

BEAR STEARNS COMPANIES INC
Form 424B2
March 28, 2007

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee⁽¹⁾
Medium-Term Notes, Series B	\$750,000	\$23.03

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended. The filing fee of \$23.03 is being paid in connection with the registration of these Medium-Term Notes, Series B.

**Filed pursuant to Rule 424(b)(2)
Registration No. 333-136666
PRICING SUPPLEMENT**

(To Prospectus dated August 16, 2006 and
Prospectus Supplement dated August 16, 2006)

The Bear Stearns Companies Inc.

\$750,000 Accelerated Market Participation Securities

Linked to the common stock of NYSE Group, Inc., due April 28, 2008

· The Notes are linked to the performance of the common stock of NYSE Group, Inc. (NYSE: NYX) (the “Reference Issuer”) and are not principal protected. 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 depending upon the relation of the Final Share Price to the Initial Share Price.

· The “Initial Share Price” equals \$87.67, the closing price of the Reference Share on March 23, 2007.

· The “Final Share Price” will be determined by the Calculation Agent and will equal the closing price of the Reference Share on the Calculation Date.

· If, at maturity, the Final Share Price is greater than or equal to the Initial Share Price, the Cash Settlement Value is equal to, per Note, the principal amount of the Note, plus the lesser of:

- 200.00% of the percentage increase in the Reference Share, multiplied by the principal amount of the Note, and
- 38.00% (the maximum return on the Notes) multiplied by the principal amount of the Note.

Thus, if the Final Share Price is greater than 119.00% of the Initial Share Price, regardless of the extent to which the Final Share Price is greater than the Initial Share Price, we will pay you \$1,380.00 per Note, which represents a maximum return of 38.00% over the term of the Notes.

· If, at maturity, the Final Share Price is less than the Initial Share Price, you will receive less, and possibly significantly less, than your initial investment in the Notes. In this case, the Cash Settlement Value is equal to, per Note:

· \$1,000 multiplied by the amount, in percentage terms, equal to the Final Share Price divided by the Initial Share Price.

· The CUSIP number for the Notes is 073928V26.

INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. THE NOTES ARE NOT PRINCIPAL PROTECTED. THEREFORE INVESTORS MAY RECEIVE LESS, AND POSSIBLY SIGNIFICANTLY LESS, THAN THEIR INITIAL INVESTMENT IN THE NOTES. 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-9.

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%	\$750,000
Agent’s discount	1.25%	\$9,375

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Proceeds, before expenses, to us	98.75%	\$740,625
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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 price of the Reference Share at the time of the relevant sale.

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 March 28, 2007, 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.

We may grant our affiliate Bear, Stearns & Co. Inc. a 30-day option from the date of this pricing supplement to purchase from us up to an additional \$112,500 of Notes at the public offering price to cover any over-allotments.

Bear, Stearns & Co. Inc.
March 23, 2007

SUMMARY

This summary highlights selected information from the accompanying prospectus, prospectus supplement and this pricing supplement to help you understand the Notes linked to the Reference Share. You should carefully read this entire pricing supplement and the accompanying prospectus supplement and prospectus to fully understand the terms of the Notes, as well as certain tax and other considerations that are important to you in making a decision about whether to invest in the Notes. You should carefully review the section “Risk Factors” in this pricing supplement and “Risk Factors” in the accompanying prospectus supplement which highlight a number of significant risks, to determine whether an investment in the Notes is appropriate for you. All of the information set forth below is qualified in its entirety by the more detailed explanation set forth elsewhere in this pricing supplement and the accompanying prospectus supplement and prospectus. If information in this pricing supplement is inconsistent with the prospectus or prospectus supplement, this pricing supplement will supersede those documents. In this pricing supplement, the terms “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, Accelerated Market Participation Securities (“AMPS”), Linked to the common stock of NYSE Group, Inc. (NYSE: NYX), due April 28, 2008 (the “Notes”) are Notes whose return is tied or “linked” to the performance of the Reference Share. When we refer to Note or Notes in this pricing supplement, we mean \$1,000 principal amount of Notes. The Notes are not principal protected. On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash depending upon the relation of the Final Share Price to the Initial Share Price. If, at maturity, the Final Share Price is greater than or equal to the Initial Share Price, the Cash Settlement Value is equal to, per Note, the principal amount of the Note, plus the lesser of (i) 200.00% of the percentage increase in the Reference Share multiplied by the principal amount of the Note, and (ii) 38.00% (the maximum return on the Notes) multiplied by the principal amount of the Note. Thus, if the Final Share Price is greater than 119.00% of the Initial Share Price, regardless of the extent to which the Final Share Price is greater than the Initial Share Price, we will pay you \$1,380.00 per Note, which represents a maximum return of 38.00%. If, at maturity, the Final Share Price is less than the Initial Share Price, you will receive less, and possibly significantly less, than your initial investment in the Notes. In this case, the Cash Settlement Value per Note will equal \$1,000 multiplied by an amount, in percentage terms, equal to the Final Share Price divided by the Initial Share Price.

Selected Investment Considerations

- Growth potential—The return, if any, on the Notes is based upon whether the Final Share Price is greater than or equal to the Initial Share Price.
- Potential leverage in the increase, if any, in the Reference Share—The Notes may be an attractive investment for investors who have a bullish view of the Reference Share in the short-term. If held to maturity, the Notes allow you to participate in 200.00% of the potential increase in the Reference Share, not to exceed the maximum return of 38.00%, representing a 19.00% increase in the Initial Share Price.
- Taxes—The U.S. federal income tax consequences of an investment in the Notes are complex and uncertain. We intend to treat the Notes for all tax purposes as pre-paid cash-settled forward contracts linked to the price of the Reference Share and, where required, to file information returns with the Internal Revenue Service in accordance with such treatment. Prospective investors are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Notes. Assuming the Notes are treated as pre-paid cash-settled forward contracts, you should be required to recognize capital gain or loss to the extent that the cash you receive on the Maturity Date or upon a sale or exchange of the Notes prior to the Maturity Date differs from your tax basis on the Notes (which will generally be the amount you paid for the Notes). See “Certain U.S. Income Tax Considerations” herein.

PS-2

Selected Risk Considerations

- **Possible loss of principal**—*The Notes are not principal protected. If the Final Share Price is less than the Initial Share Price, there will be no principal protection on the Notes and the Cash Settlement Value you will receive will be less than the initial offering price in proportion to the percentage decline in the Reference Share. In that case, you will receive less, and possibly significantly less, than your initial investment in the Notes.*
- **Maximum return of 38.00%**—You will not receive more than the maximum return of 38.00% at maturity. Because the maximum return on the Notes is 38.00%, the maximum Cash Settlement Value is \$1,380.00. Therefore, the Cash Settlement Value will not reflect the increase in the value of the Notes if the Initial Share Price increases by more than 19.00%.
- **No interest, dividend or other payments**—You will not receive any interest, dividend payments or other distributions on the Reference Share, nor will such payments be included in the calculation of the Cash Settlement Value you will receive at maturity.
- **Not exchange listed**—The Notes will not be listed on any securities exchange and we do not expect a trading market to develop, which may affect the price that you receive for your Notes upon any sale prior to maturity. If you sell the Notes prior to maturity, you may receive less, and possibly significantly less, than your initial investment in the Notes.
- **Liquidity**—Because the Notes will not be listed on any securities exchange, we do not expect a trading market to develop, and, if such a market were to develop, it may not be liquid. Our subsidiary, Bear, Stearns & Co. Inc. (“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 those bids will be made. In any event, Notes will cease trading as of the close of business on the Maturity Date.

KEY TERMS

Issuer:	The Bear Stearns Companies Inc.
Reference Issuer:	NYSE Group, Inc. (NYSE: NYX)
Reference Share:	The common stock of NYSE Group, Inc.
Face amount:	Each Note will be issued in minimum denominations of \$1,000 and \$1,000 multiples thereafter; provided, however, that the minimum purchase for any purchaser domiciled in a Member state of the European Economic Area shall be \$100,000. The aggregate principal amount of the Notes being offered is \$750,000. When we refer to "Note" or "Notes" in this pricing supplement, we mean Notes each 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.
Cash Settlement Value:	<p>On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash depending upon the relation of the Final Share Price to the Initial Share Price. If, at maturity, the Final Share Price is greater than or equal to the Initial Share Price, the Cash Settlement Value is equal to, per Note, the lesser of:</p> <p>Thus, if the Final Share Price is greater than 119.00% of the Initial Share Price, regardless of the extent to which the Final Share Price is greater than the Initial Share Price, we will pay you \$1,380.00 per Note, which represents a maximum return of 38.00%.</p> <p>If, at maturity, the Final Share Price is less than the Initial Share Price, you will receive less, and possibly significantly less, than the principal you invested. In this case, the Cash Settlement Value is equal to, per Note:</p>
Interest:	The Notes will not bear interest.
Upside Participation Rate:	200.00%
Initial Share Price:	Equals \$87.67, the closing price of the Reference Share on March 23, 2007.
Final Share Price:	The Final Share Price will be determined by the Calculation Agent and will equal the closing price of the Reference Share on the Calculation Date.
Calculation Date:	April 23, 2008 unless such date is not a Reference Share Business Day, in which case the Calculation Date shall be the next Reference Share Business Day. The

Calculation Date is subject to adjustment as described under “Description of the Notes - Market Disruption Events.”

