.

We will (i) provide written notice to the Trustee and to the Depositary, on or prior to the Business Day immediately prior to the Maturity Date of the amount of cash or number of shares of the Reference Asset, as applicable, to be delivered, and (ii) deliver such cash or shares of the Reference Asset (and cash in respect of coupon and any fractional shares of the Reference Asset), if applicable, to the Trustee for delivery to you. The Calculation Agent shall determine the Exchange Ratio.

**Interest**

The interest rate, if any, is designated on the cover of this pricing supplement. The interest paid will include interest accrued from the Original Issue Date up to, but excluding, the relevant Interest Payment Date or Maturity Date. Interest will be paid to the person in whose name the Note is registered at the close of business on the Record Date before each Interest Payment Date. However, interest payable on the Maturity Date will be payable to the person to whom principal is payable. If the Interest Payment Date is also a day on which principal is due, the interest payable will include interest accrued to, but excluding, the stated Maturity Date.

**RISK FACTORS**

You will be subject to significant risks not associated with conventional fixed-rate or floating-rate debt securities. Prospective purchasers of the Notes should understand the risks of investing in the Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of the Notes in light of their particular financial circumstances, the following risk factors and the other information set forth in this pricing supplement and the accompanying prospectus supplement and prospectus.

The following highlights some, but not all, of the risk considerations relevant to investing in the Notes. **The following must be read in conjunction with the sections Risk Factors and Risk Factors - Additional Risks Relating to Notes with an Equity Security or Equity Index as the Reference Asset, beginning on pages S-5 and S-12, respectively, in the Prospectus Supplement.**

**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 his or her 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.

**Not Principal Protected** The Notes are not principal protected. If both of the following are true, the amount of principal you receive at maturity will be reduced by the percentage decrease in the Reference Asset: (i) the Trading Level of the Reference Asset ever equals or falls below the Contingent Protection Level on any day from the Pricing Date to and including the Calculation Date; and (ii) the Final Level of the Reference Asset is less than the Initial Level of the Reference Asset. In that event, we, at our option, will either: (i) physically deliver to you an amount of the Reference Asset equal to the Exchange Ratio plus the Fractional Share Cash Amount (which means that you will receive shares with a market value that is less than the full principal amount of your Notes); or (ii) pay you a cash amount equal to the principal amount you invested reduced by the percentage decrease in the Reference Asset.

**Return Limited to Coupon** Your return is limited to the principal amount you invested plus the coupon payments. You will not participate in any appreciation in the value of the Reference Asset.

**No 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.

**No Interest, Dividend or Other Payments** You will not receive any interest or dividend payments or other distributions on the stock comprising the Reference Asset; nor will such payments be included in the calculation of the Cash Settlement Value you will receive at maturity.

**Taxes** We intend to treat each Note as a put option written by you in respect of the Reference Asset and a deposit with us of cash in an amount equal to the principal amount of the Note to secure your potential obligation under the put option. Pursuant to the terms of the Notes, you agree to treat the Notes in accordance with this characterization for all U.S. federal income tax purposes. However, because there are no regulations, published rulings or judicial decisions addressing the characterization for U.S. federal income tax purposes of securities with terms that are substantially the same as those of the Notes, other characterizations and treatments are possible. See Certain U.S. Federal Income Tax Considerations below.

**The Notes may be Affected by Certain Corporate Events and you will have Limited Antidilution Protection.** Following certain corporate events relating to the underlying Reference Asset (where the underlying company is not the surviving entity), you will receive at maturity, cash or a number of shares of common stock or American Depositary Receipts of a successor corporation to the underlying company, based on the Closing Price of such successor s common stock or American Depositary Receipts, as applicable. The Calculation Agent for the Notes will adjust the amount payable at maturity by adjusting the Initial Level of the Reference Asset, Contingent Protection Level, Contingent Protection Price and Exchange Ratio for certain events affecting the Reference Asset, such as stock splits and stock dividends and certain other corporate events involving an underlying company. However, the Calculation Agent is not required to make an adjustment for every corporate event that can affect the Reference Asset. If an event occurs that is perceived by the market to dilute the Reference Asset but that does not require the Calculation Agent to adjust the amount of the Reference Asset payable at maturity, the market value of the Notes and the amount payable at maturity may be materially and adversely affected.

