

BEAR STEARNS COMPANIES INC
 Form 424B2
 May 09, 2007

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee ⁽¹⁾
Medium-Term Notes, Series B	\$10,400,000	\$1,112.80

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933, as amended. The filing fee of \$1,112.80 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.

\$10,400,000 Medium-Term Notes, Linked to a Portfolio of Indices and Index Funds

Due May 11, 2012

· The Notes are fully principal protected if held to maturity and are linked to the potential positive performance of a portfolio comprised of eight indices and two index funds. The following are the eight indices and their respective weightings in the portfolio: (1) 25% the Dow Jones EURO STOXX 50[®] Index; (2) 20% the Nikkei 225[™] Stock Index; (3) 10% the FTSE/Xinhua China 25 Index; (4) 10% the CECEEUR Index; (5) 10% the FTSE 100 Index; (6) 5% the KOSPI 200 Index; (7) 5% the Swiss Market Index and (8) 5% the S&P/ASX 200 Index (each such index an “Index” and together the “Indices”). The following are the two index funds and their respective weightings in the portfolio: (1) 5% the iShares MSCI South Africa Index Fund and (2) 5% the iShares MSCI Taiwan Index Fund (each such index fund an “Index Fund” and together the “Index Funds”). Each such Index or Index Fund will be a “Component” and the ten Components together will constitute the “Portfolio”. When we refer to “Note” or “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, which is based on the appreciation, if any, in the Portfolio over the term of the Notes as measured by the Portfolio Return. The “Portfolio Return” is calculated as the weighted average of the ten Component Performances, where the “Component Performance” with respect to a Component measures the average level of such Component as of six Observation Dates relative to its Initial Component Level on the Pricing Date.

· If, at maturity, the Portfolio Return is greater than zero, then the Cash Settlement Value for each Note will be equal to the principal amount of the Note, plus:

$\$1,000 \times \text{Portfolio Return} \times \text{Participation Rate}$

· If, at maturity, the Portfolio Return is equal to or less than zero, then the Cash Settlement Value for each Note will be \$1,000. Because the Notes are principal protected if held to maturity, in no event will the Cash Settlement Value for each Note be less than \$1,000.

· The CUSIP number for the Notes is 073928V59.

· The Issuer will not pay interest on the Notes.

· The Notes will not be listed on any securities exchange or quotation system.

· The Maturity Date for the Notes is expected to be May 11, 2012, however, if the Final Observation Date is postponed, the Maturity Date will be three Business Days following the postponed Final Observation Date.

· The Observation Dates for each Component are expected to be December 8, 2011, January 8, 2012, February 8, 2012, March 8, 2012, April 8, 2012, and May 8, 2012 (the “Final Observation Date”). Each Observation Date, including the Final Observation Date, is subject to adjustment as described herein.

· The Participation Rate is 101.00%

INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. THERE MAY NOT BE AN ACTIVE SECONDARY MARKET IN THE NOTES, AND IF THERE WERE TO BE AN ACTIVE SECONDARY MARKET, IT MAY NOT BE LIQUID, AND THEREFORE THE NOTES THEMSELVES ARE NOT, AND WOULD NOT BE, LIQUID. YOU SHOULD REFER TO “RISK FACTORS” BEGINNING ON PAGE PS-13.

Each Component is a service mark or trademark of the sponsor of that Component and has been, or will be, licensed for use by The Bear Stearns Companies Inc. The Notes, which are linked to the performance of the Components, are not sponsored, endorsed, sold or promoted by the sponsor of any Component; and the sponsors of such Components make no representations regarding the advisability of investing in the Notes.

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

	Per Note	Total
Initial public offering price	100.00%	\$10,400,000
Agent’s discount	3.00%	\$312,000
Proceeds, before expenses, to us	97.00%	\$10,088,000

Any additional reissuance will be offered at a price to be determined at the time of pricing of each offering of Notes, which price will be a function of the prevailing market conditions and the levels of the Components 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 May 9, 2007, against payment in immediately available funds.

We may grant Fifth Third Securities Inc. a 13-day option from the date of the final pricing supplement to purchase from us up to an additional \$1,560,000 of Notes at the public offering price to cover any over-allotments.

Fifth Third Securities Inc.

May 9, 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 Portfolio. 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 “Company,” “we,” “us” and “our” refer only to The Bear Stearns Companies Inc. excluding its consolidated subsidiaries. When we refer to “Note” or “Notes” in this pricing supplement, we mean Notes each with a principal amount of \$1,000.

The Bear Stearns Companies Inc. Medium-Term Notes, Series B, Linked to a Portfolio of Indices and Index Funds, Due May 11, 2012 (the “Notes”) are Notes whose return is tied or “linked” to the potential positive performance of a portfolio comprised of eight indices and two index funds. The following are the eight indices and their respective weightings in the portfolio: (1) 25% the Dow Jones EURO STOXX 50[®] Index (“SX5E”); (2) 20% the Nikkei 225[™] Stock Index (“NKY”); (3) 10% the FTSE/Xinhua China 25 Index (“XIN01”); (4) 10% the CECEEUR Index (“CECEEUR”); (5) 10% the FTSE 100 Index (“UKX”); (6) 5% the KOSPI 200 Index (“KOSPI2”); (7) 5% the Swiss Market Index (“SMI”) and (8) 5% the S&P/ASX 200 Index (“AS51”) (each such index an “Index” and together the “Indices”). The following are the two index funds and their respective weightings in the portfolio: (1) 5% the iShares MSCI South Africa Index Fund (“EZA US”) and (2) 5% the iShares MSCI Taiwan Index Fund (“EWT US”) (each such index fund an “Index Fund” and together the “Index Funds”). Each such Index or Index Fund will be a “Component” and the ten Components together will constitute the “Portfolio”. When we refer to Note or Notes in this pricing supplement, we mean \$1,000 principal amount Notes, either singularly or collectively. The Notes are principal protected. On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash that depends on whether the average of the observation levels of each Component over six Observation Dates is greater than or less than that respective Component’s Initial Component Level. The difference between the average of the levels for a Component on each Observation Date and the Initial Component Level, expressed as a percentage of that Initial Component Level, is referred to as the “Component Performance” for that Component, and the weighted average of the Component Performances is referred to as the “Portfolio Return.” If the Portfolio Return is greater than zero, we will pay you, at maturity, the principal amount of the Notes, plus \$1,000 x Portfolio Return x Participation Rate. If the Portfolio Return is equal to or less than zero, then the Cash Settlement Value for each Note, at maturity, will be \$1,000.

Selected Investment Considerations

- Principal protection—Because the Notes are principal protected if held to maturity, in no event will you receive a Cash Settlement Value less than \$1,000 per Note, at maturity. If, at maturity, the Portfolio Return is less than or equal to zero, you will receive the principal amount of the Notes.
- Diversification—The Notes are linked to the following eight Indices and two Index Funds and their respective weightings in the Portfolio: (1) 25% the SX5E (Europe); (2) 20% the NKY (Japan); (3) 10% the XIN01 (China); (4) 10% the CECEEUR (Eastern Europe); (5) 10% the UKX (Great Britain); (6) 5% the KOSPI2 (Korea); (7) 5% the SMI (Switzerland); (8) 5% the AS51 (Australia); (9) 5% the EZA US (South Africa); and (10) 5% the EWT US (Taiwan).

· Taxes—For U.S. federal income tax purposes, we intend to treat the Notes as contingent payment debt instruments. As a result, you will be required to include original issue discount (“OID”) in income during your ownership of the Notes even though no cash payments will be made with respect to the Notes until maturity. Additionally, you will generally be required to recognize ordinary income on the gain, if any, realized on a sale, upon maturity, or other disposition of the Notes. You should review the discussion under the section entitled “Certain U.S. Federal Income Tax Considerations” in this pricing supplement.