Maturity Date:

The Notes are expected to mature on April 28, 2008 unless such date is not a Reference Share Business Day, in which case the Maturity Date shall be the next Reference Share Business Day. If the Calculation Date is adjusted due to the occurrence of a Market Disruption Event, the Maturity Date will be three Reference Share Business Days following the adjusted Calculation Date.

PS-4

Exchange listing: The Notes will not be listed on any securities exchange.

Reference Share Business Day: Means any day on which the Primary Exchange and each Related Exchange are scheduled to be open for trading.

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

QUESTIONS AND ANSWERS

What are the Notes?

The Notes are a series of our senior debt securities, the value of which is linked to the performance of the Reference Share. The Notes will not bear interest, and no other payments will be made prior to maturity. See the section “Risk Factors” for selected risk considerations prior to making an investment in the Notes.

The Notes will mature on April 28, 2008. The Notes do not provide for earlier redemption. When we refer to Notes in this pricing supplement, we mean Notes each with a principal amount of \$1,000. You should refer to the section “Description of Notes” for a detailed description of the Notes prior to making an investment in the Notes.

The Notes are our unsecured, unsubordinated debt securities. However, the Notes differ from traditional debt securities in that the Notes are not principal protected and offer the opportunity to participate in 200.00% of the positive performance of the Reference Share, if any, subject to a maximum return of 38.00%. If, at maturity, the Final Share Price is less than the Initial Share Price, you will receive less, and possibly significantly less, than your initial investment in the Notes.

Are the Notes principal protected?

No. The Notes are not principal protected and your principal investment in the Notes is at risk of loss. If the Final Share Price is less than the Initial Share Price, the Cash Settlement Value you will receive will be proportionally less than the initial offering price, in proportion to the percentage decline in the Reference Share. In this case your investment will result in a loss.

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?

The Notes are not principal protected. If the Final Share Price is less than the Initial Share Price, there will be no principal protection on the Notes and the Cash Settlement Value you will receive will be less than the initial offering

price in proportion to the percentage decline in the Reference Share. In that case, you will receive less, and possibly significantly less, than your initial investment in the Notes. On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash depending upon the relation of the Final Share Price to the Initial Share Price. At maturity, if the Final Share Price is less than the Initial Share Price, the Cash Settlement Value will be less than the initial offering price in proportion to the percentage decline in the Reference Share. In such a case, the principal amount of your investment is not protected and you will receive less, and possibly significantly less, than your initial investment in the Notes.

PS-5

If, at maturity, the Final Share Price is greater than or equal to the Initial Share Price, the Cash Settlement Value is equal to, per Note, the lesser of:

Thus, if the Final Share Price is greater than 119.00% of the Initial Share Price, regardless of the extent to which the Final Share Price is greater than the Initial Share Price, we will pay you \$1,380.00 per Note, which represents a maximum return of 38.00%.

If, at maturity, the Final Share Price is less than the Initial Share Price, you will receive less, and possibly significantly less, than the principal you invested. In this case, the Cash Settlement Value, per Note is equal to:

The “Upside Participation Rate” equals 200.00%.

The “Initial Share Price” equals \$87.67, the closing price of the Reference Share on March 23, 2007.

The “Final Share Price” will be determined by the Calculation Agent and will equal the closing price of the Reference Share on the Calculation Date.

The “Calculation Date” will be April 23, 2008 unless such date is not a Reference Share Business Day, in which case the Calculation Date shall be the next Reference Share Business Day. The Calculation Date is subject to adjustment as described under “Description of the Notes - Market Disruption Events”.

The “Maturity Date” is expected to be April 28, 2008 unless such date is not a Reference Share Business Day, in which case the Maturity Date shall be the next Reference Share Business Day. If the Calculation Date is adjusted due to the occurrence of a Market Disruption Event, the Maturity Date will be three Reference Share Business Days following the adjusted Calculation Date.

“Related Exchange” means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Reference Share.

“Primary Exchange” means the primary exchange or market of trading of the Reference Share.

“Reference Share Business Day” means any day on which the Primary Exchange and each Related Exchange are scheduled to be open for trading.

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

Will there be an 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 30-day option we grant to Bear, Stearns & Co. Inc., and (ii) any future issuances of Notes bearing the same CUSIP number. The price of any additional offerings will be determined at the time of pricing of each offering, which will be a function of the

prevailing market conditions and price of the Reference Share at the time of the relevant sale.

PS-6

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.

What are the Reference Shares and how have they performed historically?

For a description of the Reference Share, see the section "Description of the Reference Share." We have provided tables and graphs depicting the monthly performance of the Reference Share from March 2006 through February 2007. You can find these tables and graphs in the section "Description of the Reference Share - Historical Performance on the Reference Share." We have provided this historical information to help you evaluate the behavior of the Reference Share in various economic environments; however, past performance is not indicative of the manner in which the Reference Share will perform in the future. You should refer to the section "Risk Factors - The historical performance of the Reference Share is not an indication of the future performance of the Reference Share."

Will the Notes be listed on a securities exchange?

The Notes will not be listed on any securities exchange and we do not expect a trading market to develop, which 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 those bids will be made. In any event, the Notes will cease trading as of the close of business on the Maturity Date. You should refer to the section "Risk Factors." If you sell the Notes prior to maturity, you may receive less, and possibly significantly less, than your initial investment in the Notes.

What is the role of Bear Stearns & Co. Inc.?

Bear Stearns & Co. Inc. ("Bear Stearns") will be our agent for the offering and sale of the Notes. After the initial offering, Bear Stearns intends to buy and sell the Notes to create a secondary market for holders of the Notes, 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. Bear Stearns is obligated to carry out its duties and functions as Calculation Agent in good faith, and using its reasonable judgment. Manifest error by the Calculation Agent, or any failure by it to act in good faith, in making a determination adversely affecting the payment of the Cash Settlement Value or interest on principal to the holders of the Notes would entitle the holders, or the Trustee (as defined herein) acting on behalf of the holders, to exercise rights and remedies available under the Indenture (as defined herein). If the Calculation Agent uses its discretion to make a determination, the Calculation Agent will notify us and the Trustee, who will provide notice to the holders. 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.

PS-7

Who should consider purchasing the Notes?

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

- want potential upside exposure to the Reference Share;
- believe that the Reference Share will increase over the term of the Notes and that such increase will not exceed 19.00%;
- are willing to risk the possible loss of 100% of their investment in exchange for the opportunity to participate in 200.00% of the appreciation, if any, in the Reference Share of up to 19.00% (which represents a maximum return per Note of 38.00%), and
 - are willing to forgo interest payments on the Notes or dividend payments on the Reference Share.

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

- you seek principal protection;
- you seek current income or dividend payments from your investment;
- you seek an investment that offers the possibility to fully participate in the potential appreciation of the Reference Share (since the return on the Notes is capped at 38.00%);
 - you seek an investment with an active secondary market;
 - you are unable or unwilling to hold the Notes until maturity; or
 - you do not have a bullish view of the Reference Share over the term of the Notes.

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

The U.S. federal income tax consequences of an investment in the Notes are complex and uncertain. We intend to treat the Notes for all tax purposes as pre-paid cash-settled forward contracts linked to the value of the Reference Share and, where required, to file information returns with the Internal Revenue Service in accordance with such treatment. Prospective investors are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Notes. Assuming the Notes are treated as pre-paid cash-settled forward contracts, you should be required to recognize capital gain or loss to the extent that the cash you receive on the Maturity Date or upon a sale or exchange of the Notes prior to the Maturity Date differs from your tax basis on the Notes (which will generally be the amount you paid for the Notes). You should review the discussion under the section “Certain U.S. Federal Income Tax Considerations.”

Does ERISA impose any limitations on purchases of the Notes?

An employee benefit plan subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), a plan that is subject to Section 4975 of the Internal Revenue Code of

1986, as amended (the “Code”), including individual retirement accounts, individual retirement annuities or Keogh plans, a governmental or other plan subject to any similar law or any entity the assets of which are deemed to be “plan assets” under ERISA, Section 4975 of the Code, any applicable regulations or otherwise, will be permitted to purchase, hold and dispose of the Notes, subject to certain conditions. Such investors should carefully review the discussion under “Certain ERISA Considerations” herein before investing in the Notes.

