BEAR STEARNS COMPANIES INC
Form 424B5
July 05, 2007

| Title of Each Class of Securities Offered | Maximum Aggregate Offering Price | Amount of Registration Fee(1) |
|---|---|---|
| Medium-Term Notes, Series B | $ 765,000 | $ 23.49 |

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended. The filing fee of $23.49 is being paid in connection with the registration of these Reverse Convertible Notes.

**Filed pursuant to Rule 424(b)(5)**
**Registration No. 333-136666**

**PRICING SUPPLEMENT**
(To Prospectus Dated August 16, 2006 and
Prospectus Supplement Dated August 16, 2006)

**The Bear Stearns Companies Inc.**
**$765,000 Reverse Convertible Notes**
**14.00% Coupon Per Annum, Due July 7, 2008**
**Linked to the American Depositary Receipts of Companhia Vale do Rio Doce**

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

| | |
|---|---|
| · Reference Asset: | The American Depositary Receipts ("ADRs") of Companhia Vale do Rio Doce ("CVRD"), traded on the New York Stock Exchange, Inc. (the "NYSE") under the symbol "RIO". |
| · Principal amount: | $765,000. |
| · Pricing Date: | July 2, 2007. |
| · Original Issue Date: | July 6, 2007. |
| · Calculation Date: | July 2, 2008, subject to postponement in the event of certain Market Disruption Events. |
| · Maturity Date: | July 7, 2008. |
| · Coupon rate: | 14.00% per annum, payable as two semi-annual payments, in arrears. Interest will be computed using a 360-day year of twelve 30-day months, unadjusted. |
| · Interest Payment Dates: | January 7, 2008 and the Maturity Date. |
| · Initial Level: | $46.29, the Closing Price of the Reference Asset on the Pricing Date. |
| · Final Level: | The Closing Price of the Reference Asset on the Calculation Date. |
| · Contingent Protection Percentage: | 80.00%. |

| | | |
|---|---|---|
| · | Contingent Protection Level: | $37.03, equal to the product of the Contingent Protection Percentage and the Initial Level. |
| · | Payment at maturity: | We will pay you 100% of the principal amount of your Notes, in cash, at maturity if either of the following is true: (i) the Trading Level of the Reference Asset never equals or falls below the Contingent Protection Level at any time from the Pricing Date up to and including the Calculation Date; or (ii) the Final Level of the Reference Asset is equal to or greater than the Initial Level of the Reference Asset.<br><br>However, if both of the following are true, the amount of principal you receive at maturity will be reduced by the percentage decrease in the Reference Asset: (i) the Trading Level of the Reference Asset ever equals or falls below the Contingent Protection Level at any time from the Pricing Date up to and including the Calculation Date; and (ii) the Final Level of the Reference Asset is less than the Initial Level of the Reference Asset. In that event, we, at our option, will either: (i) physically deliver to you an amount of the Reference Asset equal to the Exchange Ratio plus the Fractional Share Cash Amount (which means that you will receive shares with a market value that is less than the full principal amount of your Notes); or (ii) pay you a cash amount equal to the principal amount you invested reduced by the percentage decrease in the Reference Asset. It is our intent to physically deliver the Reference Asset when applicable, but we reserve the right to settle the Note in cash. |
| · | Exchange Ratio: | 21; i.e., $1,000 divided by the Initial Level (rounded down to the nearest whole number, with fractional shares to be paid in cash). |
| · | Fractional Share Cash Amount: | An amount in cash per Note equal to the Final Level multiplied by the difference between (x) $1,000 divided by the Initial Level (rounded to the nearest three decimal places), and (y) the Exchange Ratio. |
| · | CUSIP: | 073902MB1 |
| · | Listing: | The Notes will not be listed on any U.S. securities exchange or quotation system. |

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

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

| | Per Note | Total |
|---|---|---|
| Initial public offering price | 100.000% | $765,000 |
| Agent's discount | 0.000% | $0 |
| Proceeds, before expenses, to us | 100.000% | $765,000 |

We may grant the agents a 30-day option from the date of the final pricing supplement, to purchase from us up to an additional $114,750 of Notes at the public offering price, less the agent's discount, to cover any over-allotments. We expect that the Notes will be ready for delivery in book-entry form only through the book-entry facilities of The Depository Trust Company in New York, New York, on or about the Original Issue Date, against payment in immediately available funds. The distribution of the Notes will conform to the requirements set forth in Rule 2720 of the National Association of Securities Dealers, Inc. Conduct Rules.