PS-4

**ADRs of PBR, which are quoted and traded in the U.S., may trade differently from PBR ordinary shares, which are quoted and traded in Brazilian reals.** Fluctuations in the exchange rate between the Brazilian Real and the U.S. dollar may affect the U.S. dollar equivalent of the Brazilian real price of PBR ordinary shares on the Sao Paulo Stock Exchange and, as a result, may affect the market price of the ADRs of PBR, which may consequently affect the market value of the Notes.

**ILLUSTRATIVE EXAMPLES**

The following are illustrative examples demonstrating the hypothetical amount payable at maturity based on the assumptions outlined below. These examples do not purport to be representative of every possible scenario concerning increases or decreases in the Reference Asset or of the movements that are likely to occur with respect to the relevant Reference Asset. You should not construe these examples or the data included in tables as an indication of the expected performance of the Notes. Some amounts are rounded and actual returns may be different.

**Assumptions:**

Investor purchases $1,000 principal amount of Notes on the Pricing Date at the initial offering price of 100% and holds the Notes to maturity. No Market Disruption Events or Events of Default occur during the term of the Notes.

Initial Level: $82

Contingent Protection Percentage: 80%

Contingent Protection Level: $65.60 ($82 x 80%)

Exchange Ratio: 12 ($1,000/$82)

Coupon: 15.0% per annum, paid quarterly ($37.5 per quarter) in arrears.

The reinvestment rate on any interest payments made during the term of the Notes is assumed to be 0%. The 1-year total return on a direct investment in the Reference Asset is calculated below prior to the deduction of any brokerage fees or charges. Both a positive reinvestment rate, or if any brokerage fees or charges were incurred, would increase the total return on the Notes relative to the total return of the Reference Asset.

Maturity: 1 year

Dividend and dividend yield on the Reference Asset: $0.98 and 1.20% per annum

**Example 1** On the Calculation Date, the Final Level of $90.20 is greater than the Initial Level, resulting in a payment at maturity of $1,000, regardless of whether the Contingent Protection Price was ever reached or breached, plus four interest payments of $37.5 each, for payments totaling $1,150.00. If you had invested directly in the Reference Asset for the same one-year period, you would have received total cash payments of $1,112.00 (number of shares of the Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. You would have earned a 15% return with an investment in the Notes and an 11.20% return with a direct investment in the Reference Asset.

**Example 2** On the Calculation Date, the Final Level of $73.80 is below the Initial Level, but the Trading Level never equaled or fell below the Contingent Protection Price. As discussed in example 1 above, an investor would receive total payments of $1,150.00, earning a 15% return over the term of the Notes. A direct investment in the Reference Asset during that same one-year time period would have generated a return of $912 (number of shares of the Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. You would have earned a 15% return with an investment in the Notes and incurred a loss of 8.80% with a direct investment in the Reference Asset.

**Example 3** On the Calculation Date, the Final Level of $45.10 is below the Initial Level and also is below the Contingent Protection Price. At our election, an investor would receive a number of shares equal to the Exchange Ratio, plus the Fractional Share Cash Amount plus the four interest payments of $37.5, which is 12 shares (worth $45.10 each) plus $8.80 (the Fractional Share Cash Amount) plus $150.00 (four interest payments of $37.5 each). The cash equivalent equals $700.00. If you had invested directly in the Reference Asset for the same one-year period, you would have received total cash payments of $562.00 (number of shares of the Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. An investment in the Notes would have resulted in a loss of 30.00%, while a direct investment in the Reference Asset would have resulted in a loss of 43.80%.