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Selected Risk Considerations

No current income—We will not pay any interest on the Notes.

- Non-conventional return—The yield on the Notes may be less than the overall return you would earn if you purchased a conventional debt security at the same time and with the same maturity.
- No ownership of underlying instruments—You will not receive any interest, dividend payments or other distributions on the stocks underlying the Components; 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 or quotation system, 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, or quotation system, we do not expect a trading market to develop, and, if such a market were to develop, it may not be liquid. Fifth Third Securities, Inc. 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.
- The Components may not move in tandem—At a time when the level or price of one or more of the Components increases, the level or price of one or more of the other Components may decline. Therefore, in calculating the Portfolio Return, increases in the level or price of one or more of the Components may be moderated, or wholly offset, by lesser increases or declines in the level or price of one or more of the other Components.

KEY TERMS

Issuer: The Bear Stearns Companies Inc.

Components: The Notes are linked to the potential positive performance of a portfolio comprised of eight indices and two index funds. The following are the eight indices and their respective weightings in the portfolio: (1) 25% the Dow Jones EURO STOXX 50® Index (“SX5E”); (2) 20% the Nikkei 225™ Stock Index (“NKY”); (3) 10% the FTSE/Xinhua China 25 Index (“XIN0I”); (4) 10% the CECEEUR Index (“CECEEUR”); (5) 10% the FTSE 100 Index (“UKX”); (6) 5% the KOSPI 200 Index (“KOSPI2”); (7) 5% the Swiss Market Index (“SMI”) and (8) 5% the S&P/ASX 200 Index (“AS51”) (each such index an “Index” and together the “Indices”). The following are the two index funds and their respective weightings in the portfolio: (1) 5% the iShares MSCI South Africa Index Fund (“EZA US”) and (2) 5% the iShares MSCI Taiwan Index Fund (“EWT US”) (each such index fund an “Index Fund” and together the “Index Funds”). Each such Index or Index Fund will be a “Component” and the ten Components together will constitute the “Portfolio”. The weighting of each Component is fixed at the respective weighting mentioned above and will not change during the term of the Notes unless one or more Components are modified during the term of the Notes.

Index Sponsors: STOXX Limited, a partnership of Deutsche Börse AG, Dow Jones & Company and the SWX Group as the sponsor of the Dow Jones EURO STOXX 50® Index; Nihon Keizai Shimbun, Inc. as the sponsor of the Nikkei 225™ Stock Index; FTSE/Xinhua Index Limited, a joint venture of FTSE International Limited and Xinhua Financial Network Limited, as the sponsor of the FTSE/Xinhua China 25 Index; Wiener Börse as the sponsor of the CECEEUR Index; FTSE International Limited as the sponsor of the FTSE 100 Index; Korea Exchange as the sponsor of the KOSPI 200 Index; Standard & Poor’s, a division of The McGraw-Hill Companies, Inc., and the Australian Stock Exchange as sponsor of the S&P/ASX 200 Index; and the SWX Group as sponsor of the Swiss Market Index are hereinafter referred to as “Index Sponsors.” See “Description of the Portfolio” herein.

Index Fund Issuer: iShares, Inc., as the issuer of iShares MSCI South Africa Index Fund and iShares MSCI Taiwan Index Fund, is hereinafter referred to as the “Index Fund Issuer.” See “Description of the Portfolio” herein.

Principal Amount: The Notes will be denominated in U.S. dollars. Each Note will be issued in minimum denominations of \$50,000 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 \$10,400,000. 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 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.

Interest: The Notes will not bear interest.

Cash Settlement Value: On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash that depends upon the Portfolio Return. If, at maturity, the Portfolio Return is greater than zero, then the Cash Settlement Value for each Note will be equal to the principal amount of the Note, plus:

$\$1,000 \times \text{Portfolio Return} \times \text{Participation Rate}$

If, at maturity, the Portfolio Return is equal to or less than zero, then the Cash Settlement Value for each Note will be the principal amount of \$1,000. Because the Notes are principal protected if held to maturity, in no event will the Cash Settlement Value for each Note be less than \$1,000.

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Participation Rate: 101.00%

Portfolio Return: An amount determined by the Calculation Agent and equal to the sum of the Component Performance for each Component multiplied by its respective Weight in the Portfolio.

For purposes of determining the Portfolio Return:

“*Component Performance*” means, as of the Final Observation Date and with respect to a Component, the quotient, expressed as a percentage, of (i) the arithmetic average of the Observation Levels for that Component as of each Observation Date minus the Initial Component Level of that Component divided by (ii) the Initial Component Level of that Component.

“*Final Observation Date*” means May 8, 2012.

“*Observation Level*” means, as of any Observation Date and with respect to each Index, the closing index level as reported by the relevant Index Sponsor and displayed on Bloomberg Page SX5E <Index> <Go> with respect to the SX5E; Bloomberg Page NKY <Index> <Go> with respect to the NKY; Bloomberg Page XIN0I <Index> <Go> with respect to the XIN0I; Bloomberg Page CECEEUR <Index> <Go> with respect to the CECEEUR; Bloomberg Page UKX <Index> <Go> with respect to the UKX; Bloomberg Page KOSPI2 <Index> <Go> with respect to the KOSPI2; Bloomberg Page SMI <Index> <Go> with respect to the SMI; and Bloomberg Page AS51 <Index> <Go> with respect to the AS51; and with respect to each Index Fund, as of any Observation Date, the closing price as reported by the Relevant Exchange and as displayed on Bloomberg Page EZA US <Equity> <Go> with respect to the EZA US; and Bloomberg Page EWT US <Equity> <Go> with respect to the EWT US.

“*Observation Date*” means December 8, 2011, January 8, 2012, February 8, 2012, March 8, 2012, April 8, 2012, and May 8, 2012; provided that, with respect to a Component, (i) if such date is not a Component Business Day (as defined herein) for that Component, then the Observation Date for that Component will be the next succeeding day that is a Component Business Day for that Component and (ii) if a Market Disruption Event (as defined herein) exists for that Component on the Observation Date, the Observation Date for that Component will be the next Component Business Day for that Component on which a Market Disruption Event does not exist for that Component. If the Observation Date for any Component is postponed for three consecutive Component Business Days due to the existence of a Market Disruption Event, then, notwithstanding the existence of a Market Disruption Event on that third Component Business Day, that third Component Business Day will be the Observation Date for that Component. If no Market Disruption Event exists with respect to a Component on the Observation Date, the determination of that Component’s Observation Level will be made on the Observation Date, irrespective of the existence of a Market Disruption Event with respect to one or more of the other Components.

“*Initial Component Level*” means:

- . 4411.32 with respect to the SX5E;
- . 17,656.84 with respect to the NKY;
- . 16,596.81 with respect to the XIN0I;
- . 2,753.54 with respect to the CECEEUR;
- . 6,550.40 with respect to the UKX;
- . 203.51 with respect to the KOSPI2;

. 9,377.08 with respect to the SMI;
 . 6,304.40 with respect to the AS51;
 . 134.07 with respect to the EZA US; and
 . 14.39 with respect to the EWT US.

“Weight” means:

. 25% with respect to the SX5E;
 . 20% with respect to the NKY;
 . 10% with respect to the XIN0I;
 . 10% with respect to the CECEEUR;
 . 10% with respect to the UKX;
 . 5% with respect to the KOSPI2;
 . 5% with respect to the SMI;
 . 5% with respect to the AS51;
 . 5% with respect to the EZA US; and
 . 5% with respect to the EWT US.

Pricing Date: The “Summary of the Components” below details the Pricing Date for each Component.

Issue Date: May 9, 2007.

