

BEAR STEARNS COMPANIES INC  
 Form 424B2  
 March 28, 2007

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee <sup>(1)</sup>
Medium-Term Notes, Series B	\$3,350,000	\$102.85

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended. The filing fee of \$102.85 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.**

**\$3,350,000 Accelerated Market Participation Securities**

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

- The Notes are linked to the performance of the common stock of Apple Inc. (NASDAQ: AAPL) (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 \$93.52, 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
- 34.00% (the maximum return on the Notes) multiplied by the principal amount of the Note.

Thus, if the Final Share Price is greater than 117.00% 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 \$1,340.00 per Note, which represents a maximum return of 34.00% 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 073928U92.

**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 <sup>1</sup>	100.00%	\$3,350,000

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Agent's discount	1.25%	\$41,875
Proceeds, before expenses, to us	98.75%	\$3,308,125

<sup>1</sup> 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 \$502,500 of Notes at the public offering price to cover any over-allotments.

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

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## 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 Apple Inc. (NASDAQ: AAPL), 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) 34.00% (the maximum return on the Notes) multiplied by the principal amount of the Note. Thus, if the Final Share Price is greater than 117.00% 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 \$1,340.00 per Note, which represents a maximum return of 34.00%. 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 34.00%, representing a 17.00% 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.

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### 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 34.00%**—You will not receive more than the maximum return of 34.00% at maturity. Because the maximum return on the Notes is 34.00%, the maximum Cash Settlement Value is \$1,340.00. 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 17.00%.
- **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

<b>Issuer:</b>	The Bear Stearns Companies Inc.
<b>Reference Issuer:</b>	Apple Inc. (NASDAQ: AAPL)
<b>Reference Share:</b>	The common stock of Apple Inc.
<b>Face amount:</b>	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 \$3,350,000. When we refer to "Note" or "Notes" in this pricing supplement, we mean Notes each with a principal amount of \$1,000.
<b>Further issuances:</b>	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.
<b>Cash Settlement Value:</b>	<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 117.00% 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 \$1,340.00 per Note, which represents a maximum return of 34.00%.</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>
<b>Interest:</b>	The Notes will not bear interest.
<b>Upside Participation Rate:</b>	200.00%
<b>Initial Share Price:</b>	Equals \$93.52, the closing price of the Reference Share on March 23, 2007.
<b>Final Share Price:</b>	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.
<b>Calculation Date:</b>	

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.

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**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 34.00%. 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.

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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 117.00% 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 \$1,340.00 per Note, which represents a maximum return of 34.00%.

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 \$93.52, 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.

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**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 January 1998 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.

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### **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 17.00%;
- 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 17.00% (which represents a maximum return per Note of 34.00%), 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 34.00%);
  - 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.

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## **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 34.00%. Therefore, the maximum Cash Settlement Value is \$1,340.00 and the Cash Settlement Value will not reflect the increase in the Reference Share if the Initial Share Price increases by more than 17.00%. 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.

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**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 34.00% 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 17.00%, the Cash Settlement Value will equal the principal amount of the Notes, plus the product of the principal amount of Notes and 34.00%. 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 fi