**Table of Hypothetical Cash Settlement Values**

**Assumes the Trading Level *Never* Equals or Falls Below the Contingent Protection Price Before the Calculation Date.**

| | | Investment in the Notes | | | Direct Investment in the Reference Asset | | |
|---|---|---|---|---|---|---|---|
| Initial Level | Hypothetical Final Level | Cash Settlement Value | Total Coupon Payments (in % Terms) | 1-Year Total Return | Percentage Change in Value of Reference Asset | Dividend Yield | 1-Year Total Return |
| 82.00 | 130.70 | $1,000.00 | 15.00% | 15.00% | 59.39% | 1.20% | 60.59% |
| 82.00 | 108.92 | $1,000.00 | 15.00% | 15.00% | 32.83% | 1.20% | 34.03% |
| 82.00 | 94.71 | $1,000.00 | 15.00% | 15.00% | 15.50% | 1.20% | 16.70% |
| 82.00 | 86.10 | $1,000.00 | 15.00% | 15.00% | 5.00% | 1.20% | 6.20% |
| 82.00 | 82.00 | $1,000.00 | 15.00% | 15.00% | 0.00% | 1.20% | 1.20% |
| 82.00 | 77.90 | $1,000.00 | 15.00% | 15.00% | -5.00% | 1.20% | -3.80% |
| 82.00 | 70.11 | $1,000.00 | 15.00% | 15.00% | -14.50% | 1.20% | -13.30% |

**Table of Hypothetical Cash Settlement Values**

**Assumes the Trading Level *Does* Equal or Fall Below the Contingent Protection Price Before the Calculation Date**

| | | Investment in the Notes | | | Direct Investment in the Reference Asset | | |
|---|---|---|---|---|---|---|---|
| Initial Level | Hypothetical Final Level | Cash Settlement Value | Total Coupon Payments (in % Terms) | 1-Year Total Return | Percentage Change in Value of Reference Asset | Dividend Yield | 1-Year Total Return |
| 82.00 | 163.37 | $1,000.00 | 15.00% | 15.00% | 99.24% | 1.20% | 100.44% |
| 82.00 | 130.70 | $1,000.00 | 15.00% | 15.00% | 59.39% | 1.20% | 60.59% |
| 82.00 | 108.92 | $1,000.00 | 15.00% | 15.00% | 32.83% | 1.20% | 34.03% |
| 82.00 | 94.71 | $1,000.00 | 15.00% | 15.00% | 15.50% | 1.20% | 16.70% |
| 82.00 | 86.10 | $1,000.00 | 15.00% | 15.00% | 5.00% | 1.20% | 6.20% |
| 82.00 | 82.00 | $1,000.00 | 15.00% | 15.00% | 0.00% | 1.20% | 1.20% |
| 82.00 | 77.90 | $950.00 | 15.00% | 10.00% | -5.00% | 1.20% | -3.80% |
| 82.00 | 70.11 | $855.00 | 15.00% | 0.50% | -14.50% | 1.20% | -13.30% |
| 82.00 | 59.59 | $726.75 | 15.00% | -12.33% | -27.33% | 1.20% | -26.13% |
| 82.00 | 47.67 | $581.40 | 15.00% | -26.86% | -41.86% | 1.20% | -40.66% |
| 82.00 | 35.76 | $436.05 | 15.00% | -41.40% | -56.40% | 1.20% | -55.20% |
| 82.00 | 25.03 | $305.24 | 15.00% | -54.48% | -69.48% | 1.20% | -68.28% |
| 82.00 | 16.27 | $198.40 | 15.00% | -65.16% | -80.16% | 1.20% | -78.96% |
| 82.00 | 9.76 | $119.04 | 15.00% | -73.10% | -88.10% | 1.20% | -86.90% |
| 82.00 | 5.37 | $65.47 | 15.00% | -78.45% | -93.45% | 1.20% | -92.25% |

**REFERENCE ASSET**

**Additional Information Regarding the Reference Asset**

We urge you to read the section Sponsors or Issuers and Reference Asset on page S-20 in the Prospectus Supplement. Companies with securities registered under the Exchange Act are required to file periodically certain financial and other information specified by the SEC. Information provided to or filed with the SEC electronically can be accessed through a website maintained by the SEC. The address of the SEC s website is http://www.sec.gov. Information provided to or filed with the SEC pursuant to the Exchange Act by a company issuing a Reference Asset can be located by reference to the SEC file number provided below.

