

BEAR STEARNS COMPANIES INC
Form 424B5
November 01, 2002

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-76894

PROSPECTUS SUPPLEMENT

(To Prospectus Dated January 25, 2002)

US\$750,000,000
The Bear Stearns Companies Inc.
5.70% Global Notes due 2014

Set forth below is a summary of the terms of the Notes offered by this prospectus supplement and the accompanying prospectus. For more detail, see "Description of the Notes."

- **Global Offering**

We are offering the Notes in the United States and in parts of Europe and Asia where it is legal to offer the Notes.

- **Interest**

The Notes have a fixed annual rate of 5.70%, which will be paid every six months on May 15 and November 15.

- **Maturity**

The Notes will mature on November 15, 2014.

- **Ranking**

The Notes will be our unsecured senior debt and will rank equally with all of our other unsecured and unsubordinated debt.

- **Redemption**

The Notes are only redeemable prior to maturity if certain events involving US taxation occur.

- **No Sinking Fund**

The Notes will not be subject to any sinking fund.

- **Book-Entry Notes**

The Notes will be represented by one or more global securities registered in the name of Cede & Co., as nominee of The Depository Trust Company.

- **Listing**

We will make application to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 for the Notes to be admitted to the official list of the UK Listing Authority and to the London Stock Exchange plc for such Notes to be admitted to trading on the London Stock Exchange's market for listed securities.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

	Per Note	Total
Initial public offering price	99.671%	\$ 747,532,500
Underwriting discount	0.500%	\$ 3,750,000
Proceeds, before expenses, to us	99.171%	\$ 743,782,500

Bear, Stearns & Co. Inc. is the Global Coordinator for the offering of the Notes. Bear, Stearns International Limited is the International Coordinator for all Notes to be sold to purchasers in Europe. The Underwriters expect to deliver the Notes in book-entry form only through the facilities of The Depository Trust Company, Clearstream Banking, société anonyme and Euroclear Bank S.A./N.V., as operator of the Euroclear System against payment on or about November 6, 2002.

After this offering is complete, the Underwriters may use this prospectus supplement and the accompanying prospectus in connection with market-making transactions at negotiated prices related to the prevailing market prices at the time of sale. The Underwriters may act as principal or agent in these transactions.

Bear, Stearns & Co. Inc.

Bear, Stearns International Limited

ABN AMRO Incorporated
 Banc One Capital Markets, Inc.
 Danske Bank
 McDonald Securities
 U.S. Bancorp Piper Jaffray
 Blaylock & Partners, L.P.

Banc of America Securities LLC
 BB&T Capital Markets
 JPMorgan
 Salomon Smith Barney
 Wells Fargo Brokerage Services, LLC
 Ramirez & Co., Inc.

The date of this prospectus supplement is October 30, 2002

Offers and sales of the Notes are subject to restrictions in certain jurisdictions. In particular, there are restrictions on the distribution of this prospectus supplement and the accompanying prospectus and the offer or sale of the Notes in the United Kingdom, and details of these restrictions are set out in "Underwriting" in this prospectus supplement. The distribution of this prospectus supplement and the accompanying 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 prospectus supplement and the accompanying prospectus or any Notes must inform themselves about and observe any applicable restrictions on the distribution of this prospectus supplement and the accompanying prospectus and the offer and sale of the Notes.

We accept responsibility for the information contained in this prospectus supplement and the accompanying prospectus. To the best of our knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this prospectus supplement and the accompanying prospectus is in accordance with the facts and does not omit anything likely to affect the import of the information.

You must read this prospectus supplement and the accompanying prospectus as one along with all the documents which are deemed to be incorporated in this prospectus supplement and the accompanying prospectus by reference (see "Where You Can Find More Information"). This prospectus supplement and the accompanying prospectus must be read and construed on the basis that the incorporated documents are so incorporated and form part of this document, except as specified in this document.

We have not authorized any person to give any information or represent anything not contained in this prospectus supplement and the accompanying prospectus. You must not rely on any unauthorized information.