PS-8

RISK FACTORS

Your investment in the Notes involves a degree of risk similar to investing in the Reference Share. However, your ability to participate in the appreciation of the Reference Share is limited. The maximum return on the Notes is 38.00%. Therefore, the maximum Cash Settlement Value is \$1,380.00 and the Cash Settlement Value will not reflect the increase in the Reference Share if the Initial Share Price increases by more than 19.00%. You will be subject to significant risks not associated with conventional fixed-rate or floating-rate debt securities. Prospective purchasers should recognize the possibility of a substantial loss with respect to their investment in the Notes. 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. These risks include the possibility that the Reference Share will fluctuate, and the possibility that you will receive a substantially lower amount of principal than the amount you invested. We have no control over a number of matters that may affect the value of the Notes, including economic, financial, regulatory, geographic, judicial and political events, and that are important in determining the existence, magnitude, and longevity of these risks and their influence on the value of, or the payment made on, the Notes.

The Notes are not principal protected. At maturity, the Notes may pay less than the principal amount.

The Notes are not principal protected. If the Final Share Price is less than the Initial Share Price, there will be no principal protection on the Notes and the cash equivalent of the Cash Settlement Value you will receive will be less than the initial offering price, in proportion to the percentage decline in the Reference Share. You may receive less, and possibly significantly less, than your initial investment in the Notes.

You will not receive any interest payments on the Notes. Your yield may be lower than the yield on a conventional debt security of comparable maturity.

You will not receive any periodic payments of interest or any other periodic payments on the Notes. On the Maturity Date, you will receive a payment per Note, if any, equal to the Cash Settlement Value. Thus, the overall return you earn on your Notes may be less than that you would have earned by investing in a non-indexed debt security of comparable maturity that bears interest at a prevailing market rate and is principal protected. For more specific information about the Cash Settlement Value and for illustrative examples, you should refer to the section "Description of the Notes."

You must rely on your own evaluation of the merits of an investment linked to the Reference Share.

In the ordinary course of our business, we may from time to time express views on expected movements in the Reference Share. These views may vary over differing time horizons and are subject to change without notice. Moreover, other professionals who deal in the equity markets may at any time have views that differ significantly than ours. In connection with your purchase of the Notes, you should investigate the Reference Share and not rely on our views with respect to future movements in these industries and stocks. You should make such investigation as you deem appropriate as to the merits of an investment linked to the Reference Share.

No Beneficial Interest in the Reference Shares.

You will not be a beneficial owner of the Reference Share and therefore will not be entitled to receive any dividends or similar amounts paid on the Reference Share. Moreover, you will not be entitled to any voting rights or other control rights that holders of the Reference Share may have with respect to the Reference Issuer. The Cash Settlement Value does not reflect the payment of dividends on the Reference Share. The return on the Notes will not reflect the return you would realize if you actually owned the Reference Share and received dividends, if any, paid on those

securities.

PS-9

There is Limited Antidilution Protection.

The Calculation agent will adjust the Initial Share Price, the Final Share Price the Cash Settlement Value, or any other variable (or combination thereof) for stock splits, reverse stock splits, stock dividends, extraordinary dividends and other corporate events that affect capital structure of the Reference Issuer, but only in the situations and in the manner described in “*Description of the Notes — Antidilution Adjustments*”. The Calculation Agent is not required to make an adjustment for every corporate event that may affect the Reference Share. Those events or other actions by the Reference Issuer or a third party may nevertheless adversely affect the closing price of the Reference Share and, therefore, adversely affect the value of the Notes. The Reference Issuer or a third party could make an offering or exchange offer, or the Reference Issuer could take any other action, that adversely affects the value of the Reference Share and the Notes but does not result in an adjustment. Furthermore, some corporate events may lead to an acceleration of the Maturity Date.

Risks Relating to the Reference Share.

The Notes are subject to the risks of any investment in shares of a company, including the risk that general prices of shares may decline. The future performance of the Reference Share can not be predicted based on its historical performance. The closing price of the Reference Share will be influenced by both complex and interrelated political, economic, financial and other factors that can affect the capital markets generally and the equity trading markets on which the Reference Share is traded, and the various circumstances that can influence the closing price of the Reference Share in a specific market segment. It is impossible to predict what effect these factors will have on the price of the Reference Share and thus, the return on the Notes.

The Issuer Has No Affiliation with the Reference Issuer.

The Reference Issuer is not an affiliate of the Issuer and is not involved in the offering of the Notes in any way. Consequently, we have no control of the actions of the Reference Issuer, including any corporate actions of the type that would require the Calculation Agent to adjust the payment to you at maturity. The Reference Issuer has no obligation to consider your interest as an investor in the Notes in taking any corporate actions that might affect the value of your Notes and may take actions that could adversely affect the value of the Notes. None of the money you pay for the Notes will go to the Reference Issuer.

Your return on the Notes will not exceed 38.00% over the term of the Notes, regardless of the positive percentage increase of the Final Share Price over the Initial Share Price.

If the Final Share Price appreciates by more than 19.00%, the Cash Settlement Value will equal the principal amount of the Notes, plus the product of the principal amount of Notes and 38.00%. Under these circumstances, the Cash Settlement Value you receive at maturity will not fully reflect the performance of the Reference Share.

Because the treatment of the Notes is uncertain, the material U.S. federal income tax consequences of an investment in the Notes are uncertain.

Although we intend to treat the Notes for all tax purposes as pre-paid cash-settled forward contracts linked to the Reference Share, there is no direct legal authority as to the proper tax treatment of the Notes, and therefore significant aspects of the tax treatment of the Notes are uncertain. In particular, it is possible that you will be required to recognize income for U.S. federal tax purposes with respect to the Notes prior to the sale, exchange or maturity of the Notes, and it is possible that any gain or income recognized with respect to the Notes will be treated as ordinary income rather than capital gain. Prospective investors are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Notes. Please read carefully the section “Certain U.S. Federal Income Tax Considerations.”

Equity market risks may affect the trading value of the Notes and the amount you will receive at maturity.

We expect that the price of the Reference Share will fluctuate in accordance with changes in the financial condition of the Reference Issuer and other factors. The financial condition of the Reference Issuer may become impaired or the general condition of the equity market may deteriorate, either of which may cause a decrease in the price of the Reference Share and thus in the value of the Notes. Common stocks are susceptible to general equity market fluctuations and to volatile increases and decreases in value, as market confidence in and perceptions regarding the Reference Issuer. Investor perceptions regarding the Reference Issuer are based on various and unpredictable factors, including expectations regarding government, economic, monetary and fiscal policies, inflation and interest rates, economic expansion or contraction, and global or regional political, economic, and banking crises. The price of the Reference Share is expected to fluctuate until maturity.

PS-10

The historical performance of the Reference Share is not an indication of the future performance of the Reference Share.

The historical performance of the Reference Share, which is included in this pricing supplement, should not be taken as an indication of the future performance of the Reference Share. It is impossible to predict whether the price of the Reference Share will fall or rise. The price of the Reference Share will be influenced by the complex and interrelated economic, financial, regulatory, geographic, judicial, political and other factors that can affect the capital markets generally and the equity trading markets on which the underlying common stocks are traded, and by various circumstances that can influence the price of the Reference Share.

The price at which you will be able to sell your Notes prior to maturity will depend on a number of factors, and may be substantially less than the amount you had originally invested.

If you wish to liquidate your investment in the Notes prior to maturity, your only alternative would be to sell them. At that time, there may be an illiquid market for Notes or no market at all. Even if you were able to sell your Notes, there are many factors outside of our control that may affect their trading value. We believe that the value of your Notes will be affected by the price and volatility of the Reference Share, whether the price of the Reference Share is greater than or equal to the Initial Share Price, changes in U.S. interest rates, the supply of and demand for the Notes and a number of other factors. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The price, if any, at which you will be able to sell your Notes prior to maturity may be substantially less than the amount you originally invested if, at such time, the price of the Reference Share is less than, equal to or not sufficiently above the Initial Share Price. If you sell the Notes prior to maturity, you may receive less, and possibly significantly less, than your initial investment in the Notes. The following paragraphs describe the manner in which we expect the trading value of the Notes will be affected in the event of a change in a specific factor, assuming all other conditions remain constant.

· *Reference Share performance.* We expect that the value of the Notes prior to maturity will depend substantially on whether the Final Share Price is greater than the Initial Share Price. If you decide to sell your Notes when the price of the Reference Share exceeds the Initial Share Price, you may nonetheless receive substantially less than the amount that would be payable at maturity based on that Reference Share price because of expectations that the Reference Share price will continue to fluctuate until the Final Share Price is determined. Economic, financial, regulatory, geographic, judicial, political and other developments may affect the Reference Share and, thus, the value of the Notes.

· *Volatility of the Reference Share.* Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Reference Share increases or decreases, the trading value of the Notes may be adversely affected. This volatility may increase the risk that the price of the Reference Share will decline, which could negatively affect the trading value of Notes. The effect of the volatility of the Reference Share on the trading value of the Notes may not necessarily decrease over time during the term of the Notes.

· *Interest rates.* We expect that the trading value of the Notes will be affected by changes in U.S. interest rates. In general, if U.S. interest rates increase, the value of the Notes may decrease, and if U.S. interest rates decrease, the value of the Notes is expected to increase. Interest rates may also affect the economy and, in turn, the price of the Reference Share, which (for the reasons discussed above) would affect the value of the Notes. Rising interest rates may lower the price of the Reference Share and, thus, the value of the Notes. Falling interest rates may increase the price of the Reference Share and, thus, the value of the Notes.