Maturity Date: The Notes are expected to mature on May 11, 2012 unless such date is not a Component Business Day, in which case the Maturity Date shall be the next Business Day. If the Final Observation Date is postponed, the Maturity Date will be three Business Days following the postponed Final Observation Date.

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

Component Business Day: Means with respect to a Component any day on which each Relevant Exchange and each Related Exchange for such Component are scheduled to be open for trading.

Business Day: Means any day other than a Saturday or Sunday, on which banking institutions in the cities of New York, New York and London, England are not authorized or obligated by law or executive order to be closed.

Calculation Agent: Bear, Stearns & Co. Inc.

Underlying Index: Means with respect to the iShares MSCI South Africa Index Fund, the MSCI South Africa Index or any successors thereto and with respect to the iShares MSCI Taiwan Index Fund, the MSCI Taiwan Index or any successors thereto.

Relevant Exchanges: Means (i) with respect to an Index, the primary exchanges or markets of trading for any security then included in such Index; and (ii) with respect to an Index Fund, the primary exchanges or markets of trading for such Index Fund and the primary exchanges or markets of trading of any security then included in the Underlying Index for such Index Fund. The “Summary of the Components” below details the Relevant Exchanges for each Component

Related Exchange: Means, with respect to a Component, 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 Component, or the Underlying Index, if any.

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Summary of the Components

Component	Index Sponsor or Index Fund Issuer	Bloomberg Ticker Symbol	Pricing Date (the date below represents the date in the time zone of the applicable Relevant Exchanges)	Initial Component Level	Relevant Exchanges
Dow Jones EURO STOXX 50® Index	STOXX Limited (“STOXX”)	SX5E <Index>	May 8, 2007	4411.32	Major stock exchanges, respectively located in one of 17 European countries, including London Stock Exchange, Frankfurt Stock Exchange and others.
Nikkei 225™ Stock Index	Nihon Keizai Shimbun, Inc. or its successor (“NKS”)	NKY <Index>	May 8, 2007	17,656.84	The Tokyo Stock Exchange or its successor (the “TSE”)
FTSE/Xinhua China 25 Index	FTSE/Xinhua Index Limited	XIN0I <Index>	May 8, 2007	16,596.81	The Stock Exchange of Hong Kong
CECEEUR Index	Wiener Börse	CECEEUR <Index>	May 8, 2007	2,753.54	The Czech Traded Index, the Hungarian Traded Index and the Polish Traded Index.
FTSE 100 Index	FTSE International Limited	UKX <Index>	May 8, 2007	6,550.40	The London Stock Exchange
KOSPI 200 Index	Korea Exchange	KOSPI2 <Index>	May 8, 2007	203.51	The Korea Exchange
	SWX Group		May 8, 2007	9,377.08	

Swiss Market Index		SMI <Index>			The SWX Swiss Exchange
S&P/ASX 200 Index	Standard & Poor's and Australian Stock Exchange	AS51 <Index>	May 8, 2007	6,304.40	The Australian Stock Exchange
iShares MSCI South Africa Index Fund	iShares, Inc.	EZA US <Equity>	May 8, 2007	134.07	The New York Stock Exchange and the Johannesburg Stock Exchange.
iShares MSCI Taiwan Index Fund	iShares, Inc.	EWT US <Equity>	May 8, 2007	14.39	The New York Stock Exchange and the Taiwan Stock Exchange.

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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 \$50,000, 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, unsecured, unsubordinated debt securities, the value of which is linked to the performance of the Portfolio. The Notes will not bear interest, and no other payments will be made prior to maturity. The Notes are principal protected if held to maturity. The Notes differ from conventional debt securities in that the Notes offer the opportunity to participate in 101.00% of the positive performance of the Portfolio, if any. See the section “Risk Factors” for selected risk considerations prior to making an investment in the Notes.

The Notes are expected to mature on May 11, 2012. The Notes do not provide for earlier redemption. When we refer to “Note” or “Notes” in this pricing supplement, we mean Notes with a principal amount of \$1,000. You should refer to the section “Description of the Notes,” for a detailed description of the Notes prior to making an investment in the Notes.

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?

We have designed the Notes for investors who want to protect their investment by receiving at least 100% of the principal amount of their Notes at maturity. On the Maturity Date, you will receive the Cash Settlement Value, which is based on the appreciation, if any, in the Portfolio over the term of the Notes as measured by the Portfolio Return. The “Portfolio Return” is an amount determined by the Calculation Agent and equal to the sum of the Component Performance for each Component multiplied by its respective Weight in the Portfolio. The “Component Performance” with respect to a Component measures the average level of such Component as of six Observation Dates relative to its Initial Component Level on the Pricing Date.

If the Portfolio Return is less than or equal to zero on the Final Observation Date, the Cash Settlement Value will equal the principal amount of the Notes because the Notes are principal protected if held to maturity.

If the Portfolio Return is greater than zero on the Final Observation Date, the Cash Settlement Value is equal to the principal amount of the Notes, plus for each Note, the following:

$\$1,000 \times \text{Portfolio Return} \times \text{Participation Rate}$

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

What does “principal protected” mean?

“Principal protected” means that at maturity your principal investment in the Notes will not be at risk as a result of a decrease in the Portfolio Return. If the Portfolio Return is equal to or less than zero on the Final Observation Date, the Cash Settlement Value at maturity will be \$1,000. You may receive less than the principal amount of the Notes if you sell your Notes prior to maturity.

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Will I receive interest on the Notes?

You will not receive any periodic interest payments on the Notes. The only return on invested dollars you will receive, if any, will be reflected in the Cash Settlement Value upon the maturity 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 any 13-day option we grant to Fifth Third Securities Inc. 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 levels of the Components at the time of the relevant sale.

What is the Portfolio?

The Portfolio is comprised of eight Indices and two Index Funds. The following are the eight Indices and their respective weightings in the portfolio: (1) 25% the SX5E; (2) 20% the NKY; (3) 10% the XIN0I; (4) 10% the CECEUR; (5) 10% the UKX; (6) 5% the KOSPI2; (7) 5% the SMI and (8) 5% the AS51. The following are the two Index Funds and their respective weightings in the portfolio: (1) 5% the EWT US and (2) 5% the EZA US. Each such Index or Index Fund will be a “Component” and the ten Components together will constitute the “Portfolio”. The weighting of each Component is fixed at the respective weighting mentioned above, and will not change during the term of the Notes unless one or more of the Components is modified during the term of the Notes. For more specific information about the Portfolio, please see the section “Description of the Portfolio.” Unless otherwise stated, all information regarding the Components that is provided in this pricing supplement is derived from the Index Sponsors, Index Fund Issuer or other publicly available sources.

Who publishes information regarding the Components and where can I obtain further information?

Dow Jones EURO STOXX 50® Index. The SX5E is a free-float weighted index of 50 European blue-chip companies and is calculated, published and disseminated by STOXX Limited, a partnership of Deutsche Börse AG, Dow Jones & Company, Euronext Paris SA and SWX Swiss Exchange. The SX5E is currently comprised of 50 stocks that respectively trade on major stock exchanges located in one of 17 European countries, including the London Stock Exchange, Frankfurt Stock Exchange and others. The SX5E is quoted in Euros. You can obtain the level of the SX5E from the Bloomberg service under the symbol SX5E <Index> or from the Dow Jones website at <http://www.djindexes.com>. Other information on the Dow Jones website is not incorporated into this document.

Nikkei 225™ Stock Index. The NKY is a modified, price-weighted stock index calculated, published and disseminated by Nihon Keizai Shimbun, Inc. that measures the composite price performance of selected Japanese stocks. The NKY is currently comprised of 225 stocks that trade on the Tokyo Stock Exchange and represents a broad cross-section of Japanese industry. All 225 of the stocks underlying the NKY are stocks listed in the First Section of the Tokyo Stock Exchange. The NKY is quoted in Japanese yen. You can obtain the level of the NKY from the Bloomberg service under the symbol NKY <Index> or from the Tokyo Stock Exchange website at <http://www.tse.or.jp/english/index.shtml>. Other information on the Tokyo Stock Exchange website is not incorporated into this document.