In order to facilitate the offering of the Notes, Bear Stearns, in its capacity as Global Coordinator of the offering of the Notes, may over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level higher than that which might otherwise prevail in the open market. Specifically, Bear Stearns, on behalf of the Underwriters, may over-allot or otherwise create a short position in the Notes for the account of the Underwriters by selling more Notes than have been sold to them by us. Bear Stearns, on behalf of the Underwriters, may elect to cover any such short position by purchasing Notes in the open market. In addition, Bear Stearns, on behalf of the Underwriters, may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers

participating in the offering are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales of Notes. No representation is made as to the magnitude or effect of any such stabilization or other transactions. Such stabilizing, if commenced, may be discontinued at any time and in any event shall be discontinued within a limited period. No other party may engage in stabilization.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus include and incorporate by reference "forward-looking statements" within the meaning of the securities laws. All statements regarding our expected financial position, business and financing plans are forward-looking statements. Forward-looking statements also include representations of our expectations or beliefs concerning future events that involve risks and uncertainties, including those associated with the effect of international, national and regional economic conditions and the performance of our products within the prevailing economic environment. Although we believe that the expectations reflected in those forward-looking statements are reasonable, those expectations may prove to be incorrect. Cautionary statements describing important factors that could cause actual results to differ materially from our expectations are disclosed in this prospectus supplement along with the forward-looking statements included or incorporated by reference in this prospectus supplement and the accompanying prospectus. All subsequent written and oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by such cautionary statements. These forward-looking statements speak only as of the date of the document in which they are made. We disclaim any obligation or undertaking to provide any updates or revisions to any forward-looking statement to reflect any change in our expectations or any change in events, conditions or circumstances on which the forward-looking statement is based.

CERTAIN DEFINITIONS

Unless otherwise stated in this prospectus supplement:

the "Company," "we," "us" and "our" refer to The Bear Stearns Companies Inc. and its subsidiaries;

"AMEX" refers to the American Stock Exchange;

"Bear Stearns" refers to Bear, Stearns & Co. Inc.;

"BSB" refers to Bear Stearns Bank plc;

"BSSC" refers to Bear, Stearns Securities Corp.;

"BSIL" refers to Bear, Stearns International Limited;

"NYSE" refers to the New York Stock Exchange; and

"US dollars," "dollars," "US \$" and "\$" refer to the lawful currency of the United States of America.

Other capitalized terms that are used but not defined in this prospectus supplement have the meanings given to them in the accompanying prospectus.

Bear Stearns, BSB, BSSC and BSIL are subsidiaries of The Bear Stearns Companies Inc.

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WHERE YOU CAN FIND MORE INFORMATION

We file annual and quarterly reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the "Exchange Act"), with the Securities and Exchange Commission (the "SEC"). You may read and copy any document we file at the SEC's public reference rooms located at 450 Fifth Street, N.W., Washington, D.C. 20549 and at Northwest Atrium Center, 5000 West Madison Street, Suite 1400, Chicago, Illinois 60661-2511, U.S.A. Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms. Our SEC filings are also available to the public from the SEC's web site at <http://www.sec.gov>. Copies of these reports, proxy statements and other information can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, U.S.A.

The SEC allows us to "incorporate by reference" the information that we file with them, which means that we can disclose important information to you by referring you to the other information we have filed with the SEC. The information that we incorporate by reference is considered to be part of this prospectus supplement, and information that we file later with the SEC will automatically update and supersede this information.

The following documents filed by us with the SEC pursuant to Section 13 of the Exchange Act (File No. 1-8989) and any future filings under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act made before the termination of the offering of the Notes are incorporated by reference:

- (i) the Annual Report on Form 10-K (including the portions of the Company's Annual Report to Stockholders and Proxy Statement incorporated by reference therein) for the fiscal year ended November 30, 2001;
- (ii) the Quarterly Report on Form 10-Q for the quarters ended February 28, 2002, May 31, 2002 and August 31, 2002; and
- (iii) the Current Reports on Form 8-K dated December 20, 2001, January 8, 2002, January 8, 2002, January 25, 2002, March 20, 2002, March 27, 2002, June 19, 2002, June 20, 2002, September 18, 2002 and September 20, 2002.