The summary information below regarding the company issuing the stock comprising the Reference Asset comes from the issuer s SEC filings and has not been independently verified by us. We do not make any representations as to the accuracy or completeness of such information or of any filings made by the issuer of the Reference Asset with the SEC. **Investors are urged to refer to the SEC filings made by the issuer and to other publicly available information (such as the issuer s annual report) to obtain an understanding of the issuer s business and financial prospects. The summary information contained below is not designed to be, and should not be interpreted as, an effort to present information regarding the financial prospects of the issuer or any trends, events or other factors that may have a positive or negative influence on those prospects or as an endorsement of the issuer.**

***Petróleo Brasileiro S.A. (or Brazilian Petroleum Corporation) ( PBR )***

The stock of Petróleo Brasileiro S.A. (or Brazilian Petroleum Corporation, referred to in this pricing supplement as PBR ) is traded in the U.S. market in the form of American Depositary Receipts ( ADRs ) on the New York Stock Exchange under the symbol PBR. Each ADR represents four shares of PBR s common stock. PBR s common stock is traded on the Sao Paulo Stock Exchange. A holder of PBR s ADRs has the right to obtain a corresponding number of shares of PBR s common stock. PBR is a large integrated oil and gas company organized under the laws of Brazil, and engages in a broad range of oil and gas activities internationally, including exploration, production, refining, retailing and transportation of petroleum and its byproducts. **PBR s SEC file number is 001-15106.**

**Historical Performance of the Reference Asset**

The following table sets forth on a per share basis the high and low intraday trading levels, as well as end-of-quarter closing prices, for the Reference Asset during the periods indicated below. We obtained the information in the tables below from Bloomberg Financial Markets, without independent verification.

| Quarter Ending | Quarterly High | Quarterly Low | Quarterly Close | Quarter Ending | Quarterly High | Quarterly Low | Quarterly Close |
|---|---|---|---|---|---|---|---|
| March 30, 2001 | 23.1725 | 17.6387 | 18.8252 | December 31, 2003 | 26.6285 | 20.116 | 26.5287 |
| June 29, 2001 | 23.6502 | 17.9551 | 20.5654 | March 31, 2004 | 31.5913 | 25.7303 | 30.9898 |
| September 28, 2001 | 20.5258 | 14.4973 | 15.898 | June 30, 2004 | 32.9694 | 21.9149 | 25.9667 |
| December 31, 2001 | 18.7556 | 14.6503 | 18.7556 | September 30, 2004 | 33.8718 | 24.6068 | 33.5294 |
| March 29, 2002 | 22.2416 | 15.898 | 21.9677 | December 31, 2004 | 38.5897 | 32.1501 | 37.8383 |
| June 28, 2002 | 22.7562 | 12.9881 | 15.6521 | March 31, 2005 | 47.7496 | 35.3937 | 42.0235 |
| September 30, 2002 | 15.6604 | 7.7514 | 8.9049 | June 30, 2005 | 51.3829 | 38.7373 | 50.2833 |
| December 31, 2002 | 13.7656 | 7.9008 | 12.6559 | September 30, 2005 | 72.5983 | 48.2847 | 69.9468 |
| March 31, 2003 | 15.2057 | 10.877 | 13.2503 | December 31, 2005 | 72.3512 | 56.7774 | 69.7316 |
| June 30, 2003 | 18.4804 | 13.434 | 17.2822 | March 31, 2006 | 93.9832 | 71.905 | 85.7694 |
| September 30, 2003 | 21.6378 | 16.0928 | 20.0547 | April 1, 2006 to June 23, 2006 only | 107.45 | 69.00 | 82.31 |

**CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS**

You should carefully consider, among other things, the matters set forth in Certain U.S. Federal Income Tax Considerations in the Prospectus Supplement. In the opinion of Cadwalader, Wickersham & Taft LLP, special U.S. tax counsel to us, the following discussion summarizes certain of the material U.S. federal income tax consequences of the purchase, beneficial ownership, and disposition of each of the Notes.