FTSE/Xinhua China 25 Index. The XIN0I is a stock index calculated and published by FTSE/Xinhua Index Limited, and is designed to represent the performance of the mainland Chinese market that is available to international investors. The XIN0I consists of 25 of the largest and most liquid Chinese companies. The index is free float-adjusted and modified market cap-weighted, with individual component weightings capped on a declining basis and the top position capped at 10 percent. The index's base value was set at 5000 on March 16, 2001. The XIN0I is quoted in Hong Kong dollars. You can obtain the level of the XIN0I from the Bloomberg service under the symbol XIN0I <Index> or from the FTSE Xinhua Index website at <http://www.ftse.com/xinhua/english/index.jsp>. Other information on the FTSE Xinhua Index website is not incorporated into this document.

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CECEEUR Index. The CECEEUR is calculated, published and disseminated by Wiener Börse. The CECEEUR currently consists of 27 stocks included in three sub-indices that Wiener Börse also manages: the Czech Traded Index, the Hungarian Traded Index and the Polish Traded Index. The CECEEUR is a capitalized weighted price index, and is not adjusted for dividend payments on the constituent stocks. You can obtain the level of the CECEEUR from the Bloomberg service under the symbol CECEEUR <Index> or from the Wiener Börse website at <http://en.wienerborse.at/indices/>. Other information on the Wiener Börse website is not incorporated into this document.

FTSE 100 Index. The UKX is an index calculated, published and disseminated by FTSE International Limited, a company owned equally by the London Stock Exchange (the “LSE”) and the Financial Times, in association with the Institute and the Faculty of Actuaries. The UKX measures the composite price performance of stocks of the largest 100 companies (determined on the basis of market capitalization) traded on the London Stock Exchange. Publication of the UKX began in February 1984. You can obtain the level of the UKX from the Bloomberg service under the symbol UKX <Index> or from the FTSE website at http://www.ftse.com/Indices/UK_Indices/index.jsp. Other information on the FTSE website is not incorporated into this document.

KOSPI 200 Index. The KOSPI2 is an index calculated, published and disseminated by the Korea Exchange. The KOSPI2 is a capitalization-weighted index of 200 Korean stocks which make up 93% of the total market value of the Korea Stock Exchange. The KOSPI2 has been calculated and published since June 15, 1994 with a base value of 100 set to January 3, 1990. You can obtain the level of the KOSPI2 from the Bloomberg service under the symbol KOSPI2 <Index> or from the Korea Exchange website at <http://eng.krx.co.kr/index.html>. Other information on the Korea Exchange website is not incorporated into this document.

Swiss Market Index. The SMI, published by the SWX Swiss Exchange, is Switzerland's blue-chip index. It is made up of a maximum of 30 of the largest and most liquid Swiss Performance Index large and mid-cap stocks. Because the SMI is considered to be a mirror of the overall Swiss stock market, it is used as the underlying index for numerous derivative financial instruments such as options, futures and index funds. The SMI was introduced on June 30, 1988 at a base value of 1500 points. You can obtain the level of the SMI from the Bloomberg service under the symbol SMI <Index> or from the SWX Swiss Exchange website at http://www.swx.com/trading/products/indices/stock_indices/smi/smi_en.html. Other information on the SWX Swiss Exchange website is not incorporated into this document.

S&P/ASX 200 Index. The AS51 is published, calculated and disseminated by Standard & Poor’s and the Australian Stock Exchange. The AS51 was established in 2001 to represent the top 200 companies for the Australian market. The index is made up of 200 stocks selected by the S&P/ASX Australian Index Committee, based on liquidity and size. The index was converted from a capitalization-weighted index to a free float (liquidity)-based index on October 1, 2002. You can obtain the level of the AS51 from the Bloomberg service under the symbol AS51 <Index> or from the Standard & Poor’s website at http://www2.standardandpoors.com/portal/site/sp/en/us/page.topic/indices_asx200/. Other information on the Standard & Poor’s website is not incorporated into this document.

iShares MSCI South Africa Index Fund. The EZA US is an index fund which seeks to provide investment results that correspond generally to the price and yield performance of publicly traded securities in the aggregate in the South African market, as measured by the MSCI South Africa Index. The MSCI South Africa Index is a capitalization-weighted index that aims to measure the performance of the South African equity market by capturing 85% of the (publicly available) total market capitalization of the South African equity market. Issued by iShares, Inc., the iShares MSCI South Africa Index Fund’s inception date is February 3, 2003. You can obtain the level of the EZA US from the Bloomberg service under the symbol EZA US <Index> or from the iShares website at http://www.ishares.com/fund_info/. Other information on the iShares website is not incorporated into this document.

iShares MSCI Taiwan Index Fund. The EWT US is an index fund issued by iShares, Inc. The EWT US seeks to provide investment results that correspond generally to the price and yield performance of publicly traded securities in the aggregate in the Taiwanese market, as measured by the MSCI Taiwan Index. The MSCI Taiwan Index is a capitalization-weighted index that aims to measure the performance of the Taiwan equity market by capturing 85% of the (publicly available) total market capitalization of the Taiwan equity market. The inception date for the EWT US is June 20, 2000. You can obtain the level of the EWT US from the Bloomberg service under the symbol EWT US <Index> or from the iShares website at http://www.ishares.com/fund_info/. Other information on the iShares website is not incorporated into this document.

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How has the Portfolio performed historically?

We have provided tables depicting the month-end closing levels for each of the Components, as well as graphs depicting the month-end closing levels for each of the Components. You can find these tables and graphs in the section “Description of the Portfolio—Historical Performance of the Components.” We have provided this historical information to help you evaluate the behavior of the Portfolio in various economic environments; however, the time period depicted is relatively limited and past performance is not indicative of the manner in which the Portfolio will perform in the future. You should refer to the section “Risk Factors—The historical performance of the Components is not an indication of the future performance of the Components.”

What is Fifth Third Securities, Inc.'s role?

We have entered into a Distribution Agreement and Terms Agreement with Fifth Third Securities, Inc. (“Fifth Third”). These agreements will provide for the offer and sale of Notes by Fifth Third on a best efforts basis. Fifth Third has agreed to use its best efforts to identify potential purchasers of the Notes and will purchase such Notes from us for resale to such purchasers.

Although it is under no obligation to do so, Fifth Third 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. In any event, Notes will cease trading as of the close of business on the Maturity Date.

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

Bear, Stearns & Co. Inc. (“Bear Stearns”) 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.

Who should consider purchasing the Notes?

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

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- want potential upside exposure to the Components underlying the Portfolio;
- believe that the value of the Portfolio will increase over the term of the Notes;
- understand that the Components may not move in tandem and that increases in one or more Components may be offset by decreases in one or more other Components;
- do not want to place your principal at risk and are willing to hold the Notes until maturity; and
- are willing to forgo interest payments or dividend payments on the stocks underlying the Components of Portfolio.

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

- you seek current income or dividend payments from your investment;
- you are unable or unwilling to hold the Notes until maturity;
- you seek an investment with an active secondary market; or
- you do not believe that the value of the Portfolio will increase over the term of the Notes.