We will provide to you without charge, a copy of any or all documents incorporated by reference into this prospectus supplement except the exhibits to such documents (unless such exhibits are specifically incorporated by reference in such documents). You may request copies by writing or telephoning us at the Corporate Communications Department, The Bear Stearns Companies Inc., 383 Madison Avenue, New York, New York 10179, U.S.A.; telephone number (212) 272-2000. In addition, once the Notes are admitted to the Official List of the UK Listing Authority (as defined below), these documents will be available from BSIL in its capacity as listing agent for the Notes at its principal office at One Canada Square, London E14 5AD, England.

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SUMMARY OF THE OFFERING

Issuer	The Bear Stearns Companies Inc.
Securities Offered	US \$750,000,000 aggregate principal amount of 5.70% Global Notes due 2014.
Specified Currency	The Notes will be denominated in US dollars and all payments on the Notes will be made in US dollars.
Offering Price	The Notes are being offered at a price of 99.671% of par.
Date of Original Issuance (Settlement Date)	November 6, 2002.
Maturity Date	November 15, 2014.
Interest Payment Dates	May 15 and November 15 in each year, beginning May 15, 2003.

Ranking

The Notes will be unsecured and will rank equally with all our other unsecured and unsubordinated debt. Because we are a holding company, the Notes will be effectively subordinated to the claims of creditors of our subsidiaries with respect to their assets. At August 31, 2002:

we had outstanding (on an unconsolidated basis) approximately \$30.4 billion of debt and other obligations, including approximately \$28.5 billion of senior debt, none of which is secured; and

our subsidiaries had outstanding (after consolidation and eliminations) approximately \$143.9 billion of debt and other obligations (including \$53.1 billion related to securities sold under repurchase agreements, \$53.3 billion related to payables to customers, \$24.7 billion related to financial instruments sold, but not yet purchased, and \$12.8 billion of other liabilities, including \$9.9 billion of debt).

Mandatory Redemption or Sinking Fund

None.

Optional Redemption

The Notes may only be redeemed prior to maturity if certain events involving US taxation occur. See "Redemption Upon Certain Tax Events" below.

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Payment of Additional Amounts

Subject to the various exceptions and limitations set forth in this prospectus supplement, we will pay as additional interest or, as the case may be, principal on the Notes all such additional amounts that are necessary in order that the net payment by us or a paying agent of the principal of and interest on the Notes to a person that is not a US Holder (as defined under "Certain US Federal Income Tax Considerations"), after deduction for any present or future tax, assessment or governmental charge of the United States or a political subdivision or taxing authority of the United States or in the United States, imposed by withholding with respect to the payment, will not be less than the amount provided in the Notes to be then due and payable. See "Description of the Notes Payment of Additional Amounts" below.

Redemption Upon Certain Tax Events

If (a) as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated under those laws) of the United States (or any political subdivision or taxing authority of the United States or in the United States), or any change in, or amendments to, the official position regarding the application or interpretation of these laws, regulations or rulings, which is announced or becomes effective on or after the date of this prospectus supplement, we become or will become obligated to pay additional amounts as described in this prospectus supplement under the heading "Description of the Notes Payment of Additional Amounts" below or (b) any act is taken by a taxing authority of the United States on or after the date of this prospectus supplement, whether that act is taken with respect to us or any affiliate, that results in a substantial probability that we will or may be required to pay such additional amounts, then we may, at our option, redeem, in whole but not in part, the Notes on any interest payment date on not less than 30 nor

more than 60 days' prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued on the Notes to the date fixed for redemption; provided that we determine, in our business judgment, that the obligation to pay such additional amounts cannot be avoided by the use of reasonable measures available to us, not including substitution of the obligor under the Notes. See "Description of the Notes Redemption Upon Certain Tax Events" below.

Use of Proceeds

We will use the net proceeds before expenses from the sale of the Notes of approximately \$743,782,500 million for general corporate purposes. These purposes may include additions to working capital, the repayment of short-term and long-term debt and making investments in or extending credit to our subsidiaries.