**Bear, Stearns & Co. Inc.**
July 2, 2007

## WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement (including a prospectus, as supplemented by a prospectus supplement) with the SEC, for the offering to which this pricing supplement relates. Before you invest, you should read the prospectus and prospectus supplement and any other documents relating to this offering that we have filed with the SEC for more complete information about us and this offering. You should carefully consider, among other things, the matters set forth in "Risk Factors" in the pricing supplement, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the Notes. You may get these documents without cost by visiting EDGAR on the SEC web site at www.sec.gov. Alternatively, the Agent will arrange to send you the prospectus and the prospectus supplement if you so request by calling toll-free 866-803-9204.

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

· Prospectus Supplement, dated August 16, 2006: http://www.sec.gov/Archives/edgar/data/777001/000104746906011011/a2172742z424b5.htm

· Prospectus, dated August 16, 2006: http://www.sec.gov/Archives/edgar/data/777001/000104746906011007/a2172711zs-3asr.htm

## RETURN ON THE NOTES

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

**Payment at Maturity**

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

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

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

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

**Interest**

The interest rate for the Notes is designated on the cover of this pricing supplement. Interest will be computed using a 360-day year of twelve 30-day months, unadjusted. The interest paid will include interest accrued from the Original Issue Date to, but excluding, the relevant Interest Payment Date or Maturity Date. Interest will be paid to the person in whose name the Note is registered at the close of business on the Record Date before each Interest Payment Date. However, interest payable on the Maturity Date will be payable to the person to whom principal is payable. If the Interest Payment Date is also a day on which principal is due, the interest payable will include interest accrued to, but excluding, the stated Maturity Date.

The following scenarios and graphs generally illustrate how the Cash Settlement Value of the Reverse Convertible Note Securities is determined:

| Scenario 1 | Outcome |
|---|---|
| The price of the underlying shares generally increases over the term of the Note. The Contingent Protection Level is never breached. | The Cash Settlement Value equals 100% of the principal amount of the Notes. The share price generally increased over the term of the Note and never breached the Contingent Protection Level. |

| Scenario 2 | Outcome |
|---|---|
| The price of the underlying shares generally declines over the term of the Note. The Contingent Protection Level is never breached. | The Cash Settlement Value equals 100% of the principal amount of the Notes. The share price decreased over the term of the Note and at maturity was below the Initial Level, but never breached the Contingent Protection Level. |

| Scenario 3 | Outcome |
|---|---|
| The price of the underlying shares declines over the term of the Note. The Contingent Protection Level is breached. | The Cash Settlement Value is less than the principal amount of the Notes, reflecting the percentage decline in the underlying shares below the Initial Level. The Contingent |

| | |
|---|---|
| | Protection Level is breached so there is no principal protection. |
| **Scenario 4** | **Outcome** |
| The price of the underlying shares declines below the Contingent Protection Level, but ultimately recovers to finish above its Initial Level. | The Cash Settlement Value equals 100% of the principal amount of the Notes. Even though the share price decreased below the Contingent Protection Level during the term of the Note, by the Calculation Date the underlying share price was above the Initial Level. |

## RISK FACTORS

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

The following highlights some, but not all, of the risk considerations relevant to investing in the Notes. **The following must be read in conjunction with the sections "Risk Factors" and "Risk Factors - Additional Risks Relating to Notes with an Equity Security or Equity Index as the Reference Asset," beginning on pages S-7 and S-14, respectively, in the Prospectus Supplement.**

**Suitability of Note for Investment** — A person should reach a decision to invest in the Notes after carefully considering, with his or her advisors, the suitability of the Notes in light of his or her investment objectives and the information set out in the Pricing Supplement. Neither the Issuer nor any dealer participating in the offering makes any recommendation as to the suitability of the Notes for investment.

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

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

**No Secondary Market** — Because the Notes will not be listed on any securities exchange, a secondary trading market is not expected to develop, and, if such a market were to develop, it may not be liquid. Bear, Stearns & Co. Inc. intends under ordinary market conditions to indicate prices for the Notes on request. However, there can be no guarantee that bids for outstanding Notes will be made in the future; nor can the prices of those bids be predicted.

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

**Taxes** — We intend to treat each Note as a put option written by you in respect of the Reference Asset and a deposit with us of cash in an amount equal to the principal amount of the Note to secure your potential obligation under the put option, and we intend to treat the deposit as a short-term obligation for U.S. federal income tax purposes. Pursuant to the terms of the Notes, you agree to treat the Notes in accordance with this characterization for all U.S. federal income tax purposes. However, because under certain circumstances the Notes may be outstanding for more than one year it is possible that the Notes may not be treated as short-term obligations, in which case the tax treatment of interest payments on the Notes is described in "U.S. Federal Income Tax Considerations -- Tax Treatment of U.S. Holders -- Tax Treatment of the Deposit on Notes with a Term of More Than a Year" in the prospectus supplement. Moreover, because there are no regulations, published rulings or judicial decisions addressing the characterization for U.S. federal income tax purposes of securities with terms that are substantially the same as those of the Notes, other characterizations and treatments are possible. See “Certain U.S. Federal Income Tax Considerations” below.