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

We intend to treat the Notes as contingent payment debt instruments for federal income tax purposes. Therefore, a U.S. Holder of a Note will be required to include OID in gross income over the term of the Note even though no cash payments will be made with respect to the Notes until maturity. The amount of OID includible in each year is based on the “comparable yield.” In addition, we will compute a “projected payment schedule” that reflects a single payment at maturity that produces the comparable yield. The comparable yield and the projected payment schedule are neither predictions nor guarantees of the actual yield on the Notes or the actual payment at maturity. If the amount we actually pay at maturity is, in fact, less than the amount reflected on the projected payment schedule, then a U.S. Holder would have recognized taxable income in periods prior to maturity that exceeds the U.S. Holder’s economic income from holding the Note during such periods (with an offsetting ordinary loss). If a U.S. Holder disposes of the Note prior to maturity, the U.S. Holder will be required to treat any gain recognized upon the disposition of the Note as ordinary income (rather than capital gain). You should review the discussion under the section entitled “Certain U.S. Federal Income Tax Considerations” in this pricing supplement.

Does ERISA impose any limitations on purchases of the Notes?

An employee benefit plan subject to Title I 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 church 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” in this pricing supplement before investing in the Notes.

RISK FACTORS

Your investment in the Notes involves a degree of risk similar to investing in the Components underlying the Portfolio. Your investment in the Notes will be subject to risks not associated with conventional fixed-rate or floating-rate debt securities. Prospective purchasers should recognize the possibility of a loss with respect to their investment in the Notes if they sell the Notes prior to maturity. 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. 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, 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.

Your Notes are principal protected only if you hold the Notes until maturity.

If you sell your Notes prior to maturity, you may receive less than the amount you originally invested.

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 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."

Increases in the levels or prices of the Components may not correspond to increases in the trading value of the Notes.

Even if the Components increase above the initial levels during the term of the Notes, the trading value of the Notes may not increase by the same amount. It is also possible for the Portfolio Return to increase while the trading value of the Notes declines.

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

In the ordinary course of our business, we may from time to time express views on expected movements in the Portfolio and the securities underlying the Components. 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 from ours. In connection with your purchase of the Notes, you should investigate the Portfolio and the securities underlying the Components 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 Portfolio.

Your yield will not reflect dividends on the underlying stocks that comprise the Components.

The Portfolio does not reflect the payment of dividends or other distributions on the securities underlying the Components. Therefore, the yield you will receive by holding the Notes to maturity will not be the same as if you had purchased the Components and held them for a similar period. You should refer to the section "Description of the Notes" for a detailed description of the notes prior to making an investment in the Notes.

Tax Consequences.

For U.S. federal income tax purposes, we intend to treat the Notes as contingent payment debt instruments. As a result, U.S. Holders will be required to include OID in income during their ownership of the Notes even though no cash payments will be made with respect to the Notes until maturity. The amount of OID includible in each year is based on the “comparable yield.” In addition, we have computed a “projected payment schedule” that reflects a single payment at maturity that produces the comparable yield. The comparable yield and the projected payment schedule are neither predictions nor guarantees of the actual yield on the Notes or the actual payment at maturity. If the amount we actually pay at maturity is, in fact, less than the amount reflected on the projected payment schedule, then a U.S. Holder would have recognized taxable income in periods prior to maturity that exceeds the U.S. Holder’s economic income from holding the Note during such periods (with an offsetting ordinary loss). Additionally, U.S. Holders will generally be required to recognize ordinary income on the gain, if any, realized on a sale, upon maturity, or other disposition of the Notes. You should review the discussion under the section entitled “Certain U.S. Federal Income Tax Considerations” in this pricing supplement.

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

We expect that the level of the Portfolio will fluctuate in accordance with changes in the financial condition of the companies issuing the securities comprising the Components, the level of the underlying securities comprising the Components generally and other factors. The financial condition of the companies issuing the securities underlying the Components may become impaired or the general condition of the global equity market may deteriorate, either of which may cause a decrease in the level of the Portfolio 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 underlying securities comprising the Components change. Investor perceptions regarding the companies issuing the securities comprising the Components 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 level of the Portfolio is expected to fluctuate until the Maturity Date.

The historical performance of the Components is not an indication of the future performance of the Components.

The historical performance of the Components that is included in this pricing supplement should not be taken as an indication of the future performance of the Components. While the trading prices of the underlying securities comprising the Components will determine the level of the Portfolio, it is impossible to predict whether the level of the Portfolio will fall or rise. Trading prices of the underlying securities comprising the Components will be influenced by the complex, unpredictable, 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 securities are traded, in particular, and by various circumstances that can influence the levels of the underlying securities in a specific market segment or the value of a particular underlying stock.

The securities underlying certain Components trade at different times; however, if an active secondary market develops, the Notes may trade only during regular trading hours in the United States.

The hours of trading for the Notes may not conform to the hours during which the securities underlying certain of the Components are traded. To the extent that U.S. markets are closed while other markets remain open, significant price and rate movements may take place in the markets for the securities comprising certain of the Components that will not be reflected immediately in the price of the Notes.

As a result of the time difference among the cities where the securities underlying certain of the Components trade and New York City (where the Notes may trade), there may be discrepancies between the levels of the Components and the trading prices of the Notes. In addition, there may be periods when the international securities markets are closed for trading (for example during holidays in an applicable country), causing the level of a particular Component to remain unchanged for multiple New York City trading days.

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Your return may be affected by factors affecting international securities markets.

The securities underlying certain of the Components are issued by international companies. Investors should be aware that investments linked to the value of international equity securities might involve particular risks. The international securities markets may have less liquidity and could be more volatile than U.S. or other longer-established international securities markets. Direct or indirect government intervention to stabilize the international securities markets, as well as cross-shareholdings in international companies, may affect trading prices and volumes in those markets. Also, there is generally less publicly available information about international companies than about those U.S. companies that are subject to the reporting requirements of the Securities and Exchange Commission (the "SEC"); and international companies are often subject to accounting, auditing and financial reporting standards and requirements that differ from those applicable to U.S. reporting companies. The other special risks associated with investments linked to the value of international equity securities may include, but are not necessarily limited to: the imposition of taxes; higher transaction and custody costs; settlement delays and risk of loss; difficulties in enforcing contracts; less liquidity and smaller market capitalizations; less rigorous regulation of securities markets; governmental interference; higher inflation; and social, economic and political uncertainties. These factors may adversely affect the performance of certain of the Components and, as a result, the Cash Settlement Value may be adversely affected.

The prices and performance of securities underlying the Components also may be affected by political, economic, financial and social factors. In addition, recent or future changes in the government, economic and fiscal policies, the possible imposition of, or changes in, currency exchange laws or other laws or restrictions, and possible fluctuations in the rate of exchange between currencies, are factors that could negatively affect the international securities markets. Moreover, the applicable international economies may differ favorably or unfavorably from that of the United States.

The positive performance of a Component on one more Observation Dates may be offset by the negative performance of that same Component on other Observation Dates.

The Component Performance of each Component is based on the arithmetic average of the Observation Levels for that Component on each of six Observation Dates. Even if a Component exhibits a positive performance on one or more of the Observation Dates, the negative performance of that Component on one or more of the other Observation Dates may offset the positive performance of that Component, or cause the Component Performance of that Component to be negative, and therefore adversely affect the Portfolio Return.

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 level and volatility of the Portfolio, whether the closing level of the Portfolio is greater than or equal to its initial level, 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 closing level of the Portfolio is less than, equal to or not sufficiently above its initial level. 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.

· *Value of the Portfolio.* We expect that the trading value of the Notes will depend substantially on the amount, if any, by which the Portfolio at any given time is greater than zero. If you decide to sell your Notes when the Portfolio Return is greater than zero, you may nonetheless receive substantially less than the amount that would be payable at maturity based on that Portfolio Return because of expectations that the Portfolio Return will continue to fluctuate until the Cash Settlement Value is determined.