- *Our credit ratings, financial condition and results of operations.* Actual or anticipated changes in our current credit ratings, A1 by Moody's Investor Service, Inc. and A+ by Standard & Poor's Rating Services, as well as our financial condition or results of operations may significantly affect the trading value of the Notes. However, because the return on the Notes is dependent upon factors in addition to our ability to pay our obligations under the Notes, such as the price of the Reference Share, an improvement in our credit ratings, financial condition or results of operations is not expected to have a positive effect on the trading value of the Notes.
- *Time remaining to maturity.* As the time remaining to maturity of the Notes decreases, the "time premium" associated with the Notes will decrease. A "time premium" results from expectations concerning the price of the Reference Share during the period prior to the maturity of the Notes. As the time remaining to the maturity of the Notes decreases, this time premium will likely decrease, potentially adversely affecting the trading value of the Notes. As the time remaining to maturity decreases, the trading value of the Notes and the supplemental return may be less sensitive to the volatility of the Reference Share.
- *Dividend yield.* The value of the Notes may also be affected by the dividend yield on the Reference Share. In general, because the Cash Settlement Value does not incorporate the value of dividend payments, higher dividend yields is expected to reduce the value of the Notes and, conversely, lower dividend yields is expected to increase the value of the Notes.
- *Events involving the Reference Issuer.* General economic conditions and earnings results of the Reference Issuer, and real or anticipated changes in those conditions or results, may affect the trading value of the Notes. For example, the Reference Issuer may be affected by mergers and acquisitions, which can contribute to volatility of the Reference Share. As a result of a merger or acquisition, the Reference Issuer may be replaced with a surviving or acquiring entity's securities. The surviving or acquiring entity's securities may not have the same characteristics as the Reference Share.
- *Size and liquidity of the trading market.* The Notes will not be listed on any securities exchange and we do not expect a trading market to develop. There may not be a secondary market in the Notes, which may affect the price that you receive for your Notes upon any sale prior to maturity. If a trading market does develop, there can be no assurance that there will be liquidity in the trading market. If the trading market for the Notes is limited, there may be a limited number of buyers for your Notes if you do not wish to hold your investment until maturity. This may affect the price you receive upon any sale of the Notes prior to maturity. If you sell the Notes prior to maturity, you may receive less, and possibly significantly less, than your initial investment in the Notes.

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.

We want you to understand that the effect of one of the factors specified above, such as an increase in interest rates, may offset some or all of any change in the value of the Notes attributable to another factor, such as an increase in the price of the Reference Share.

The Calculation Agent is one of our affiliates, which could result in a conflict of interest.

Bear Stearns will act as the Calculation Agent. The Calculation Agent will make certain determinations and judgments in connection with calculating the Final Share Price, or deciding whether a Market Disruption Event (as defined herein) has occurred. You should refer to the sections "Description of the Notes - Antidilution Adjustments" and "Description of the Notes - Market Disruption Events." Because Bear Stearns is our affiliate, conflicts of interest may arise in connection with Bear Stearns performing its role as Calculation Agent. Rules and regulations regarding

broker-dealers (such as Bear Stearns) require Bear Stearns to maintain policies and procedures regarding the handling and use of confidential proprietary information, and such policies and procedures will be in effect throughout the term of the Notes. Bear Stearns is obligated to carry out its duties and functions as Calculation Agent in good faith, and using its reasonable judgment. See the section “Description of the Notes - Calculation Agent.”

PS-12

Our affiliates, including Bear Stearns, may, at various times, engage in transactions involving the Reference Share for their proprietary accounts, and for other accounts under their management. These transactions may influence the price of the Reference Share. BSIL, an affiliate of Bear Stearns, or one of its subsidiaries will also be the counterparty to the hedge of our obligations under the Notes. You should refer to the section “Use of Proceeds and Hedging.” Accordingly, under certain circumstances, conflicts of interest may arise between Bear Stearns’ responsibilities as Calculation Agent with respect to the Notes and its obligations under our hedge.

We cannot control actions by the Reference Issuer.

We are not affiliated with the Reference Issuer. Actions by the Reference Issuer may have an adverse effect on the price of its stock, the Final Share Price, and the trading value of the Notes. The Reference Issuer is not involved in this offering and has no obligations with respect to the Notes, including any obligation to take our or your interests into consideration for any reason. The Reference Issuer will not receive any of the proceeds of this offering and is not responsible for, and has not participated in, the determination of the timing of, prices for, or quantities of, the Notes to be issued. The Reference Issuer is not involved with the administration, marketing or trading of the Notes and has no obligations with respect to the amount to be paid to you under the Notes on the Maturity Date.

We are not affiliated with the Reference Issuer and are not responsible for any disclosure by the Reference Issuer. However, we may currently, or in the future, engage in business with such companies. Neither we nor any of our affiliates, including Bear Stearns, assumes any responsibility for the adequacy or accuracy of any publicly available information about the Reference Share or the Reference Issuer. You should make your own investigation into the Reference Share and the Reference Issuer.

Trading and other transactions by us or our affiliates could affect the price of the Reference Share, the trading value of the Notes or the amount you may receive at maturity.

We and our affiliates may from time to time buy or sell the Reference Share or derivative instruments related to the Reference Share for our own accounts in connection with our normal business practices or in connection with hedging our obligations under the Notes and other instruments. These trading activities may present a conflict of interest between your interest in the Notes and the interests we and our affiliates may have in our proprietary accounts, in facilitating transactions, including block trades, for our other customers and in accounts under our management. The transactions could affect the price of the Reference Share in a manner that would be adverse to your investment in the Notes. See the section “Use of Proceeds and Hedging.”

The original issue price of the Notes includes the cost of hedging our obligations under the Notes. Such cost includes BSIL’s expected cost of providing such hedge and the profit BSIL expects to realize in consideration for assuming the risks inherent in providing such hedge. As a result, assuming no change in market conditions or any other relevant factors, the price, if any, at which Bear Stearns will be willing to purchase Notes from you in secondary market transactions, if at all, will likely be lower than the original issue price. In addition, any such prices may differ from values determined by pricing models used by Bear Stearns as a result of transaction costs. If you sell the Notes prior to maturity, you may receive less, and possibly significantly less, than your initial investment in the Notes.

Hedging activities we or our affiliates may engage in may affect the price of the Reference Share, including the Final Share Price, and, accordingly, increase or decrease the trading value of the Notes prior to maturity and the Cash Settlement Value you would receive at maturity. To the extent that we or any of our affiliates has a hedge position in the Reference Share, or derivative or synthetic instruments related to the Reference Share, we or any of our affiliates may liquidate a portion of such holdings at or about the time of the maturity of the Notes. Depending on, among other things, future market conditions, the aggregate amount and the composition of such hedge positions are likely to vary over time. Profits or losses from any of those positions cannot be ascertained until the position is closed out and any offsetting position or positions are taken into account. Although we have no reason to believe that any of those

activities will have a material effect on the price of the Reference Share, we cannot assure you that these activities will not affect such price and the trading value of the Notes prior to maturity or the Cash Settlement Value payable at maturity.

PS-13

In addition, we or any of our affiliates may purchase or otherwise acquire a long or short position in the Notes. We or any of our affiliates may hold or resell the Notes. We or any of our affiliates may also take positions in other types of appropriate financial instruments that may become available in the future.

Research reports and other transactions may create conflicts of interest between you and us.

We or one or more of our affiliates have published, and may in the future publish, research reports on the Reference Issuer. This research may be modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing or holding the Notes. Any of these activities may affect the market price of the Reference Share and, therefore, the Final Share Price and the value of the Notes.

We or any of our affiliates may also issue, underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments with returns indexed to the Reference Share. By introducing competing products into the marketplace in this manner, we or our affiliates could adversely affect the value of the Notes.

We and our affiliates, at present or in the future, may engage in business with the Reference Issuer, including making loans to, equity investments in, or providing investment banking, asset management or other advisory services to the Reference Issuer. In connection with these activities, we may receive information about the Reference Issuer that we will not divulge to you or other third parties.

The Cash Settlement Value you receive on the Notes may be delayed or reduced upon the occurrence of a Market Disruption Event, or an Event of Default.

If the Calculation Agent determines that, on the Calculation Date, a Market Disruption Event has occurred or is continuing, the determination of the price of the Reference Share by the Calculation Agent may be deferred. You should refer to the section “Description of the Notes - Market Disruption Events.”

If the Calculation Agent determines that an Event of Default (as defined below) has occurred, a holder of the Notes will only receive an amount equal to the trading value of the Notes on the date of such Event of Default, adjusted by an amount equal to any losses, expenses and costs to us of unwinding any underlying hedging or funding arrangements, all as determined by the Calculation Agent. You should refer to the section “Description of the Notes—Event of Default and Acceleration.”

You should decide to purchase the Notes only after carefully considering the suitability of the Notes in light of your particular financial circumstances. You should also carefully consider the tax consequences of investing in the Notes. You should refer to the section “Certain U.S. Federal Income Tax Considerations” and discuss the tax implications with your own tax advisor.