**The Notes are Subject to Equity Market Risks —** The Notes involve exposure to price movements in the equity securities to which they are linked. Equity securities price movements are difficult to predict, and equity securities may be subject to volatile increases or decreases in value.

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

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

## ILLUSTRATIVE EXAMPLES

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

**Assumptions:**

- Investor purchases $1,000 principal amount of Notes on the Pricing Date at the initial offering price of 100% and holds the Notes to maturity. No Market Disruption Events or Events of Default occur during the term of the Notes.
- Initial Level: $45.00
- Contingent Protection Percentage: 80%
- Contingent Protection Level: $36.00 ($45.00 x 80%)
- Exchange Ratio: 22 ($1,000/$45.00)
- Coupon: 14.00% per annum, paid semi-annually in arrears.
- The reinvestment rate on any interest payments made during the term of the Notes is assumed to be 0%. The one-year total return on a direct investment in the Reference Asset is calculated below prior to the deduction of any brokerage fees or charges. Both a positive reinvestment rate, or the incurrence of any brokerage fees or charges, would increase the total return on the Notes relative to the total return of the Reference Asset.
- Assumes cash settlement at maturity.
- Maturity: One year.
- Dividend and dividend yield on the Reference Asset: $0.61 and 1.35% per annum.

**Example 1** - On the Calculation Date, the Final Level of $54.00 is greater than the Initial Level, resulting in a payment at maturity of the principal of $1,000, regardless of whether the Contingent Protection Level was ever reached or breached, plus two interest payments of $70.00, for payments totaling $1,140.00. If you had invested directly in the Reference Asset for the same one-year period, you would have received total cash payments of $1,213.50 (number of shares of the Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. You would have earned a 14.00% return with an investment in the Notes and a 21.35% return with a direct investment in the Reference Asset.

**Example 2** - On the Calculation Date, the Final Level of $40.50 is below the Initial Level, but the Trading Level never equaled or fell below the Contingent Protection Level. As discussed in example 1 above, an investor would receive total payments of $1,140.00, earning a 14.00% return over the term of the Notes. A direct investment in the Reference Asset during that same one-year time period would have generated a return of $913.50 (number of shares of the Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. You would have earned a 14.00% return with an investment in the Notes and incurred a loss of 21.35% with a direct investment in the Reference Asset.

**Example 3** - On the Calculation Date, the Final Level of $31.50 is below the Initial Level and also is below the Contingent Protection Level. At our election, an investor would receive a cash payment in the amount of $700.00 plus two interest payments of $70.00, for payments totaling $840.00. If you had invested directly in the Reference Asset for the same one-year period, you would have received total cash payments of $713.50 (number of shares of the

Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. An investment in the Notes would have resulted in a loss of 16.00%, while a direct investment in the Reference Asset would have resulted in a loss of 28.65%.

**Table of Hypothetical Cash Settlement Values**

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

| Investment in the Notes | | | | | Direct Investment in the Reference Asset | | |
|---|---|---|---|---|---|---|---|
| Initial Level | Hypothetical Final Level | Cash Settlement Value | Total Coupon Payments (in % Terms) | 1-Year Total Return | Percentage Change in Value of Reference Asset | Dividend Yield | 1-Year Total Return |
| 45.00 | 58.50 | $1,000.00 | 14.00% | 14.00% | 30.00% | 1.35% | 31.35% |
| 45.00 | 56.25 | $1,000.00 | 14.00% | 14.00% | 25.00% | 1.35% | 26.35% |
| 45.00 | 54.00 | $1,000.00 | 14.00% | 14.00% | 20.00% | 1.35% | 21.35% |
| 45.00 | 51.75 | $1,000.00 | 14.00% | 14.00% | 15.00% | 1.35% | 16.35% |
| 45.00 | 49.50 | $1,000.00 | 14.00% | 14.00% | 10.00% | 1.35% | 11.35% |
| 45.00 | 47.25 | $1,000.00 | 14.00% | 14.00% | 5.00% | 1.35% | 6.35% |
| 45.00 | 45.00 | $1,000.00 | 14.00% | 14.00% | 0.00% | 1.35% | 1.35% |
| 45.00 | 42.75 | $1,000.00 | 14.00% | 14.00% | -5.00% | | |