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- *Volatility of the Portfolio.* Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Portfolio increases or decreases, the trading value of the Notes may be adversely affected. This volatility may increase the risk that the Portfolio Return will decline, which could negatively affect the trading value of Notes. The effect of the volatility of the Portfolio on the trading value of the Notes may not necessarily decrease over time during the term of the Notes.
- *Correlation among the level of the Components.* Correlation is the extent to which the levels of the Components increase or decrease to the same degree at the same time. To the extent that correlation among the Components changes, the volatility of the Components may change and the value of the Notes may be adversely affected.
- *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 outstanding debt securities tends to decrease; conversely, if interest rates decrease, the value of outstanding debt securities tends to increase. Interest rates may also affect the economy and, in turn, the level of the Portfolio, which may affect the value of the Notes. Rising interest rates may lower the level of the Portfolio 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 level of the Portfolio, 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 levels of the Components 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 Components.
- *Dividend yield.* The value of the Notes may also be affected by the dividend yields on the stocks in the Components. In general, because the Components do not incorporate the value of dividend payments, higher dividend yields will likely reduce the value of the Notes and, conversely, lower dividend yields are expected to increase the value of the Notes.
- *Volatility of currency exchange rates.* The exchange rates between the U.S. dollar and the foreign currencies in which the securities underlying certain of the Components are denominated are foreign exchange spot rates that measure the relative values of two currencies: the particular currency in which the securities underlying a particular Component are denominated and the U.S. dollar. The spot rate is expressed as a rate that reflects the amount of the particular currency that can be purchased for one U.S. dollar. If the volatility of the exchange rate between the U.S. dollar and any of the foreign currencies in which the securities underlying certain of the Components are denominated changes, the trading value of the Notes may be adversely affected.
- *Correlation between currency exchange rates and the Components.* Correlation is the term used to describe the relationship between the percentage changes in the exchange rate between the U.S. dollar and each of the foreign currencies in which the securities underlying certain of the Components are denominated and the percentage changes between each Component. If the correlation between the relevant exchange rates and the particular Component changes, the trading value of the Notes may be adversely affected.

· *Events involving the companies issuing the securities comprising the Components.* General economic conditions and earnings results of the companies whose securities comprise the Components, and real or anticipated changes in those conditions or results, may affect the trading value of the Notes. For example, some of the securities underlying the Components may be affected by mergers and acquisitions, which can contribute to volatility of the Portfolio. As a result of a merger or acquisition, one or more securities in the Components 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 stock originally included in the Portfolio.

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Size and liquidity of the trading market. The Notes will not be traded on any securities exchange or quotation system, therefore there may not be an active secondary market in the Notes, which may affect the price that you receive for your Notes upon any sale prior to maturity. If an active secondary market does develop, there can be no assurance that there will be liquidity in the secondary market. If the secondary 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. Fifth Third 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.

Inclusion of commission. The inclusion of commissions and projected profit from hedging in the initial public offering price of the Notes is likely to adversely affect secondary market prices. Assuming no change in the market conditions or any other relevant factors, the price, if any, at which Fifth Third may be willing to purchase the Notes in secondary market transactions may be lower than the original price of the Notes, because the original price included, and secondary market prices are likely to exclude, commissions paid with respect to the Notes, as well as the projected profit included in the cost of hedging our obligations under the Notes. In addition, any such prices may differ from values determined by pricing models used by Fifth Third as a result of dealer discounts, mark-ups or other transaction costs.

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 level of the Portfolio.

You have no shareholder rights or rights to receive any stock.

Investing in the Notes will not make you a holder of any of the stocks underlying an Index or Underlying Index. Neither you nor any other holder or owner of the Notes will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to the underlying stocks. The Cash Settlement Value, if any, will be paid in cash, and you will have no right to receive delivery of any stocks underlying an Index or Underlying Index.

Reported Component levels may be based on non-current information.

If trading is interrupted in the securities underlying certain of the Components, publicly available information regarding the Portfolio Return may be based on the last reported prices or levels. As a result, publicly available information regarding reported Component levels may at times be based on non-current information.

Risks associated with the Components may adversely affect the market value of the Notes.

Because the Notes are linked to changes in the levels or prices of equity indices and index funds representing a range of geographic sectors, the Portfolio will be less diversified than funds or investment portfolios investing in a broader range of international securities and, therefore, could experience greater volatility. The equity securities markets are subject to temporary distortions or other disruptions due to various factors, including a lack of liquidity in the markets, the participation of speculators and potential government regulation and intervention. Suspension or other disruptions of market trading in the securities underlying certain of the Components could adversely affect the levels of those Components and, therefore, the Cash Settlement Value and/or the trading value of the Notes.

The Components may not move in tandem; and gains in one Component may be offset by declines in another Component.

Movements in the price or level of the Components comprising the Portfolio may not move in tandem with each other. At a time when the price or level of one or more of the Components increases, the price or level of one or more of the other Components may decline. Therefore, increases in the price or level of one or more of the Components comprising the Portfolio may be moderated, or wholly offset, by lesser increases or declines in the price or level of one or more of the other Components comprising the Portfolio.

The Components comprising the Portfolio are weighted differently; therefore the positive performance of a less heavily weighted Component may be offset by the negative performance of a more heavily weighted Component.

The Portfolio Return is an amount determined by the Calculation Agent and equal to the sum of the Component Performance for each Component multiplied by its respective Weight in the Portfolio. Because the Components are weighted differently in the Portfolio, the positive performance of a less heavily weighted Component may be moderated, or wholly offset, by the negative performance of a more heavily weighted Component in the Portfolio.

Adjustments to the Indices could adversely affect the value of the Notes.

The policies of an Index Sponsor concerning additions, deletions and substitutions of the securities underlying the applicable Index and the manner in which that Index Sponsor takes account of certain changes affecting those underlying securities may affect the level of the Index and thus the Portfolio. You should realize that changes in the companies included in an Index may affect the Index, as a newly-added company may perform significantly better or worse than the company or companies it replaces. The Index Sponsor also may discontinue or suspend calculation or dissemination of that Index or materially alter the methodology by which it calculates that Index. Any such actions could affect the value of the Notes.

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

Bear Stearns will act as the Calculation Agent. Because Bear Stearns is our affiliate, conflicts of interest may arise in connection with Bear Stearns performing its role as Calculation Agent. Our affiliates, including Bear Stearns, may, at various times, engage in transactions involving the securities underlying the Portfolio for their proprietary accounts, and for other accounts under their management. These transactions may influence the value of such securities, and therefore the level of the Portfolio. Bear Stearns International Limited (“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 “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 BSIL’s obligations under our hedge.

Changes that affect the calculation of a Component Level will affect the trading value of the Notes and the amount you will receive at maturity.

The Index Sponsor is responsible for calculating and maintaining the Indices. The policies of an Index Sponsor concerning the calculation of an Index will affect the level of the Index and, therefore, the trading value of the Notes and the Cash Settlement Value.

If an Index Sponsor discontinues or suspends calculation or publication of an Index, it may become difficult to determine the trading value of the Notes or the Cash Settlement Value. If an Index Sponsor discontinues or suspends calculation of an Index at any time prior to the Maturity Date and a Successor Index (as defined below) is not

available or is not acceptable to the Calculation Agent, then the Calculation Agent will determine the amount payable on the Maturity Date by reference to a group of stocks and a computation methodology that the Calculation Agent determines will as closely as reasonably possible replicate the Index. In addition, if the method of calculating an Index (or a Successor Index) is changed in a material respect, or if an Index (or a Successor Index) is in any other way modified so that such Index (or Successor Index) does not, in the opinion of the Calculation Agent, fairly represent the level of the Index (or Successor Index) had such changes or modifications not been made, the Calculation Agent will make such calculations and adjustments as may be necessary to arrive at a level of a security index comparable to the Index (or Successor Index) as if such changes or modifications had not been made. In each such event, the Calculation Agent's determination of the value of the Notes will affect the amount you may receive at maturity. See "Description of the Notes" and "Description of the Portfolio."