DESCRIPTION OF THE NOTES

The following description of the Notes supplements the description of the Notes in the accompanying prospectus supplement and prospectus. This is a summary and is not complete. You should read the indenture, dated as of May 31, 1991, as amended (the "Indenture"), between us and The Bank of New York as successor in interest to JPMorgan Chase Bank, N.A., as trustee (the "Trustee"). A copy of the Indenture is available as set forth under the section of the prospectus "Where You Can Find More Information."

General

The Notes are part of a single series of debt securities under the Indenture described in the accompanying prospectus supplement and prospectus designated as Medium-Term Notes, Series B. The Notes are unsecured and will rank equally with all of our unsecured and unsubordinated debt, including the other debt securities issued under the Indenture. Because we are a holding company, the Notes will be structurally subordinated to the claims of creditors of our subsidiaries.

The aggregate principal amount of the Notes will be \$750,000. The Notes are expected to mature on April 28, 2008 and do not provide for earlier redemption. The Notes will be issued only in fully registered form, and in minimum denominations of \$1,000; provided, however, that the minimum purchase for any purchaser domiciled in a member state of the European Economic Area shall be \$100,000. Initially, the Notes will be issued in the form of one or more global securities registered in the name of DTC or its nominee, as described in the accompanying prospectus supplement and prospectus. When we refer to Note or Notes in this pricing supplement, we mean \$1,000 principal amount of Notes. The Notes will not be listed on any securities exchange.

You should refer to the section "Certain U.S. Federal Income Tax Considerations," for a discussion of certain federal income tax considerations to you as a holder of the Notes.

Interest

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

Payment at Maturity

Your investment may result in a loss because the Notes are not principal protected. On the Maturity Date you will receive the Cash Settlement Value, an amount in cash depending upon the relation of the Final Share Price to the Initial Share Price. At maturity, if the Final Share Price is less than the Initial Share Price, the Cash Settlement Value will be less than the initial offering price, in proportion to the percentage decline in the Reference Share. In such a case, the principal amount of your investment is not protected and you will receive less, and possibly significantly less, than the initial public offering price of \$1,000 per Note.

If, at maturity, the Final Share Price is greater than or equal to the Initial Share Price, the Cash Settlement Value is equal to, per Note, the lesser of:

Thus, if the Final Share Price is greater than 119.00% of the Initial Share Price, regardless of the extent to which the Final Share Price is greater than the Initial Share Price, the Cash Settlement Value will equal \$1,380.00 per Note, which represents a maximum return of 38.00%.

If, at maturity, the Final Share Price is less than the Initial Share Price, you will receive less, and possibly significantly less, than your initial investment in the Notes. In this case, the Cash Settlement Value is equal to, per Note:

The “Upside Participation Rate” is 200.00%.

The “Initial Share Price” equals \$87.67, the closing price of the Reference Share on March 23, 2007.

The “Final Share Price” will be determined by the Calculation Agent and will equal the closing price of the Reference Share on the Calculation Date.

The “Calculation Date” will be April 23, 2008 unless such date is not a Reference Share Business Day, in which case the Calculation Date shall be the next Reference Share Business Day. The Calculation Date is subject to adjustment as described under “Description of the Notes - Market Disruption Events”.

The “Maturity Date” is expected to be April 28, 2008 unless such date is not a Reference Share Business Day, in which case the Maturity Date shall be the next Reference Share Business Day. If the Calculation Date is adjusted due to the occurrence of a Market Disruption Event, the Maturity Date will be three Reference Share Business Days following the adjusted Calculation Date.

“Related Exchange” means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Reference Share.

“Primary Exchange” means the primary exchange or market of trading of the Reference Share.

“Reference Share Business Day” means any day on which the Primary Exchange and each Related Exchange are scheduled to be open for trading.

Illustrative Examples

The following tables and graphs are for illustrative purposes and are not indicative of the future performance of the Reference Share or the future value of the Notes.

Because the price of the Reference Share may be subject to significant fluctuation over the term of the Notes, it is not possible to present a chart or table illustrating the complete range of all possible Cash Settlement Values. Therefore, the examples do not purport to be representative of every possible scenario concerning increases or decreases in the Reference Share. You should not construe these examples or the data included in table and graph as an indication or assurance of the expected performance of the Notes.

You can review the historical prices of the Reference Share in the section of this pricing supplement called “Description of the Reference Share.” The historical performance of the Reference Share included in this pricing supplement should not be taken as an indication of the future performance of the Reference Share during the term of the Notes. It is impossible to predict whether the Final Share Price will be greater than or less than the Initial Share Price.

The examples demonstrating the hypothetical Cash Settlement Value of a Note are based on the following assumptions:

- Investor purchases \$1,000 aggregate principal amount of Notes at the initial public offering price of \$1,000.

- Investor holds the Notes to maturity.
- The Initial Share Price is equal to 85.00.

PS-16

The Upside Participation Rate is 200.00%

The maximum return on the Notes is 38.00%

All returns are based on a 13-month term; pre-tax basis.

No Market Disruption Events occur during the term of the Notes.

Example 1: The Final Share Price is greater than the Initial Share Price.

In this example, the Reference Share rises over the term of the Notes. On the Calculation Date, the Final Share Price is 87.55, representing a 3.00% gain from the Initial Share Price. In this example, using the formula below, the Cash Settlement Value will equal \$1,060.00.

Example 2: The Final Share Price is greater than 119.00% of the Initial Share Price, exceeding the maximum return on the Notes of 38.00%.

In this example, the Reference Share rises over the term of the Notes. On the Calculation Date, the Final Share Price is 114.75 representing a 35.00% increase from the Initial Share Price. In this example, using the formula below, the Cash Settlement Value will equal \$1,380.00.

PS-17

Example 3: The Final Share Price is equal to the Initial Share Price.

In this example, the Reference Share remains unchanged over the term of the Notes. On the Calculation Date, the Final Share Price is 85.00, equal to the Initial Share Price. In this example, using the formula below, the Cash Settlement Value will equal \$1,000.00.

Example 4: The Final Share Price is less than the Initial Share Price.

In this example, the Reference Share declines over the term of the Notes. On the Calculation Date, the Final Share Price is 63.75, representing a 25.00% decrease in the price of the Reference Share from the Initial Share Price. The Cash Settlement Value, using the formula below, will equal \$750.00.

PS-18

**Summary of Examples 1 Through 4
Reflecting the Cash Settlement Value**

	Example 1	Example 2	Example 3	Example 4
Initial Share Price	85.00	85.00	85.00	85.00
Hypothetical Final Share Price	87.55	114.75	85.00	63.75
Value of Final Share Price relative to the Initial Share Price	Higher	Higher	Equal	Lower
Principal fully repaid?	Yes	Yes	Yes	No
Cash Settlement Value per Note	\$1,060.00	\$1,380.00	\$1,000.00	\$750.00

Table of Hypothetical Cash Settlement Values

Initial Share Price	Final Share Price	Percentage Change in Reference Share	Cash Settlement Value Per Note	Return if Held to Maturity	Initial Share Price	Final Share Price	Percentage Change in Reference Share	Cash Settlement Value Per Note
85.00	141.00	+65.88%	\$ 1,380.00	38.00%	85.00	83.00	-2.35%	\$ 9
85.00	139.00	+63.53%	\$ 1,380.00	38.00%	85.00	81.00	-4.71%	\$ 9
85.00	137.00	+61.18%	\$ 1,380.00	38.00%	85.00	79.00	-7.06%	\$ 9
85.00	135.00	+58.82%	\$ 1,380.00	38.00%	85.00	77.00	-9.41%	\$ 9
85.00	133.00	+56.47%	\$ 1,380.00	38.00%	85.00	75.00	-11.76%	\$ 8
85.00	131.00	+54.12%	\$ 1,380.00	38.00%	85.00	73.00	-14.12%	\$ 8
85.00	129.00	+51.76%	\$ 1,380.00	38.00%	85.00	71.00	-16.47%	\$ 8
85.00	127.00	+49.41%	\$ 1,380.00	38.00%	85.00	69.00	-18.82%	\$ 8
85.00	125.00	+47.06%	\$ 1,380.00					

-29-

Andersen under Section 11(a)(4) of the Act for untrue statements of a material fact, if any, contained in the financial statements audited by Arthur Andersen or omissions to state a material fact, if any required to be stated in those financial statements.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C., 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. Our SEC filings are also available to the public on the SEC's web site at <http://www.sec.gov>.

The SEC allows us to "incorporate by reference" the information we file with it. This allows us to disclose important information to you by referring you to those documents instead of having to repeat the information in this prospectus. The information incorporated by reference is considered to be part of this prospectus, and later information that we file with the SEC will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a), 13(c), 14, or 15(d) of the Exchange Act until the Selling

Stockholders sell all the Shares:

- * Our annual report on Form 10-K for the fiscal year ended December 31, 2001; and
- * Our quarterly report on Form 10-Q for the quarter ended March 31, 2002; and
- * Our definitive proxy statement filed on May 9, 2002, relating to the Special Meeting held on June 14, 2002; and
- * Our current report on Form 8-K filed on June 19, 2002;
- * Our current report on Form 8-K filed on August 1, 2002;
- * **Our quarterly report on Form 10-Q for the quarter ended June 30, 2002; and**

* Description of our common stock contained in our Registration Statement on Form 8-A dated October 30, 1992.

