

BEAR STEARNS COMPANIES INC  
Form DEF 14A  
February 27, 2004

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant  **X**  
Filed by a Party other than the Registrant  **O**

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only  
(as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Rule 14a-12

**The Bear Stearns Companies, Inc.**

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(Name of Registrant as Specified In Its Charter)

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(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1. Title of each class of securities to which transaction applies:

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2. Aggregate number of securities to which transaction applies:

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3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

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4. Proposed maximum aggregate value of transaction:

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5. Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1. Amount Previously Paid:

2. Form, Schedule or Registration Statement No.:

3. Filing Party:

4. Date Filed:

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**The Bear Stearns Companies Inc.  
Proxy Statement**

**Notice of the Annual Meeting  
of Stockholders to be held March 31, 2004**

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**THE BEAR STEARNS COMPANIES INC.  
383 Madison Avenue  
New York, New York 10179**

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To Our Stockholders:

You are cordially invited to attend the 2004 Annual Meeting of Stockholders, which will be held on Wednesday, March 31, 2004, at 5:00 p.m. Eastern Standard Time, in the Bear Stearns Auditorium, 383 Madison Avenue, 2nd Floor, New York, New York.

At the meeting we will be reporting to you on your Company's current operations and outlook. Stockholders will elect directors of the Company and transact such other items of business as are listed in the Notice of Annual Meeting and more fully described in the Proxy Statement which follows. The Company's Board of Directors and management hope that many of you will be able to attend the meeting in person.

The formal Notice of Annual Meeting and the Proxy Statement follow. It is important that your shares be represented and voted at the meeting, regardless of the size of your holdings. **Accordingly, please mark, sign and date the enclosed Proxy and return it promptly in the enclosed envelope to ensure that your shares will be represented. You may also vote via the internet or by telephone by following the voting instructions printed on your proxy card or included with your proxy materials. If you do attend the Annual Meeting, you may withdraw your Proxy should you wish to vote in person.**

Sincerely yours,

James E. Cayne  
Chairman of the Board,  
Chief Executive Officer

February 27, 2004

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**THE BEAR STEARNS COMPANIES INC.  
383 Madison Avenue  
New York, New York 10179**

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**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD MARCH 31, 2004**

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To the Stockholders of  
THE BEAR STEARNS COMPANIES INC.:

The Annual Meeting of Stockholders of The Bear Stearns Companies Inc., a Delaware corporation (the "Company"), will be held on Wednesday, March 31, 2004, at 5:00 p.m. Eastern Standard Time, in the Bear Stearns Auditorium, 383 Madison Avenue, 2nd Floor, New York, New York, for the following purposes:

1. To elect eleven directors to serve until the next Annual Meeting of Stockholders or until their successors are duly elected and qualified.
2. To approve an amendment to the Capital Accumulation Plan for Senior Managing Directors to set a termination date of December 31, 2013.

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3. To approve an amendment to the Stock Award Plan increasing the number of shares of Common Stock available for issuance under the Stock Award Plan from 35,000,000 to 40,000,000 shares.
4. To approve the Restricted Stock Unit Plan, as amended.
5. To ratify the appointment of Deloitte & Touche LLP as independent auditors for the fiscal year ending November 30, 2004.
6. To transact such other business as may properly be brought before the meeting and any adjournments or postponements thereof.

Holders of record of Common Stock of the Company, par value \$1.00 per share, at the close of business on February 19, 2004, will be entitled to notice of, and to vote on, all matters presented at the meeting and at any adjournments or postponements thereof.

