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BEAR STEARNS COMPANIES INC
Form FWP
August 08, 2006

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August 8, 2006

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BEAR, STEARNS & CO. INC.
STRUCTURED PRODUCTS GROUP
(212) 272-6928

STRUCTURED EQUITY PRODUCTS

New Issue

Indicative Terms

THE BEAR STEARNS COMPANIES INC.
2-YEAR NOTE LINKED TO THE DOW JONES - AIG COMMODITIES INDEX

These Notes are NOT Principal Protected

INVESTMENT HIGHLIGHTS

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- o Two-year term to maturity.
 - o Issue is a direct obligation of The Bear Stearns Companies Inc. (Rated A1 by Moody's / A by S&P).
 - o Issue Price: 100.00% of the principal amount of a Note (99.00% for investors who purchase a principal amount of at least \$1,000,000).
 - o Linked to the performance of the Dow Jones--AIG Commodity IndexSM (the "Index").
 - o If the Final Index Level is greater than or equal to the Initial Index Level, an investor will receive the principal amount of its Notes at maturity plus a return equal to [130-140]% of the percentage increase in the Index.
 - o The Notes are not principal protected. If the Final Index Level is less than the Initial Index Level, the principal amount paid to an investor at maturity will be reduced by the percentage decline in the Index.
 - o The Notes will not pay periodic interest.

The issuer has filed a registration statement (including a prospectus) with the SEC for the offering to which this free writing prospectus relates. Before you invest, you should read the prospectus in that registration statement and other documents the issuer has filed with the SEC for more complete information about the issuer and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at www.sec.gov. Alternatively, the issuer, any underwriter or any dealer participating in the offering will arrange to send you the prospectus if you request it by calling toll free 1-866-803-9204.

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GENERAL TERMS

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This free writing prospectus relates to a Note offering linked to the performance of the Dow Jones--AIG Commodity Index. We reserve the right to withdraw, cancel or modify any offering and to reject orders in whole or in part. Defined terms not defined herein shall have the same meaning as in the Prospectus Supplement and Pricing Supplement discussed below.

ISSUER:	The Bear Stearns Companies Inc. ("BSC").
ISSUER'S RATING:	A1 / A (Moody's / S&P).
CUSIP NUMBER:	[073928R21].
ISSUE PRICE:	100.00% of the principal amount of a note (99.00% for investors who purchase a principal amount of at least \$1,000,000).
PRINCIPAL AMOUNT:	To be disclosed in the final pricing supplement.
DENOMINATIONS:	\$1,000 per Note.
SELLING PERIOD ENDS:	August [22], 2006.
PRICING DATE:	August [23], 2006.
SETTLEMENT DATE:	August [28], 2006.
CALCULATION DATE:	August [26], 2008.
MATURITY DATE:	August [28], 2008 (for a term of two years).
CASH SETTLEMENT VALUE:	<p>If the Final Index Level is greater than or equal to the Initial Index Level, then, on the Maturity Date, you will receive the Cash Settlement Value, an amount per Note in cash equal to the principal amount of the Notes, plus:</p> $\$1,000 \times \left[\frac{(\text{Final Index Level} - \text{Initial Index Level})}{(\text{Initial Index Level})} \right]$ <p>If the Final Index Level is less than the Initial Index Level, you will receive, per Note:</p> $\$1,000 \times \frac{(\text{Final Index Level})}{(\text{Initial Index Level})}$
INDEX:	The Dow Jones--AIG Commodity Index SM
UPSIDE PARTICIPATION RATE:	[130-140]%
INDEX LEVEL:	The closing value of the Index, as determined by the Sponsors, on the applicable Index Business Day.
INITIAL INDEX LEVEL:	Equals [0], the closing value of the

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Index, as determined by the Sponsors,
on August [23], 2006.

FINAL INDEX LEVEL:

Will be determined by the Calculation Agent
and will equal the closing value of the
Index, as determined by the Sponsors, on
August [26], 2008, the "Calculation Date."
If that day is not an Index Business Day,
the next Index Business Day will be the
Calculation Date.

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ADDITIONAL TERMS SPECIFIC TO THE NOTES

You should read this document together with the prospectus and prospectus supplement, each dated February 2, 2005 (the "Prospectus" and "Prospectus Supplement," respectively), and the more detailed information contained in the Pricing Supplement filed with the SEC on August 7, 2006 (the "Pricing Supplement"). You should carefully consider, among other things, the matters set forth in "Risk Factors" in the Prospectus Supplement and the Pricing Supplement, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisors before you invest in the Notes. The Pricing Supplement and the accompanying Prospectus and Prospectus Supplement may be accessed on the SEC Web site at www.sec.gov as follows:

<http://www.sec.gov/Archives/edgar/data/777001/000104746906010467/a2172414z424b5.htm>

ILLUSTRATIVE SETTLEMENT TABLE

The following illustrative table demonstrates the hypothetical Cash Settlement Value of a Note based on the assumptions outlined below. The table does not purport to be representative of every possible scenario concerning increases or decreases in the Index Level. You should not construe this table as an indication or assurance of the expected performance of the Notes. Actual returns may be different. The table demonstrating the hypothetical Cash Settlement Value of a Note is based on the following assumptions:

- o Investor purchases \$1,000 aggregate principal amount of Notes at the initial public offering price of \$1,000.
- o Investor holds the Notes to maturity.
- o The Upside Participation Rate is 135%.
- o The Initial Index Level is equal to 170.00.
- o All returns are based on a 2-year term; pre-tax basis.
- o No Market Disruption Events or Events of Default occur during the term of the Notes.