You can request a copy of these filings, at no cost, by writing or telephoning us at the following address and telephone number:

Perma-Fix Environmental Services, Inc.
Attention: Richard T. Kelecy
1940 Northwest 67th Place
Gainesville, Florida 32653
Telephone (352) 373-4200

You should rely only on the information contained in this prospectus or any supplement and in the documents incorporated by reference. We have not authorized anyone else to provide you with different information. The Selling Stockholders will not make an offer of these Shares in any state where the offer is not permitted.

This prospectus is part of a registration statement we filed with the SEC (Registration No. 333-70676). That registration statement and the exhibits filed along with the registration statement contain more information about the shares sold by the Selling Stockholders. Because information about contracts referred to in this prospectus is not always complete, you should read the full contracts which are filed as exhibits to the registration statement. You may read and copy the full registration statement and its exhibits at the SEC's public reference rooms or their web site.

PermaFix
environmental services

17,931,966 Shares

Perma-Fix Environmental Services, Inc.

Common Stock

Prospectus

_____, 2002

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. *Other Expenses of Issuance and Distribution*

Nature of Expense

SEC Registration Fee	\$ 14,539.26
Legal Fees (Including Blue Sky) . .	\$55,000.00
Accounting Fees and Expenses . .	\$ 8,000.00
Printing	\$ 2,500.00
Miscellaneous	\$ <u>2,500.00</u>

Total \$ 82,539.26

The foregoing expenses, except for the registration fee, are estimated pursuant to Item 511 of Regulation S-K.

Item 15. Indemnification of Officers and Directors

Section 145 of the Delaware Corporation Law provides that a corporation has the power to indemnify a director, officer, employee or agent of the corporation and certain other persons serving at the request of the corporation in related capacities against amounts paid and expenses incurred in connection with an action or proceeding to which he is or is threatened to be made a party by reason of such position, if such person shall have acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, in any criminal proceeding, if such person had no reasonable cause to believe his conduct was unlawful; provided that, no indemnification shall be made with respect to any matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the adjudicating court determines that, despite the adjudication of liability but in view of all the circumstance of the case, such person is fairly and reasonably entitled to indemnification.

Article EIGHTH of our Restated Certificate of Incorporation, as amended, provides as follows with respect to the indemnification of our officers and directors:

All persons who the Corporation is empowered to indemnify pursuant to the provisions of Section 145 of the General Corporation Law of the State of Delaware (or any similar provision or provisions of applicable law at the time in effect), shall be indemnified by the Corporation to the full extent permitted thereby. The foregoing right of indemnification shall not be deemed to be exclusive of any other rights to which those seeking indemnification may be entitled under any bylaw, agreement, vote of stockholders or disinterested directors, or otherwise. No repeal or amendment of this Article EIGHTH shall adversely affect any rights of any person pursuant to this Article EIGHTH which existed at the time of such repeal or amendment with respect to acts or omissions occurring prior to such repeal or amendment.

Our Restated Certificate of Incorporation, as amended, provides that no director shall be personally liable to us or its stockholders for any monetary damages for breaches of fiduciary duty as a director, provided that this provision shall not eliminate or limit the liability of a director (i) for any breach of the director's duty of loyalty to us or our stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of the General Corporation Law of the State of Delaware; or (iv) for any transaction from which the director derived an improper personal

benefit.

II-1

Item 16. Exhibits

<u>Exhibit No.</u>	<u>Description</u>
2.1	Stock Purchase Agreement, dated January 18, 2001, among the Registrant; East Tennessee Materials and Energy Corporation; Performance Development Corporation; Joe W. Anderson; Ronald W. Anderson; M. Joy Anderson; Russell R. and Cindy E. Anderson; Charitable Remainder Unitrust of William Paul Cowell, Kevin Cowell, Trustee; Joe B. and Angela H. Fincher; Ken-Ten Partners; Michael W. Light; Management Technologies, Incorporated; M&EC 401(k) Plan and Trust; PDC 401(k) Plan and Trust; Robert N. Parker; James C. Powers; Richard William Schenk, Trustee of the Richard Schenk Trust dated November 5, 1998; Talahi Partners; Hillis Enterprises, Inc.; Tom Price and Virginia Price; Thomas John Abraham, Jr. and Donna Ferguson Abraham; and Bill J. Hillis, is incorporated by reference from Exhibit 2.1 to the Registrant's Current Report on Form 8-K, dated January 31, 2001, and filed on February 26, 2001.
4.3	Form of Subscription Agreement, as incorporated by reference from Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated June 15, 2001, and filed on July 5, 2001.
5.1**	Opinion of Conner & Winters, a Professional Corporation.
10.1	Basic Oak Ridge Agreement between East Tennessee Materials and Energy Corporation and Bechtel Jacobs Company, LLC, No. 1GB-99446V, dated June 23, 1998, as incorporated by reference from Exhibit 10.1 to the Registrant's Form 10-Q for the quarter ended September 30, 1998, and filed on November 16, 1998.
10.2	Basic Oak Ridge Agreement between East Tennessee Materials and Energy Corporation and Bechtel Jacobs Company, LLC, No. 1GB-99447V, dated June 23, 1998, as incorporated by reference from Exhibit 10.2 to the Registrant's Form 10-Q for the quarter ended September 30, 1998, and filed on November 16, 1998.
10.3	Basic Oak Ridge Agreement between East Tennessee Materials and Energy Corporation and Bechtel Jacobs Company, LLC, No. 1GB-99448V, dated June 23, 1998, as incorporated by reference from Exhibit 10.3 to the Registrant's Form 10-Q for the quarter ended September 30, 1998, and filed on November 16, 1998.
10.4	Note and Warrant Purchase Agreement, dated July 31, 2001, among the Registrant, Associated Mezzanine Investors-PESI (I), L.P. and Bridge East Capital L.P., as incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated July 30, 2001, and filed on August 7, 2001.
10.5	Form of 13.50% Senior Subordinated Note Due 2006, as incorporated by reference from Exhibit 99.2 to the Registrant's Current Report on Form 8-K dated July 30, 2001, and filed on August 7, 2001.
10.6	Option Agreement, dated July 31, 2001, among the Registrant, Associated Mezzanine Investors-PESI (I), L.P. and Bridge East Capital L.P., as incorporated by reference from Exhibit 99.8 to the Registrant's Current Report on Form 8-K dated July 30, 2001, and filed on August 7, 2001.
10.7*	Financial Advisory and Consulting Agreement, dated December 5, 2000, between the Registrant and National Securities Corporation.
10.8	Debt-For-Stock Exchange Agreement, dated effective July 9, 2001, between the Registrant and Capital Bank-Grawe Gruppe AG, as incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated July 9, 2001, and filed on July 20, 2001.