There are no regulations, published rulings or judicial decisions addressing the characterization for U.S. federal income tax purposes of securities with terms that are substantially the same as those of the Notes. Under one approach, each Note should be treated for federal income tax purposes as a put option written by you (the Put Option ) that permits us to (1) sell the Reference Asset to you at the maturity date for an amount equal to the Deposit (as defined below), or (2) cash settle the Put Option (i.e., require you to pay us at the maturity date the difference between the Deposit and the value of the Reference Asset at such time), and a deposit with us of cash in an amount equal to the principal amount you invested (the Deposit ) to secure your potential obligation under the Put Option. We intend to treat the Notes consistent with this approach. Pursuant to the terms of the Notes, you agree to treat the Notes as cash deposits and put options with respect to the Reference Asset for all U.S. federal income tax purposes. We also intend to treat the Deposits as short-term obligations for U.S. federal income tax purposes. Please see the discussion under the heading Certain U.S. Federal Income Tax Considerations Tax Treatment of U.S. Holders Short-Term Deposits in the accompanying Prospectus Supplement for certain U.S. federal income tax considerations applicable to short-term obligations.

The chart below indicates the yield on the Deposit and the Put Premium, as described in the Prospectus Supplement under the heading Certain U.S. Federal Income Tax Considerations. If the Internal Revenue Service (the IRS ) were successful in asserting an alternative characterization for the Notes, the timing and character of income on the Notes might differ. We do not plan to request a ruling from the IRS regarding the tax treatment of the Notes, and the IRS or a court may not agree with the tax treatment described in this pricing supplement.

| Reference Asset | Term to Maturity | Coupon Rate, per Annum | Yield on the Deposit, per Annum | Put Premium, per Annum |
|---|---|---|---|---|
| Petróleo Brasileiro S.A. (or Brazilian Petroleum Corporation) | 1-year | 15% | 5.74% | 9.26% |

**ERISA CONSIDERATIONS**

You should carefully consider, among other things, the matters set forth in ERISA Considerations in the Prospectus.



**PROSPECTUS SUPPLEMENT**
(To Prospectus Dated February 2, 2005)

**$12,410,781,162**
**The Bear Stearns Companies Inc.**
**Prospectus Supplement - Reverse Convertible All Asset Classes**
**Medium-Term Notes, Series B**

*We may offer from time to time Notes that may pay a rate of interest during the term of the Notes and at maturity will pay an amount in U.S. dollars or, in the case of Notes relating to equity securities, entail physical delivery of shares of stock of an issuer not affiliated with us or payment of an amount in U.S. dollars. The specific terms of any such Notes that we offer will be included in the applicable pricing supplement. Set forth under Definitions are definitions of the material terms used in this prospectus supplement and in the applicable pricing supplement. If the terms described in the applicable pricing supplement are inconsistent with those described herein or in the accompanying prospectus, the terms described in the applicable pricing supplement will supersede. The Notes will have the following general terms:*

### No Principal Protection

As described herein, the amount of the principal payment at maturity will depend on two variables: (i) the Trading Level of the Reference Asset during the term of the Notes; and (ii) the relationship between the Final Level of the Reference Asset and the Initial Level of the Reference Asset.

The principal amount of your investment is not protected and you may receive less, and possibly significantly less, than the amount you invested.

### Interest Rate and Interest Payments

The Notes may have a fixed or floating interest rate or may pay no interest, in each case as specified in the applicable pricing supplement. Any interest on the Notes will be paid on the dates set forth in the applicable pricing supplement.

### Ranking

The Notes will be our unsecured senior debt and will rank equally with all of our other unsecured and unsubordinated debt.