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If a Merger Event, Tender Offer, Nationalization, Delisting, Insolvency, or Potential Adjustment Event (each as defined below in Description of the Notes - Antidilution Adjustments with respect to the Index Funds) with respect to an Index Fund occurs, it may become difficult to determine the trading value of the Notes or the Cash Settlement Value. If one of those corporate events occur with respect to an Index Fund, the Calculation Agent will determine whether such corporate event will have a material effect on that Index Fund or the Notes, or in the case of a Potential Adjustment Event, whether that Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of one share of that Index Fund. To the extent the Calculation Agent makes such a determination, the Calculation Agent will make the adjustments and computations described below in Description of the Notes - Antidilution Adjustments. The Calculation Agent will make such adjustments and computations to the relevant Initial Component Level, the relevant Observation Level, the Cash Settlement Value or any other variable for the event. See “Description of the Notes - Antidilution Adjustments with respect to the Index Funds.” In each such event, the Calculation Agent’s determination of the value of the Notes will affect the amount you may receive at maturity. See “Description of the Notes” and “Description of the Portfolio.”

We cannot control actions by any of the companies whose securities are included in any Component.

We are not affiliated with any of the companies whose securities underlie the Components. However, we may currently, or in the future, engage in business with these companies. Actions by any company whose security is part of a Component may have an adverse effect on the price of the company’s securities, the trading price of and the closing level of the Component and the Portfolio, and the trading value of the Notes. None of those companies are involved in this offering or has any obligations with respect to the Notes, including any obligation to take our or your interests into consideration for any reason. These other companies will not receive any of the proceeds of this offering and are not responsible for, and have not participated in, the determination of the timing of, prices for, or quantities of, the Notes to be issued. These companies are not involved with the administration, marketing or trading of the Notes and have no obligations with respect to the amount to be paid to you under the Notes on the Maturity Date.

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 securities underlying the Components or the Components. You should make your own investigation into the companies underlying each Component.

We and our affiliates have no affiliation with any Index Sponsor or the Index Fund Issuer and are not responsible for any Index Sponsor or the Index Fund Issuer’s public disclosure of information.

We and our affiliates are not affiliated in any way with any Index Sponsor or the Index Fund Issuer (except for the licensing arrangements discussed in the section “Description of the Portfolio”) and have no ability to control or predict any Index Sponsor or the Index Fund Issuer actions, including any errors in or discontinuation of disclosure regarding its methods or policies relating to the calculation of the applicable Component. Neither we nor any of our affiliates assumes any responsibility for the adequacy or accuracy of the information about the Components, the Index Sponsors, or the Index Fund Issuer contained in this pricing supplement. You, as an investor in the Notes, should make your own investigation into the Components, the Index Sponsors and the Index Fund Issuer. The Index Sponsors and the Index Fund Issuer are not involved in any way in the offering of the Notes and have no obligation to consider your interests as an owner of Notes when they take any actions that might affect the value of the Notes.

Trading and other transactions by us or our affiliates could affect the prices of the stocks underlying the Portfolio, the level of the Portfolio, 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 shares of the securities underlying the Portfolio or derivative instruments the value of which depend, directly or indirectly upon, those securities 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 prices of those securities or the level of the Portfolio in a manner that would be adverse to your investment in the Notes. See the section "Use of Proceeds and Hedging."

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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 Fifth Third 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 Fifth Third 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 level of the Portfolio 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 any of the securities that underlie the Portfolio, or derivative or synthetic instruments related to those securities or the Portfolio, we or any of our affiliates may liquidate a portion of such holdings at or about the time of the maturity of the Notes or at or about the time of a change in the securities that underlie the Portfolio. 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 level of the Portfolio, we cannot assure you that these activities will not affect such level and the trading value of the Notes prior to maturity or the Cash Settlement Value payable at maturity.

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 relating to the Portfolio, the Indices or Index Funds included in the Portfolio or the companies issuing the securities underlying the Components in the Portfolio. 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 prices of the securities included in the Portfolio and, therefore, 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 Portfolio, a Component of the Portfolio or securities underlying the Components included in the Portfolio. 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 companies issuing the securities underlying the Components in the Portfolio, including making loans to, equity investments in, or providing investment banking, asset management or other advisory services to those companies. In connection with these activities, we may receive information about those companies 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 Final Observation Date, a Market Disruption Event has occurred or is continuing, the determination of the Cash Settlement Value 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.

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DESCRIPTION OF THE NOTES

The following description of the Notes (referred to in the accompanying prospectus supplement as the “Other Indexed 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 \$10,400,000. The Notes are expected to mature on May 11, 2012 and do not provide for earlier redemption. The Notes will be issued only in fully registered form, and in minimum denominations of \$50,000; 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 or quotation system.

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.

Future 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. Any additional issuances will increase the aggregate principal amount of the outstanding Notes of this series, plus the aggregate principal amount of any Notes bearing the same CUSIP number that are issued pursuant to any 13-day option we grant to Fifth Third. The prices 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 level of the Portfolio at the time of the relevant sale.

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 is principal protected only if you hold the Notes until maturity. On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash that depends on upon the performance of the Portfolio Return.

If, at maturity, the Portfolio Return is greater than zero, then the Cash Settlement Value will be equal to the principal amount of the Notes, plus:

$\$1,000 \times \text{Portfolio Return} \times \text{Participation Rate}$

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If, at maturity, the Portfolio Return is equal to or less than zero, then the Cash Settlement Value for each Note will be \$1,000. Because the Notes are principal protected if held to maturity, in no event will the Cash Settlement Value for each Note be less than \$1,000.

The Notes are linked to the potential positive performance of a portfolio comprised of eight indices and two index funds. The following are the eight Indices and their respective weightings in the portfolio: (1) 25% the SX5E; (2) 20% the NKY; (3) 10% the XIN0I; (4) 10% the CECEEUR; (5) 10% the UKX; (6) 5% the KOSPI2; (7) 5% the SMI and (8) 5% the AS51. The following are the two Index Funds and their respective weightings in the portfolio: (1) 5% the EWT US and (2) 5% the EZA US. Each such Index or Index Fund will be a “Component” and the ten Components together will constitute the “Portfolio”. The weighting of each Component is fixed at the respective weighting mentioned above and will not change during the term of the Notes unless one or more Components are modified during the term of the Notes.

P o r t f o l i o An amount determined by the Calculation Agent and equal to the sum of the Component Performance Return: for each Component multiplied by its respective Weight in the Portfolio.

For purposes of determining the Portfolio Return:

“Component Performance” means, as of the Final Observation Date and with respect to a Component, the quotient, expressed as a percentage, of (i) the arithmetic average, expressed as a percentage, of the Observation Levels for that Component as of each Observation Date minus the Initial Component Level of that Component divided by (ii) the Initial Component Level of that Component.

“Final Observation Date” means May 8, 2012.

“Observation Level” means, as of any Observation Date and with respect to each Index, the closing index level as reported by the relevant Index Sponsor and displayed on Bloomberg Page SX5E <Index> <Go> with respect to the SX5E; Bloomberg Page NKY <Index> <Go> with respect to the NKY; Bloomberg Page XIN0I <Index> <Go> with respect to the XIN0I; Bloomberg Page CECEEUR <Index> <Go> with respect to the CECEEUR; Bloomberg Page UKX <Index> <Go> with respect to the UKX; Bloomberg Page KOSPI2 <Index> <Go> with respect to the KOSPI2; Bloomberg Page SMI <Index> <Go> with respect to the SMI; and Bloomberg Page AS51 <Index> <Go> with respect to the AS51; and with respect to each Index Fund, as of any Observation Date, the closing price as reported by the Relevant Exchange and as displayed on Bloomberg Page EZA US <Equity> <Go> with respect to the EZA US; and Bloomberg Page EWT US <Equity> <Go> with respect to the EWT US.