Initial

Percentage

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Index Level	Final Index Level	Change in Index	Return if Held to Maturity	Cash Settlement Value Per Note
170.00	340.00	100.00%	135.00%	\$ 2,350.00
170.00	323.00	90.00%	121.50%	\$ 2,215.00
170.00	306.00	80.00%	108.00%	\$ 2,080.00
170.00	289.00	70.00%	94.50%	\$ 1,945.00
170.00	272.00	60.00%	81.00%	\$ 1,810.00
170.00	255.00	50.00%	67.50%	\$ 1,675.00
170.00	238.00	40.00%	54.00%	\$ 1,540.00
170.00	221.00	30.00%	40.50%	\$ 1,405.00
170.00	204.00	20.00%	27.00%	\$ 1,270.00
170.00	187.00	10.00%	13.50%	\$ 1,135.00
170.00	170.00	0.00%	0.00%	\$ 1,000.00
170.00	153.00	-10.00%	-10.00%	\$ 900.00
170.00	136.00	-20.00%	-20.00%	\$ 800.00
170.00	119.00	-30.00%	-30.00%	\$ 700.00

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170.00	102.00	-40.00%	-40.00%	\$ 600.00
170.00	85.00	-50.00%	-50.00%	\$ 500.00
170.00	68.00	-60.00%	-60.00%	\$ 400.00
170.00	51.00	-70.00%	-70.00%	\$ 300.00

The following table sets forth the monthly performance of the Index from January 31, 2001 through July 31, 2006. We obtained the Index Levels listed below from public sources and believe such information to be accurate.

Since its inception, the Index has experienced significant fluctuations. Any historical upward or downward trend in the level of the Index during any period shown in the following table is not an indication that the level of the Index is more or less likely to increase or decrease at any time during the term of the Notes. The historical Index Level during any period shown in the following table is not an indication of the future performance of the Index. The results shown should not be considered as a representation of the income, yield or capital gain or loss that may be generated by the Index in the future. The actual performance of the Index over the life of the Notes may bear little relation to the historical terms shown below.

	2001	2002	2003	2004	2005
January.....	111.374	88.309	118.644	137.620	146.821
February.....	110.479	90.476	122.526	146.445	156.886
March.....	105.372	99.588	113.171	150.837	162.094
April.....	108.708	99.431	112.360	148.046	152.294
May.....	106.091	97.755	118.821	150.436	150.727
June.....	101.571	99.518	115.788	144.034	152.885

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July.....	102.570	98.826	116.395	146.414	159.33
August.....	102.225	102.581	120.898	143.556	170.816
September.....	95.107	106.294	120.898	153.175	178.249
October.....	90.407	105.053	126.571	155.549	166.516
November.....	90.959	105.247	126.087	153.406	166.402
December.....	89.033	110.276	135.269	145.604	171.149

SELECTED RISK CONSIDERATIONS

The following highlights some, but not all, of the risk considerations relevant to investing in the Notes. The following must be read in conjunction with the sections "Risk Factors" beginning on pages S-3 and PS-12, respectively, in the Prospectus Supplement and Pricing Supplement.

- o Suitability of Notes for Investment -- A person should reach a decision to invest in the Notes after carefully considering, with his or her advisors, the suitability of the Notes in light of his or her investment objectives and the information set out in the Pricing Supplement. Neither the Issuer nor any dealer participating in the offering makes any recommendation as to the suitability of the Notes for investment.
- o Possible loss of principal--The Notes are not principal protected. If the Final Index Level is less than the Initial Index Level, the Notes will not be principal protected and the Cash Settlement Value you will receive at maturity will be less than the initial public offering price in proportion to the percentage decline in the Index Level. In that case, you will receive less, and possibly significantly less, than the initial public offering price of \$1,000.
- o Not exchange-listed--The Notes will not be listed on any securities exchange, and we do not expect a trading market to develop, which may affect the price that you receive for your Notes upon any sale prior to maturity.
- o Liquidity--If a trading market were to develop in the Notes, it may not be liquid. Our subsidiary, Bear Stearns & Co., Inc. has advised us that, under ordinary market conditions, it intends to indicate prices for the Notes on request. However, we cannot guarantee that bids for outstanding Notes will be made; nor can we predict the price at which any such bids will be made. In any event, the Notes will cease trading as of the close of business on the Maturity Date.