### Reference Asset

The principal, interest or any other amounts payable on the Notes may be based on price movements in or other events relating to one or more securities, commodities, foreign currencies, interest rates, indices or baskets comprised of any of those instruments or measures, or other measures or instruments, including the occurrence or nonoccurrence of any event or circumstance.

### Maturity

The applicable pricing supplement will specify the Maturity Date.

### Denominations

The Notes will be issued in minimum denominations of $1,000 (or the specified currency equivalent), increased in multiples of $1,000 (or the specified currency equivalent); provided, however, that the minimum purchase for any purchaser domiciled in a Member State of the European Union shall be $100,000.

### Principal Payment at Maturity

We will pay you 100% of the principal amount of your Notes, in cash, at maturity if either of the following is true: (i) the Trading Level of the Reference Asset never equals or falls below the Contingent Protection Level during the term of the Notes; or (ii) the Final Level of the Reference Asset is equal to or greater than the Initial Level of the Reference Asset.

However, if both of the following are true, the amount of principal you receive at maturity will be reduced by the percentage decrease in the Reference Asset: (i) the Trading Level of the Reference Asset ever equals or falls below the Contingent Protection Level during the term of the Notes; and (ii) the Final Level of the Reference Asset is less than the Initial Level of the Reference Asset. In that event, the manner in which the Notes will be settled on the Maturity Date will depend on whether the Reference Asset is an equity security.

If the Reference Asset is an equity security, we, at our option, will either: (i) physically deliver to you an amount of the Reference Asset equal to the Exchange Ratio plus the Fractional Share Cash Amount (which means that you will receive shares with a market value that is less than the full principal amount of your Notes); or (ii) pay you a cash amount equal to the principal amount you invested reduced by the percentage decrease in the Reference Asset.

If the Reference Asset is not an equity security, we will pay you an amount in cash equal to the principal amount you invested reduced by the percentage decrease in the Reference Asset.

INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. SEE RISK FACTORS BEGINNING ON PAGE S-5.

**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 supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

The Agents may solicit offers to purchase the Notes as our agent. We may sell Notes to the Agent as principal at prices to be agreed upon at the time of sale. The Agents may resell any Notes they purchase as principal at prevailing market prices, or at other prices, as the Agents determine. The Agents may use this prospectus supplement and the accompanying prospectus in connection with offers and sales of the securities in market-making transactions.

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

**February 16, 2006**

**Offers and sales of the Notes are subject to restrictions in certain jurisdictions. The distribution of this prospectus supplement and the accompanying 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 prospectus supplement and accompanying prospectus or any Notes must inform themselves about and observe any applicable restrictions on the distribution of this prospectus supplement and the accompanying prospectus and the offer and sale of the Notes.**

**SUMMARY**

The following summary describes the Notes in general terms only. You should read the summary together with the more detailed information contained in this prospectus supplement, in the accompanying prospectus and in the applicable pricing supplement. We also may prepare free writing prospectuses that describe particular issuances of Notes. Any free writing prospectus also should be read in connection with this prospectus supplement and the accompanying prospectus. For purposes of this prospectus supplement, any references to an applicable pricing supplement also may refer to a free writing prospectus, unless the context otherwise requires.

**Are the Notes principal protected?**

The Notes are not principal protected and you may lose some or all of your principal. The amount of the principal payment at maturity will depend on two variables: (i) the Trading Level of the Reference Asset during the term of the Notes; and (ii) the relationship between the Final Level of the Reference Asset and the Initial Level of the Reference Asset.

You will receive 100% of the principal amount of your Notes, in cash, at maturity if either of the following is true: (i) the Trading Level of the Reference Asset never equals or falls below the Contingent Protection Level from the period beginning with the Original Issue Date up to and including the Calculation Date; or (ii) the Final Level of the Reference Asset is equal to or greater than the Initial Level of the Reference Asset.