“Observation Date” means December 8, 2011, January 8, 2012, February 8, 2012, March 8, 2012, April 8, 2012, and May 8, 2012; provided that, with respect to a Component, (i) if such date is not a Component Business Day (as defined herein) for that Component, then the Observation Date for that Component will be the next succeeding day that is a Component Business Day for that Component and (ii) if a Market Disruption Event (as defined herein) exists for that Component on the Observation Date, the Observation Date for that Component will be the next Component Business Day for that Component on which a Market Disruption Event does not exist for that Component. If the Observation Date for any Component is postponed for three consecutive Component Business Days due to the existence of a Market Disruption Event, then, notwithstanding the existence of a Market Disruption Event on that third Component Business Day, such third Component Business Day will be the Observation Date for that Component. If no Market Disruption Event exists with respect to a Component on the Observation Date, the determination of that Component’s Observation Level will be made on the Observation Date, irrespective of the existence of a Market Disruption Event with respect to one or more of the other Components.

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“Initial Component Level” means:

.	4411.32 with respect to the SX5E;
.	17,656.84 with respect to the NKY;
.	16,596.81 with respect to the XIN0I;
.	2,753.54 with respect to the CECEEUR;
.	6,550.40 with respect to the UKX;
.	203.51 with respect to the KOSPI2;
.	9,377.08 with respect to the SMI;
.	6,304.40 with respect to the AS51;
.	134.07 with respect to the EZA US; and
.	14.39 with respect to the EWT US.

“Weight” means:

.	25% with respect to the SX5E;
.	20% with respect to the NKY;
.	10% with respect to the XIN0I;
.	10% with respect to the CECEEUR;
.	10% with respect to the UKX;
.	5% with respect to the KOSPI2;
.	5% with respect to the SMI;
.	5% with respect to the AS51;
.	5% with respect to the EZA US; and
.	5% with respect to the EWT US.

The “Participation Rate” is 101.00%.

The “Pricing Date” for each Component is detailed in the below “Summary of the Components.”

The “Issue Date” is May 9, 2007.

A “Component Business Day” means with respect to a Component any day on which each Relevant Exchange and each Related Exchange for such Component are scheduled to be open for trading.

A “Business Day” is any day other than a Saturday or Sunday, on which banking institutions in the cities of New York, New York and London, England are not authorized or obligated by law or executive order to be closed.

The “Maturity Date” is May 11, 2012. The Notes are expected to mature on May 11, 2012 unless such date is not a Component Business Day, in which case the Maturity Date shall be the next Business Day. If the Final Observation Date is postponed, the Maturity Date will be three Business Days following the Final Observation Date.

The “Calculation Agent” is Bear, Stearns & Co. Inc.

An “Underlying Index” means with respect to the iShares MSCI South Africa Index Fund, the MSCI South Africa Index or any successors thereto and with respect to the iShares MSCI Taiwan Index Fund, the MSCI Taiwan Index or any successors thereto.

The “Relevant Exchanges” means (i) with respect to an Index, the primary exchanges or markets of trading for any security then included in such Index; and (ii) with respect to an Index Fund, the primary exchanges or markets of trading for such Index Fund and the primary exchanges or markets of trading of any security then included in the Underlying Index for such Index Fund. The “Summary of the Components” below details the Relevant Exchanges for each Component

A “Related Exchange” means, with respect to a Component, 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 Component, or the Underlying Index, if any.

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Summary of the Components

Component	Index Sponsor or Index Fund Issuer	Bloomberg Ticker Symbol	Pricing Date (the date below represents the date in the time zone of the applicable Relevant Exchanges)	Initial Component Level	Relevant Exchanges
Dow Jones EURO STOXX 50 [®] Index	STOXX Limited (“STOXX”)	SX5E <Index>	May 8, 2007	4411.32	Major stock exchanges, respectively located in one of 17 European countries, including London Stock Exchange, Frankfurt Stock Exchange and others.
Nikkei 225 [™] Stock Index	Nihon Keizai Shimbun, Inc. or its successor (“NKS”)	NKY <Index>	May 8, 2007	17,656.84	Tokyo Stock Exchange or its successor (the “TSE”)
FTSE/Xinhua China 25 Index	FTSE/Xinhua Index Limited	XIN0I <Index>	May 8, 2007	16,596.81	Stock Exchange of Hong Kong
CECEEUR Index	Wiener Börse	CECEEUR <Index>	May 8, 2007	2,753.54	The Czech Traded Index, the Hungarian Traded Index and the Polish Traded Index.
FTSE 100 Index	FTSE International Limited	UKX <Index>	May 8, 2007	6,550.40	The London Stock Exchange
KOSPI 200 Index	Korea Exchange	KOSPI2 <Index>	May 8, 2007	203.51	The Korea Exchange
Swiss Market Index	SWX Group	SMI <Index>	May 8, 2007	9,377.08	The SWX Swiss Exchange

S&P/ASX 200 Index	Standard & Poor's and Australian Stock Exchange	AS51 <Index>	May 8, 2007	6,304.40	The Australian Stock Exchange
iShares MSCI South Africa Index Fund	iShares, Inc.	EZA US <Equity>	May 8, 2007	134.07	The New York Stock Exchange and the Johannesburg Stock Exchange.
iShares MSCI Taiwan Index Fund	iShares, Inc.	EWT US <Equity>	May 8, 2007	14.39	The New York Stock Exchange and the Taiwan Stock Exchange.

Illustrative Examples

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

The following examples demonstrate how the hypothetical Cash Settlement Value of a Note is calculated based on the assumptions outlined below. The examples do not purport to be representative of every possible scenario concerning increases or decreases in the Portfolio or the Components underlying the Portfolio. You should not construe the examples as an indication or assurance of the expected performance of the Notes. Actual returns may be different. 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 Participation Rate is 101.00%.
- The Initial Component Level for the SX5E is equal to 4,200.00.

- The Initial Component Level for the NKY is equal to 17,300.00.
- The Initial Component Level for the XIN0I is equal to 15,700.00.
- The Initial Component Level for the CECEEUR is equal to 2,650.00.
- The Initial Component Level for the UKX is equal to 6,400.00.
- The Initial Component Level for the KOSPI2 is equal to 190.00.
- The Initial Component Level for the SMI is equal to 9,000.00.
- The Initial Component Level for the AS51 is equal to 6,000.00.
- The Initial Component Level for the EZA US is equal to 125.00.
- The Initial Component Level for the EWT US is equal to 14.00.

All returns are based on a 60-month term, pre-tax basis.

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

Example 1: The Portfolio Return is greater than zero.

In this example, the levels of eight Components increase relative to their Initial Component Levels on the related Observation Dates, and the levels of two Components decrease relative to their Initial Component Levels on the related Observation Dates. This example illustrates how holders of the Notes may benefit from the increase in the Observation Level of some of the Components relative to their respective Initial Component Levels on each related Observation Date.

Index	Initial Component Level	Observation Date 1	Observation Date 2	Observation Date 3	Observation Date 4	Observation Date 5	Observation Date 6	Component Performance	Weight in Portfolio
SX5E	4,200.00	6,353	5,955	5,948	6,287	5,894	5,801	43.80%	2
NKY	17,300.00	35,509	35,053	38,814	41,636	37,942	36,620	117.32%	2
XIN0I	15,700.00	40,658	41,994	44,323	40,387	32,586	31,461	145.66%	1
CECEEUR	2,650.00	9,868	10,565	10,676	10,657	11,493	12,327	312.49%	1
UKX	6,400.00	6,975	6,877	7,135	7,540	7,977	8,175	16.35%	1
KOSPI2	190.00	178	170	157					