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Book-Entry Form

The Notes will be issued only in book-entry form. This means that we will not issue certificates to you. Instead, the Notes will be issued in the form of one or more fully registered global securities, which will be deposited with a custodian. The Notes will be registered in the name of Cede & Co., as the nominee for The Depository Trust Company. You will not receive a definitive note representing your interest. This form will be referred to as "book-entry only." You may elect to hold your interests in the global securities through either The Depository Trust Company ("DTC") (in the United States) or Clearstream Banking, société anonyme ("Clearstream") or Euroclear Bank S.A./N.V., as operator of the Euroclear System ("Euroclear") (in Europe). Interests will be held on behalf of the participants of Clearstream and Euroclear on the books of their respective depositories. See "Description of Debt Securities Global Securities" in the accompanying prospectus and "Description of the Notes Book-Entry, Delivery and Form Global Clearance and Settlement Procedures" below.

Events of Default

See "Description of Debt Securities Events of Default" in the accompanying prospectus.

Limitation on Liens

See "Description of Debt Securities Limitation on Liens" in the accompanying prospectus.

Listing

We will make application to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the "UK Listing Authority") for the Notes to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's market for listed securities. We cannot guarantee that our application will be approved, and settlement of the Notes is not conditional on obtaining the listing.

Governing Law

New York.

Selling Restrictions

There are selling restrictions for certain jurisdictions, including the United Kingdom. See "Underwriting" below.

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RATIO OF EARNINGS TO FIXED CHARGES

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Our ratio of earnings to fixed charges was 1.7 for the nine months ended August 31, 2002 and 1.2 for the fiscal year ended November 30, 2001. The ratio was calculated by dividing the sum of the fixed charges into the sum of the earnings before taxes and fixed charges. Fixed charges for purposes of the ratio consist of interest expense and certain other immaterial expenses.

THE BEAR STEARNS COMPANIES INC.

We are a holding company that, through our subsidiaries, principally Bear Stearns, BSSC, BSIL and BSB, is a leading investment banking, securities and derivatives trading, clearance and brokerage firm serving corporations, governments, institutional and individual investors worldwide. BSSC, a subsidiary of Bear Stearns, provides professional and correspondent clearing services, in addition to clearing and settling our proprietary and customer transactions. Our business includes:

market-making and trading in US government, government agency, corporate debt and equity, mortgage-related, asset-backed, municipal securities and high yield products;

trading in options, futures, foreign currencies, interest rate swaps and other derivative products;

securities, options and futures brokerage;

providing securities clearance services;

managing equity and fixed income assets for institutional and individual clients;

financing customer activities;

securities lending;

securities and futures arbitrage;

involvement in specialist activities on both the NYSE and the AMEX;

underwriting and distributing securities;

arranging for the private placement of securities;

assisting in mergers, acquisitions, restructurings and leveraged transactions;

making principal investments in leveraged acquisitions;

engaging in commercial real estate activities;

investment management and advisory services; and

fiduciary, custody, agency and securities research services.

Our business is conducted:

from our principal offices in New York City;

from domestic regional offices in Atlanta, Boston, Chicago, Dallas, Denver, Los Angeles, San Francisco and San Juan;

from representative offices in Herzliya, Milan and Sao Paulo;

through international offices in Dublin, Hong Kong, London, Lugano, Singapore and Tokyo; and

through joint ventures with other firms in Belgium, Greece and Spain.

We are incorporated in the State of Delaware. Our principal executive office is located at 383 Madison, New York, New York 10179, USA, and our telephone number is (212) 272-2000. Our internet address is <http://www.bearstearns.com>.

Directors of the Company

The following table sets forth certain information concerning the directors of the Company.