However, the Notes will not be principal protected if both of the following are true: (i) the Trading Level of the Reference Asset ever equals or falls below the Contingent Protection Level from the period beginning with the Original Issue Date up to and including the Calculation Date, and (ii) the Final Level of the Reference Asset is less than the Initial Level of the Reference Asset. If both of those conditions are true, the principal amount of your investment will not be protected and you will receive less, and possibly significantly less, than the amount you invested.

**What payments will be received at maturity?**

We will pay you 100% of the principal amount of your Notes, in cash, at maturity if either of the following is true: (i) the Trading Level of the Reference Asset never equals or falls below the Contingent Protection Level from the period beginning with the Original Issue Date up to and including the Calculation Date; or (ii) the Final Level of the Reference Asset is equal to or greater than the Initial Level of the Reference Asset.

However, if both of the following are true, the amount of principal you receive at maturity will be reduced by the percentage decrease in the Reference Asset: (i) the Trading Level of the Reference Asset ever equals or falls below the Contingent Protection Level from the period beginning with the Original Issue Date up to and including the Calculation Date; and (ii) the Final Level of the Reference Asset is less than the Initial Level of the Reference Asset. In that event, the manner in which the Notes will be settled on the Maturity Date will depend on whether the Reference Asset is an equity security.

If the Reference Asset is an equity security, we, at our option, will either: (i) physically deliver to you an amount of the Reference Asset equal to the Exchange Ratio plus the Fractional Share Cash Amount (which means that you will receive shares with a market value that is less than the full principal amount of your Notes); or (ii) pay you a cash amount equal to the principal amount you invested reduced by the percentage decrease in the Reference Asset.

If the Reference Asset is not an equity security, we will pay you an amount in cash equal to the principal amount you invested reduced by the percentage decrease in the Reference Asset.

We will (i) provide written notice to the Trustee and to the Depositary, on or prior to the Business Day immediately prior to the Maturity Date of the amount of cash or number of shares of the Reference Asset (and cash in respect of coupon and cash in respect of any fractional shares of the Reference Asset), as applicable, to be delivered, and (ii) deliver such cash or shares of the Reference Asset (and cash in respect of coupon and cash in respect of any fractional shares of the Reference Asset), if applicable, to the Trustee for delivery to you. The Calculation Agent shall determine the Exchange Ratio.

**What is the coupon rate and will interest payment be received during the term of the Notes?**

The interest rate, if any, on the Notes will be either fixed or floating, as designated by the applicable pricing supplement. No interest may be payable with respect to certain Notes.

The interest paid, if any, will include interest accrued from the Original Issue Date to, but excluding, the relevant Interest Payment Date or Maturity Date. Interest will be paid to the person in whose name the Note is registered at the close of business on the Record Date before each Interest Payment Date. However, interest payable on the Maturity Date will be payable to the person to whom principal is payable. If the Interest Payment Date is also a day on which principal is due, the interest payable will include interest accrued to, but excluding, the stated Maturity Date.

**Will the Notes be affected by various corporate events?**

Yes. Following certain corporate events relating to the underlying Reference Asset, if that Reference Asset is one or more equity securities, such as a stock-for-stock merger where the underlying company is not the surviving entity, you will receive at maturity, cash or a number of shares of the common stock of a successor corporation to the underlying company, based on the Closing Price of such successor s common stock. The occurrence of such corporate events and the consequent adjustments may materially and adversely affect the value of the Notes. We describe the specific corporate events that can lead to these adjustments in the section Antidilution Adjustments for Equity Securities. You should read this section to understand these and other adjustments that may be made to the Notes.

**ILLUSTRATIVE EXAMPLES**

**Reference Asset Is an Equity Security**

The following are illustrative examples demonstrating the hypothetical amount payable at maturity based on the assumptions outlined below. Some amounts are rounded and actual returns may be different.

**Assumptions:**

Investor purchases $1,000 principal amount of Notes on the Pricing Date at the initial offering price of $1,000 and holds the Notes to maturity. No Market Disruption Events or Events of Default occur during the term of the Notes.

Reference Asset: common stock, par value $0.01, of a company traded on the NYSE.

Initial Level: $27.18