<u>Exhibit No.</u>	<u>Description</u>
10.9	Warrant, dated January 31, 2001, granted by the Registrant to BHC Interim Funding, L.P. for the right to purchase up to 817,142 shares of the Registrant's common stock at an exercise price of \$1.4578, as incorporated by reference from Exhibit 99.6 to the Registrant's Current Report on Form 8-K, dated January 31, 2001, and filed on February 26, 2001.
10.10	Common Stock Purchase Warrant, dated August 29, 2000, granted by the Registrant to Capital Bank-Grawe Gruppe AG (f/k/a RBB Bank Aktiengesellschaft) for the right to purchase up to 150,000 shares of the Registrant's common stock at an exercise price of \$1.50 per share, as incorporated by reference from Exhibit 4.3 to the Registrant's Current Report on Form 8-K, dated August 31, 2000, and filed on September 5, 2000.
10.11	Warrant, dated November 29, 2000, granted by the Registrant to Capital Bank (f/k/a RBB Bank Aktiengesellschaft) for the right to purchase up to 300,000 shares of the Registrant's common stock at an exercise price of \$1.8750, as incorporated by reference from Exhibit 99.5 to the Registrant's Current Report on Form 8-K, dated December 22, 2000, and filed on January 17, 2001. Substantially similar warrants for the purchase of an aggregate 570,000 shares were issued to Capital Bank as follows: (a) a warrant, dated October 30, 2000, for the right to purchase up to 150,000 shares at an exercise price of \$1.625; (b) a warrant, dated December 29, 2000, for the right to purchase up to 105,000 shares at an exercise price of \$1.4219, (c) a warrant, dated January 31, 2001, for the right to purchase up to 105,000 shares at an exercise price of \$1.9688, (d) a warrant, dated February 28, 2001, for the right to purchase up to 105,000 shares at an exercise price of \$1.9375, and (e) a warrant, dated March 30, 2001, for the right to purchase up to 105,000 shares at an exercise price of \$1.8125. Copies of these Warrants will be provided to the Commission upon request.
10.12*	Common Stock Purchase Warrant, dated July 9, 2001, granted by the Registrant to Capital Bank-Grawe Gruppe AG for the right to purchase up to 1,839,405 shares of the Registrant's common stock at an exercise price of \$1.75 per share.
10.13*	Common Stock Purchase Warrant, dated July 9, 2001, granted by the Registrant to Herbert Strauss for the right to purchase up to 625,000 shares of the Registrant's common stock at an exercise price of \$1.75 per share.
10.14*	Common Stock Purchase Warrant, dated June 1, 2001, granted by the Registrant to National Securities Corporation for the right to purchase of up to 250,000 shares of the Registrant's common stock at an exercise price of \$1.50 per share. A substantially similar warrant, dated June 1, 2001, was granted by the Registrant to National Securities Corporation for the purchase of up to 360,000 shares of the Registrant's common stock at an exercise price of \$1.75 per share. A copy of this Warrant will be provided to the Commission upon request.
10.15*	Common Stock Purchase Warrant, dated April 1, 1999, granted by the Registrant to Strategic Growth International, Inc. for the right to purchase up to 240,000 shares of the Registrant's common stock at an exercise price of \$1.20 per share. Substantially similar warrants for the purchase of an aggregate 566,908 shares were issued to Strategic Growth International, Inc. as follows: (a) a warrant, dated April 1, 1999 for the right to purchase up to 240,000 shares at an exercise price of \$1.40, (b) a warrant, dated December 22, 2000, for the right to purchase up to 213,888 shares at an exercise price of \$1.44, (c) a warrant, dated February 1, 2001, for the right to purchase up to 34,028 shares at an exercise price of \$1.44, (d) a warrant, dated March 9, 2001, for the right to purchase up to 24,305 shares at an exercise price of \$1.44, and (e) a warrant, dated July 31, 2001, for the right to purchase up to 54,687 shares at an exercise price of \$1.44. Copies will be provided to the Commission upon request.

<u>Exhibit No.</u>	<u>Description</u>
10.16*	Warrant Agreement, dated January 25, 2000, granted by the Registrant to Ryan, Beck & Co. ("Ryan Beck") for the purchase of up to 33,750 shares of the Registrant's common stock at an exercise price of \$1.44 per share. Substantially similar Warrant Agreements, dated January 25, 2000, for the right to purchase up to an aggregate 116,250 shares of the Registrant's common stock at an exercise price of \$1.44 per share were granted by the Registrant to Randy Rock (20,625 shares), Michael Kollender (20,625 shares), Robert Goodwin (20,000 shares), Robert C. Mayer, Jr. (23,000 shares), Paul Cronson (23,000 shares), Meera Murdeshwar (6,000 shares), Kelsey Ann Goodwin Trust (1,500 shares), and Christopher Todd Goodwin Trust (1,500 shares). Copies will be provided to the Commission upon request.
10.17	Warrant, dated December 22, 2000, issued by the Registrant to Ryan, Beck & Co. for the purchase of 213,889 shares of the Registrant's common stock, as incorporated by reference from Exhibit 99.6 to the Registrant's Current Report on Form 8-K dated January 31, 2001, and filed on February 26, 2001. Substantially similar Warrants, dated December 22, 2000, for the right to purchase up to an aggregate 855,555 shares of the Registrant's common stock at an exercise price of \$1.44 per share were granted by the Registrant to Ryan Beck (26,737 shares), Michael Kollender (147,048 shares), Randy Rock (147,048 shares), Robert Goodwin (166,907 shares), Robert C. Mayer, Jr. (169,908 shares), Paul Cronson (169,907 shares), Meera Murdeshwar (25,000 shares), Kelsey Ann Goodwin Trust (1,500 shares), and Christopher Todd Goodwin Trust (1,500 shares). Copies will be provided to the Commission upon request.
10.18*	Warrant Agreement, dated January 31, 2001, granted by the Registrant to Ryan, Beck & Co. for the right to purchase up to 34,028 shares of the Registrant's common stock at an exercise price of \$1.44 per share. Substantially similar Warrants, dated January 31, 2001, for the right to purchase up to an aggregate 136,110 shares of the Registrant's common stock at an exercise price of \$1.44 per share were granted by the Registrant to Ryan Beck (4,253 shares), Michael Kollender (23,394 shares), Randy Rock (23,394 shares), Robert Goodwin (26,690 shares), Robert C. Mayer, Jr. (26,689 shares), Paul Cronson (26,690 shares), and Meera Murdeshwar (5,000 shares). Copies will be provided to the Commission upon request.
10.19*	Warrant Agreement, dated March 9, 2001, granted by the Registrant to Ryan, Beck & Co. for the right to purchase up to 24,306 shares of the Registrant's common stock at an exercise price of \$1.44 per share. Substantially similar Warrants, dated March 9, 2001, for the right to purchase up to an aggregate 97,222 shares of the Registrant's common stock at an exercise price of \$1.44 per share were granted by the Registrant to Ryan Beck (3,038 shares), Michael Kollender (16,710 shares), Randy Rock (16,710 shares), Robert Goodwin (19,255 shares), Robert C. Mayer, Jr. (19,255 shares), Paul Cronson (19,254 shares), and Meera Murdeshwar (3,000 shares). Copies will be provided to the Commission upon request.
10.20*	Warrant Agreement, dated July 31, 2001, granted by the Registrant to Ryan Beck & Co. for the right to purchase up to 54,688 shares of the Registrant's common stock at an exercise price of \$1.44 per share. Substantially similar Warrants, dated July 31, 2001, for the right to purchase up to an aggregate 218,752 shares of the Registrant's common stock at an exercise price of \$1.44 per share were granted by the Registrant to Ryan Beck (6,836 shares), Paul Cronson (43,295), Michael Kollender (37,598 shares), Randy Rock (37,598 shares), Robert Goodwin (43,294 shares), Robert C. Mayer, Jr. (43,294 shares), and Meera Murdeshwar (6,837 shares). Copies will be provided to the Commission upon request.

<u>Exhibit No.</u>	<u>Description</u>
10.21*	Warrant to Purchase Common Stock, dated July 30, 2001, granted by the Registrant to David Avital for the purchase of up to 143,000 shares of the Registrant's common stock at an exercise price of \$1.75 per share. Substantially similar warrants for the purchase of an aggregate 4,254,566 were issued to Capital Bank (842,995 shares), CICI 1999 Qualified Annuity Trust (85,715 shares), Gerald D. Cramer (85,715 shares), CRM 1999 Enterprise Fund 3 (200,000 shares), Craig S. Eckenthal (57,143 shares), Danny Ellis Living Trust (250,000 shares), Europa International, Inc. (571,428 shares), Harvey Gelfenbein (28,571 shares), A. C. Israel Enterprises (285,715 shares), Kuekenhof Partners, L.P. (40,000), Kuekenhof Equity Fund, L.P. (60,000 shares), Jack Lahav (571,429 shares), Joseph LaMotta (28,571 shares), Jay B. Langner (28,571 shares), The F. M. Grandchildren Trust (42,857 shares), Mathers Associates (228,571 shares), Peter Melhado (115,000 shares), Pamela Equities Corp. (42,857 shares), Josef Paradis (143,000 shares), Readington Associates (57,143 shares), Dr. Ralph Richart (225,000 shares), Edward J. Rosenthal Profit Sharing Plan (28,571 shares), Yariv Sapir IRA (85,714 shares), and Bruce Wrobel (150,000 shares), respectively. Copies will be provided to the Commission upon request.
10.22*	Common Stock Purchase Warrant, dated July 30, 2001, granted by the Registrant to Ryan, Beck & Co. for the purchase of 20,000 shares of the Registrant's common stock at an exercise price of \$1.75 per share. Substantially similar warrants, dated July 30, 2001, for the purchase of an aggregate 74,000 shares of the Registrant's common stock at an exercise price of \$1.75 per share were issued to Ryan, Beck & Co., L.L.C. (14,000 shares), Larkspur Capital Corporation (34,000 shares) and National Securities Corporation (40,000 shares). Copies will be provided to the Commission upon request.
10.23*	Common Stock Purchase Warrant, dated July 31, 2001, granted by the Registrant to Associated Mezzanine Investors-PESI (I), L.P. for the purchase of up to 712,073 shares of the Registrant's common stock at an exercise price of \$1.50 per share. A substantially similar warrant was issued to Bridge East Capital L.P. for the right to purchase of up to 569,658 shares of the Registrant's common stock, and a copy will be provided to the Commission upon request.
10.24*	Subcontract Change Notice between East Tennessee Materials and Energy Corporation and Bechtel Jacobs Company, LLC, No. BA-99446/7 and 8F, dated July 2, 2002. Exhibits to this Contract as listed therein are omitted, but a copy of each will be provided to the Commission upon request.
23.1**	Consent of BDO Seidman, LLP.
23.2**	Consent of Gallogly Fernandez & Riley, LLP.
23.3*	Consent of Conner & Winters, as contained in Exhibit 5.1 hereto and incorporated herein by reference.
24.1*	Powers of Attorney for Messrs. Zwecker, Colin, and Sullivan, as contained in the Power of Attorney of the signature page included in this Registration Statement.
24.2*	Power of Attorney for Messrs. Jack Lahav and Alfred C. Warrington, IV.