By order of the Board of Directors

Kenneth L. Edlow,  
Secretary

February 27, 2004

STOCKHOLDERS ARE CORDIALLY INVITED TO ATTEND THE MEETING. YOUR VOTE IS IMPORTANT. WHETHER YOU PLAN TO ATTEND THE MEETING OR NOT, PLEASE MARK, SIGN AND RETURN THE ENCLOSED PROXY CARD PROMPTLY IN THE ENCLOSED ENVELOPE OR, IF AVAILABLE, USE TELEPHONE OR INTERNET VOTING PRIOR TO THE MEETING TO ENSURE THAT YOUR SHARES WILL BE REPRESENTED. PLEASE REFER TO THE PROXY CARD OR OTHER VOTING INSTRUCTIONS INCLUDED WITH THESE PROXY MATERIALS IN ORDER TO VOTE VIA THE INTERNET OR BY TELEPHONE. YOU MAY NEVERTHELESS VOTE IN PERSON IF YOU ATTEND THE MEETING.

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**THE BEAR STEARNS COMPANIES INC.**  
**383 Madison Avenue**  
**New York, New York 10179**

**PROXY STATEMENT**

**Annual Meeting of Stockholders**  
**March 31, 2004**

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This Proxy Statement and the accompanying Notice of Annual Meeting of Stockholders and form of proxy are being furnished to the holders of Common Stock of The Bear Stearns Companies Inc. (the Company) in connection with the solicitation of proxies by the Board of Directors of the Company (the Board of Directors) for use at the 2004 Annual Meeting of Stockholders of the Company (the Annual Meeting) to be held in the Bear Stearns Auditorium, 383 Madison Avenue, 2nd Floor, New York, New York, on Wednesday, March 31, 2004, at 5:00 p.m. Eastern Standard Time, and at any adjournments or postponements thereof. These proxy materials are being sent on or about February 27, 2004, to holders of record on February 19, 2004, of the Company's Common Stock, par value \$1.00 per share (Common Stock).

A proxy card may be revoked by a stockholder prior to its exercise in any of three ways: by written notice to the Secretary of the Company; by submission of another proxy bearing a later date; or by voting in person at the Annual Meeting. A vote through the internet or by telephone may be revoked by executing a later-dated proxy card, by subsequently voting through the internet or by telephone or by attending the Annual Meeting and voting in person. Revocation by notice to the Secretary of the Company, or by submission of a later proxy, will not affect a vote on any matter which is taken by the Company prior to the receipt of the notice or later proxy. The mere presence at the Annual Meeting of the stockholder appointing the proxy will not revoke the appointment. If not revoked, the proxy will be voted at the Annual Meeting in accordance

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with the instructions indicated on the proxy by the stockholder. If no instructions are indicated, the proxy will be voted FOR the slate of directors described in this Proxy Statement; FOR the approval of an amendment to the Capital Accumulation Plan for Senior Managing Directors (the CAP Plan ) to set a termination date of December 31, 2013; FOR the approval of an amendment to the Stock Award Plan increasing the number of shares of Common Stock available for issuance under the Stock Award Plan from 35,000,000 to 40,000,000 shares; FOR the approval of the Restricted Stock Unit Plan, as amended (the RSU Plan ); FOR the ratification of the appointment of Deloitte & Touche LLP as independent auditors for the fiscal year ending November 30, 2004 and, as to any other matter of business that may be brought before the Annual Meeting, in accordance with the judgment of the person or persons voting on the matter.

The Company has adopted a policy of encouraging stockholder participation in corporate governance by ensuring the confidentiality of stockholder votes. The Company has designated an independent third party, Automatic Data Processing, Inc. to receive and to tabulate stockholder proxy votes. The manner in which any stockholder votes on any particular issue will be kept confidential and will not be disclosed to the Company or any of its officers or employees except (i) where disclosure is required by applicable law, (ii) where disclosure of a vote of a stockholder is expressly requested by such stockholder, or (iii) where the Company concludes in good faith that a bona fide dispute exists as to the authenticity of one or more proxies, ballots or votes, or as to the accuracy of any tabulation of such proxies, ballots or votes. However, aggregate vote totals may be disclosed to the Company from time to time and publicly announced at the Annual Meeting. The policy of ensuring confidentiality of stockholder votes will also apply to shares of Common Stock held in customer accounts at the Company's subsidiary, Bear, Stearns Securities Corp. Holders of Common Stock whose shares are held in such accounts will be requested to give instructions with respect to the manner in which their shares are to be voted to Automatic Data Processing, Inc., which has been directed not to disclose such instructions to the Company.