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- o Possible loss of value in the secondary market--If you sell your Notes prior to maturity, you may receive less than the amount you originally invested or the amount you would have received had you held the Notes to maturity.
- o No interest or other payments and no current income--During the term of the Notes, you will not receive any interest or other periodic distributions and such payments will not be included in the calculation of the Cash Settlement Value you will receive at maturity. The yield on the Notes therefore 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.

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- o Return related to commodity market price movement--The Notes entail exposure to commodity price movements. If the Final Index Level is less than the Initial Index Level, your return will be reduced in proportion to the percentage decline in the Index Level.
- o Taxes--The U.S. federal income tax consequences of an investment in the Notes are uncertain. We intend to treat the Notes for federal income tax purposes as pre-paid cash-settled forward contracts linked to the value of the Index and, where required, to file information returns with the Internal Revenue Service in accordance with such treatment. Assuming the Notes are treated as pre-paid cash-settled forward contracts, you should be required to recognize capital gain or loss to the extent that the cash you receive on the Maturity Date or upon a sale or exchange of the Notes prior to the Maturity Date differs from your tax basis on the Notes (which will generally be the amount you paid for the Notes). However, other treatments are possible. Prospective investors are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Notes.

LICENSE AGREEMENTS

We have entered into a non-exclusive license agreement with the Sponsors providing for the license to us and certain of our affiliated or subsidiary companies, in exchange for a fee, of the right to use the Index, which is owned and published by the Sponsors, in connection with certain products, including the Notes.

The license agreement between the Sponsors and us provides that the following language must be set forth in this free writing prospectus.

"The Notes are not sponsored, endorsed, sold or promoted by Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates. None of Dow Jones, American International Group, AIGI or any of their affiliates makes any representation or warranty, express or implied, to the owners of or counterparts to the Notes or any member of the public regarding the advisability of investing in securities or commodities generally or in the Notes particularly. The only relationship of Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates to the Licensee is the licensing of certain trademarks, trade names and service marks and of the Dow Jones--AIG Commodity IndexSM, which is determined, composed and calculated by Dow Jones in conjunction with AIGI without regard to us or the Notes. Dow Jones and AIGI have no obligation to take our needs or the needs of the owners of the Notes into consideration in determining, composing or calculating the Dow Jones--AIG Commodity IndexSM. None of Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates is responsible for or has participated in the determination of the timing of, prices at, or quantities of the Notes to be issued or in the determination or calculation of the equation by which the Notes are to be converted into cash. None of Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates shall have any obligation or liability, including without limitation to Notes customers, in connection with the administration, marketing or trading of the Notes. Notwithstanding the foregoing, AIGI, American International Group and their respective subsidiaries or affiliates may independently issue and/or sponsor financial products unrelated to the Notes currently being issued by Licensee, but which may be similar to and competitive with the Notes. In addition, American International Group, AIGI and their respective subsidiaries or affiliates actively trade commodities, commodity indices and commodity futures

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(including the Dow Jones--AIG Commodity IndexSM and the Dow Jones--AIG Commodity Index Total ReturnSM, as well as swaps, options and derivatives which are linked to the performance of such commodities, commodity indices and commodity futures. It is possible that this trading activity will affect the value of the Dow Jones--AIG Commodity IndexSM and the Notes.

This free writing prospectus relates only to the Notes and does not relate to the exchange-traded physical commodities underlying any of the Dow Jones--AIG Commodity IndexSM components. Purchasers of the Notes

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should not conclude that the inclusion of a futures contract in the Dow Jones--AIG Commodity IndexSM is any form of investment recommendation of the futures contract or the underlying exchange-traded physical commodity by Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates. The information in this free writing prospectus regarding the exchange-traded futures contracts on physical commodities which comprise the Dow Jones--AIG Commodity IndexSM components has been derived solely from publicly available documents. None of Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates has made any due diligence inquiries with respect to the exchange-traded futures contracts which comprise the Dow Jones--AIG Commodity IndexSM in connection with Notes. None of Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates makes any representation that these publicly available documents or any other publicly available information regarding the exchange-traded futures contracts which comprise the Dow Jones--AIG Commodity IndexSM, including without limitation a description of factors that affect the prices of such exchange-traded futures contracts, are accurate or complete.

None of Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates guarantees the accuracy and/or the completeness of the Dow Jones--AIG Commodity IndexSM or any data included therein and none of Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates shall have any liability for any errors, omissions, or interruptions therein. None of Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates makes any warranty, express or implied, as to results to be obtained by us, owners of the Notes or any other person or entity from the use of the Dow Jones--AIG Commodity IndexSM or any data included therein. None of Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates makes any express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the Dow Jones--AIG Commodity IndexSM or any data included therein without limiting any of the foregoing, in no event shall Dow Jones, American International Group, AIGI or any of their respective subsidiaries or affiliates have any liability for any lost profits or indirect, punitive, special or consequential damages or losses, even if notified of the possibility thereof. There are no third party beneficiaries of any agreements or arrangements among Dow Jones, AIGI and us, other than American International Group and its affiliates."

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