*Previously filed

**Filed herein

II-5

Item 17. *Undertakings*

The Company hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to the Registration Statement:

(i) To include any prospectus required by Section 10(a)(3) of the Act;

(ii) To reflect in the prospectus any facts or events arising after the effective date of this Registration Statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the Registration Statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the Registration Statement or any material change to such information in the Registration Statement;

Provided, however, that paragraphs (1)(i) and (1)(ii) do not apply if the information required to be included in a post-effective amendment by those paragraphs is contained in periodic reports filed with or furnished to the Commission by the Company pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that are incorporated by reference in this Registration Statement.

(2) That, for the purpose of determining any liability under the Act, each post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The Company hereby undertakes that, for purposes of determining any liability under the Act, each filing of the Company's annual report pursuant to Section 13(a) or 15(d) of the Exchange Act (and, where applicable, each filing of an employee benefit plan's annual report pursuant to Section 15(d) of the Exchange Act) that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

Insofar as indemnification for liabilities arising under the Act may be permitted to directors, officers and controlling persons of the Company pursuant to the indemnification provisions described herein, or otherwise, the Company has been advised that in the opinion of the Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Company of expenses incurred or paid by a director, officer or controlling person of the Company in the successful defense of any

action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Company will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

II-6

SIGNATURES FOR FORM S-3

Pursuant to the requirements of the Act of 1933, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Gainesville, State of Florida, on the 27th day of September, 2002.

PERMA-FIX
ENVIRONMENTAL
SERVICES, INC.

By: /s/ Louis

Centofanti

Dr. Louis F.

Centofanti

Chairman,

President and Chief Executive Officer

Pursuant to the requirements of the Act, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Louis Centofanti</u> Dr. Louis F. Centofanti	Chairman of the Board of Directors, President, and Chief Executive Officer (Principal Executive Officer)	September 27, 2002
<u>/s/ Richard T. Kelecy</u> Richard T. Kelecy	Chief Financial Officer (Principal Financial and Accounting Officer)	September 27, 2002
<u>*</u> Mark A. Zwecker	Director	September 27, 2002

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*	Director	September 27, 2002
Jon Colin		
*	Director	September 27, 2002
Thomas P. Sullivan		
*	Director	September 27, 2002
Jack Lahav		
*	Director	September 27, 2002
Alfred C. Warrington, IV		

<u>Centofanti</u>	* By <u>/s/ Louis</u> 27, 2002 Dr. Louis F. Centofanti Attorney In Fact	September
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EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>	<u>Sequential Page No.</u>
2.1	Stock Purchase Agreement, dated January 18, 2001, among the Registrant; East Tennessee Materials and Energy Corporation; Performance Development Corporation; Joe W. Anderson; Ronald W. Anderson; M. Joy Anderson; Russell R. and Cindy E. Anderson; Charitable Remainder Unitrust of William Paul Cowell, Kevin Cowell, Trustee; Joe B. and Angela H. Fincher; Ken-Ten Partners; Michael W. Light; Management Technologies, Incorporated; M&EC 401(k) Plan and Trust; PDC 401(k) Plan and Trust; Robert N. Parker; James C. Powers; Richard William Schenk, Trustee of the Richard Schenk Trust dated November 5, 1998; Talahi Partners; Hillis Enterprises, Inc.; Tom Price and Virginia Price; Thomas John Abraham, Jr. and Donna Ferguson Abraham; and Bill J. Hillis, is incorporated by reference from Exhibit 2.1 to the Registrant's Current Report on Form 8-K, dated January 31, 2001, and filed on February 26, 2001.	
4.3	Form of Subscription Agreement, as incorporated by reference from Exhibit 4.2 to the Registrant's Current Report on Form 8-K dated June 15, 2001, and filed on July 5, 2001.	
5.1**	Opinion of Conner & Winters, a Professional Corporation.	43
10.1	Basic Oak Ridge Agreement between East Tennessee Materials and Energy Corporation and Bechtel Jacobs Company, LLC, No. 1GB-99446V, dated June 23, 1998, as incorporated by reference from Exhibit 10.1 to the Registrant's Form 10-Q for the quarter ended September 30, 1998, and filed on November 16, 1998.	
10.2	Basic Oak Ridge Agreement between East Tennessee Materials and Energy Corporation and Bechtel Jacobs Company, LLC, No. 1GB-99447V, dated June 23, 1998, as incorporated by reference from	

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- Exhibit 10.2 to the Registrant's Form 10-Q for the quarter ended September 30, 1998, and filed on November 16, 1998
- 10.3 Basic Oak Ridge Agreement between East Tennessee Materials and Energy Corporation and Bechtel Jacobs Company, LLC, No. 1GB-99448V, dated June 23, 1998, as incorporated by reference from Exhibit 10.3 to the Registrant's Form 10-Q for the quarter ended September 30, 1998, and filed on November 16, 1998.
- 10.4 Note and Warrant Purchase Agreement, dated July 31, 2001, among the Registrant, Associated Mezzanine Investors-PESI (I), L.P. and Bridge East Capital L.P., as incorporated by reference from Exhibit 99.1 to the Registrant's Current Report on Form 8-K dated July 30, 2001, and filed on August 7, 2001.
- 10.5 Form of 13.50% Senior Subordinated Note Due 2006, as incorporated by reference from Exhibit 99.2 to the Registrant's Current Report on Form 8-K dated July 30, 2001, and filed on August 7, 2001.

1

<u>Exhibit No.</u>	<u>Description</u>
10.6	Option Agreement, dated July 31, 2001, among the Registrant, Associated Mezzanine Investors-PESI (I), L.P. and Bridge East Capital L.P., as incorporated by reference from Exhibit 99.8 to the Registrant's Current Report on Form 8-K dated July 30, 2001, and filed on August 7, 2001.
10.7*	Financial Advisory and Consulting Agreement, dated December 5, 2000, between the Registrant and National Securities Corporation.
10.8	Debt-For-Stock Exchange Agreement, dated effective July 9, 2001, between the Registrant and Capital Bank-Grawe Gruppe AG, as incorporated by reference from Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated July 9, 2001, and filed on July 20, 2001.
10.9	Warrant, dated January 31, 2001, granted by the Registrant to BHC Interim Funding, L.P. for the right to purchase up to 817,142 shares of the Registrant's common stock at an exercise price of \$1.4578, as incorporated by reference from Exhibit 99.6 to the Registrant's Current Report on Form 8-K, dated January 31, 2001, and filed on February 26, 2001.
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10.11	Warrant, dated November 29, 2000, granted by the Registrant to Capital Bank (f/k/a RBB Bank Aktiengesellschaft) for the right to purchase up to 300,000 shares of the Registrant's common stock at an exercise price of \$1.8750, as incorporated by reference from Exhibit 99.5 to the Registrant's Current Report on Form 8-K, dated December 22, 2000, and filed on January 17, 2001. Substantially similar warrants for the purchase of an aggregate 570,000 shares were issued to Capital Bank as follows: (a) a warrant, dated October 30, 2000, for the right to purchase up to 150,000 shares at an exercise price of \$1.625; (b) a warrant, dated December 29, 2000, for the right to purchase up to 105,000 shares at an exercise price of \$1.4219, (c) a warrant, dated January 31, 2001, for the right to purchase up to 105,000 shares at an exercise price of \$1.9688, (d)

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a warrant, dated February 28, 2001, for the right to purchase up to 105,000 shares at an exercise price of \$1.9375, and (e) a warrant, dated March 30, 2001, for the right to purchase up to 105,000 shares at an exercise price of \$1.8125. Copies of these Warrants will be provided to the Commission upon request.

- 10.12* Common Stock Purchase Warrant, dated July 9, 2001, granted by the Registrant to Capital Bank-Grawe Gruppe AG for the right to purchase up to 1,839,405 shares of the Registrant's common stock at an exercise price of \$1.75 per share.
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2

<u>Exhibit No.</u>	<u>Description</u>	<u>Sequential Page No.</u>
10.14*	Common Stock Purchase Warrant, dated June 1, 2001, granted by the Registrant to National Securities Corporation for the right to purchase of up to 250,000 shares of the Registrant's common stock at an exercise price of \$1.50 per share. A substantially similar warrant, dated June 1, 2001, was granted by the Registrant to National Securities Corporation for the purchase of up to 360,000 shares of the Registrant's common stock at an exercise price of \$1.75 per share. A copy of this Warrant will be provided to the Commission upon request.	
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4

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24.1*	Powers of Attorney for Messrs. Zwecker, Colin, and Sullivan, as contained in the Power of Attorney of the signature page included in this Registration Statement.	
24.2*	Power of Attorney for Messrs. Jack Lahav and Alfred C. Warrington, IV.	
	* Previously filed.	
	**Filed herein.	