This solicitation is being made by the Company. All expenses incurred by the Company in connection with this solicitation will be borne by the Company. Directors, officers and other employees of the Company also may solicit proxies, without additional compensation, by telephone, in person or otherwise. The Company also requests that brokerage firms, nominees, custodians, and fiduciaries forward proxy materials to the beneficial owners of shares held of record by such persons and will reimburse such persons and the Company's transfer agent for reasonable out-of-pocket expenses incurred by them in forwarding such materials.

### THE COMPANY

The Company was incorporated under the laws of the State of Delaware on August 21, 1985. The Company succeeded to the business of Bear, Stearns & Co., a New York limited partnership (the Partnership ), on October 29, 1985. As used in this Proxy Statement, all references to Bear Stearns, BSB, BSSC and BSIL are to Bear, Stearns & Co. Inc., Bear Stearns Bank plc, Bear, Stearns Securities Corp., and Bear, Stearns International Limited, respectively, the principal regulated operating subsidiaries of the Company.

### VOTING SECURITIES

Holders of record of Common Stock at the close of business on February 19, 2004, are entitled to notice of, and to vote at, the Annual Meeting and at any adjournments or postponements thereof. Each outstanding share of Common Stock entitles the holder thereof to one vote. Shares of Common Stock represented by CAP Units (as defined under Executive Compensation Compensation Committee Report Equity Ownership and Capital Accumulation Plan ) credited pursuant to the CAP Plan and Restricted Stock Units (as discussed under Equity Compensation Plan Information ) are not outstanding and are not entitled to vote at the Annual Meeting.

On February 19, 2004, 103,705,451 shares of Common Stock were outstanding. The presence in person or by proxy at the Annual Meeting of the holders of a majority of such shares shall constitute a quorum.

Assuming the presence of a quorum at the Annual Meeting, the affirmative vote of a plurality of the votes cast by holders of shares of Common Stock is required for the election of directors. The affirmative vote of a majority of the shares of Common Stock represented at the meeting and entitled to vote is required for: (1) approval of the amendment to the CAP Plan, (2) approval of the amendment to the Stock Award Plan, (3) approval of the RSU Plan and (4) ratification of the appointment of Deloitte & Touche LLP as independent auditors. An abstention with respect to any proposal will be counted as present for purposes of determining the existence of a quorum, but will have the practical effect of a negative vote as to that proposal. Brokers (other than Bear Stearns and BSSC) who do not receive stockholder instructions are entitled to vote on the election of directors and ratification of the appointment of Deloitte & Touche LLP as independent auditors. Under the rules of the New York Stock Exchange, Inc. (the NYSE ), brokers who do not receive stockholder instructions will not be entitled to vote on any of the other proposals contained in this Proxy Statement. Under the rules of the NYSE, if Bear Stearns and BSSC do not receive a stockholder's instructions, and other brokers are entitled to vote on a proposal, Bear Stearns and BSSC are also entitled to vote such shares of Common Stock, but only in the same proportion as the shares represented by votes cast by all other record holders with respect to such proposal. In the event of a broker non-vote with respect to any proposal coming before the meeting caused by the beneficial owner's failure to authorize a vote on such proposal, the proxy will be counted as present for the purpose of determining the existence of a quorum, but will not be deemed present and entitled to vote on that proposal for the purpose of determining the total number of shares of which a majority is required for adoption, having the practical effect of

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reducing the number of affirmative votes required to achieve a majority vote for such matter by reducing the total number of shares from which a majority is calculated.

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### Security Ownership of Certain Beneficial Owners

As of February 19, 2004, the following are the only entities (other than as set forth under Security Ownership of Directors and Executive Officers below) known to the Company to be the beneficial owners of more than five percent of the Common Stock:

Name and Address of Beneficial Owner	Total Number of Shares Beneficially Owned	Percent of Class
Private Capital Management, L.P. (1) 8889 Pelican Bay Blvd., Suite 500 Naples, Florida 34108	6,940,635 (1)	6.7% (1)

- (1) Information provided is based on the Schedule 13G, dated February 13, 2004, filed with the SEC by Bruce S. Sherman, Gregg J. Powers and Private Capital Management, L.P., an Investment Adviser incorporated under the laws of Florida ( PCM ) and the Company's shares of Common Stock outstanding at December 31, 2003. According to the Schedule 13G, as of December 31, 2003, PCM was the beneficial owner of 6,940,635 shares of Common Stock with shared voting and shared dispositive power over such shares. Bruce S. Sherman is the Chief Executive Officer of PCM and Gregg J. Powers is the President of PCM. In these capacities, Messrs. Sherman and Powers exercise shared voting and shared dispositive power with respect to shares held by PCM's clients and managed by PCM. Messrs. Sherman and Powers disclaim beneficial ownership for the shares held by PCM's clients and disclaim the existence of a group. The Schedule 13G indicates that Mr. Sherman is the beneficial owner of 6,981,929 shares, with sole voting and sole dispositive power over 30,000 shares and shared voting and shared dispositive power over 6,951,929 shares and Mr. Powers is the beneficial owner of 6,940,635 shares with shared voting and shared dispositive power over such shares. The Company has calculated Mr. Sherman's and Mr. Powers' shares as representing 6.8% and 6.7% respectively, of the outstanding shares of Common Stock of the Company at December 31, 2003.

The determination that there were no other persons, entities or groups (other than the Company's employees as a group) known to the Company to be the beneficial owner of more than 5% of the Company's outstanding Common Stock was based on a review of all statements filed with the Securities and Exchange Commission (the SEC) with respect to the Company pursuant to Section 13(d) or 13(g) of the Securities Exchange Act of 1934, as amended (the Exchange Act) since the beginning of fiscal 2003.

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### SECURITY OWNERSHIP OF DIRECTORS AND EXECUTIVE OFFICERS

The following information with respect to the outstanding shares of Common Stock beneficially owned by each director of the Company, each nominee for director of the Company, each executive officer named in the Summary Compensation Table under Executive Compensation and all directors, nominees and executive officers of the Company as a group, including shares of Common Stock subject to exercisable options and those which are exercisable within the next 60 days as well as vested Restricted Stock Units and those which vest within the next 60 days, is furnished as of January 31, 2004. Also set forth below as of such date is certain information with respect to the number of shares of Common Stock represented by CAP Units credited to the accounts of such persons pursuant to the CAP Plan (notwithstanding that shares underlying CAP Units generally are not deemed to be beneficially owned for this purpose because the named persons have neither the present ability to direct the vote nor the ability to dispose of such shares and will not have such rights within the next 60 days) and Restricted Stock Units which do not vest within the next 60 days.

Name and Address (1)	Amount and Nature of	Percent of Common	Common Stock Represented by	Percentage of
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	Common Stock Beneficially Owned (2)(3)(4)(5)	Stock Beneficially Owned	CAP Units and Restricted Stock Units	Outstanding Common Stock, CAP Units and Restricted Stock Units Combined
James E. Cayne (7)	5,838,717	5.62%	1,055,919	6.57%
Carl D. Glickman (8)	347,426	(6)		(6)
Alan C. Greenberg	79,188	(6)	282,909	(6)
Donald J. Harrington, C.M.	7,772	(6)		(6)
William L. Mack	35,058	(6)		(6)
Samuel L. Molinaro Jr.	54,574	(6)	224,327	(6)
Frank T. Nickell	46,509	(6)		(6)
Paul A. Novelly (9)	3,329	(6)		(6)
Frederic V. Salerno	13,433	(6)		(6)
Alan D. Schwartz	1,038,775	1.00%	879,625	1.83%
Warren J. Spector (10)	319,494	(6)	2,859,758	2.98%
Vincent Tese	12,405	(6)		