Name	Age (as of August 31, 2002)	Principal Occupation and Directorships Held	Year First Elected to Serve as Director of the Company
James E. Cayne	68	Chairman of the Board and Chief Executive Officer of the Company and Bear Stearns and member of the Executive Committee of the Company (the "Executive Committee")	1985
Carl D. Glickman	76	Private Investor; Trustee, Chairman of the Executive Committee, Lexington Corporate Property Trust	1985
Alan C. Greenberg	74	Chairman of the Executive Committee	1985
Donald J. Harrington, C.M.	56	President, St. John's University; Director, The Reserve Fund, Reserve Institutional Trust, Reserve Tax-Exempt Trust, Reserve New York Tax-Exempt Trust and Reserve Special Portfolios Trust	1993
William L. Mack	62	Founder and Managing Partner, The Apollo Real Estate Investment Funds; President and Senior Managing Partner, The Mack Organization; Chairman of the Board of Mack-Cali Realty Corporation and Metropolis Realty Trust, Inc.; Director, Vail Resorts, Inc. and Wyndham International, Inc.	1997
Frank T. Nickell	54	President and Chief Executive Officer of Kelso & Company; Director, Blackrock Inc., Earle M. Jorgensen Company and Peebles Inc., NYU Hospitals Center Board of Trustees and New York University School of Medicine Foundation Board	1993
Paul A. Novelly	59	Chairman and CEO of Apex Oil Company Inc.; Director, Intrawest Corporation, Boss Holdings, Inc. and Coastcast Corporation	2002
Frederic V. Salerno	59	Retired Vice Chairman of Verizon Communications; Director, Avnet, Inc., Viacom, Inc. and Zucotto Wireless, Inc.	1992
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Alan D. Schwartz	52	President and Co-Chief Operating Officer of the Company and Bear Stearns, member of the Executive Committee and Head of the Investment Banking Group of Bear Stearns; Director, Champps Entertainment Inc.	1987(1)
Warren J. Spector	44	President and Co-Chief Operating Officer of the Company and Bear	1990(1)

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		Stearns, member of the Executive Committee and Head of the Fixed Income Group of Bear Stearns	
Vincent Tese	59	Chairman and Director of Wireless Cable International Inc.; Director, Allied Waste Industries Inc., Bowne & Co. Inc., Cablevision Inc., Mack-Cali Realty Corp., National Wireless Holdings Inc. and Lynch Interactive Corp.	1994
Fred Wilpon	65	Chairman of the Board of Directors of Sterling Equities, Inc.; Director, Loews Corporation; President and Chief Executive Officer of the New York Mets	1993

(1) Did not serve as director during 1997 and 1998.

Mr. Cayne became Chairman of the Board on June 25, 2001. Mr. Cayne has been Chief Executive Officer of the Company and Bear Stearns for more than the past five years and prior to June 25, 2001, was President of the Company and Bear Stearns for more than the past five years.

Mr. Glickman has been a private investor for more than the past five years. Mr. Glickman is also currently Chairman of the Compensation Committee of the Board of Directors of the Company.

Mr. Greenberg has been Chairman of the Executive Committee for more than the past five years and prior to June 25, 2001, was Chairman of the Board of the Company for more than the past five years.

Father Harrington has been the President of St. John's University for more than the past five years.

Mr. Mack has been Managing Partner of the Apollo Real Estate Investment Funds for more than the past five years. He has been President and Senior Managing Partner of The Mack Organization (a national owner, developer and investor in office and industrial buildings and other real estate) for more than the past five years. Mr. Mack is Chairman of the Board of Mack-Cali Realty Corporation (a publicly traded real estate investment trust). He is also Chairman of the Board of Metropolis Realty Trust, Inc. (the owner of high rise office buildings).

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Mr. Nickell has been President of Kelso & Company, a privately held merchant banking firm, for more than the past five years. Mr. Nickell was appointed Chief Executive Officer of Kelso & Company in 1998.

Mr. Novelly has been the Chairman and CEO of Apex Oil Company Inc. for more than the past five years.

Mr. Salerno is the Retired Vice Chairman of Verizon Communications (formerly Bell Atlantic Corporation). Prior to April 2002, Mr. Salerno was the Vice Chairman and CFO of Verizon Communications. Prior to June 2000, Mr. Salerno was the Senior Executive Vice President and CFO/Strategy and Business Development of Bell Atlantic Corporation. Prior to the merger of NYNEX Corp. ("NYNEX") and Bell Atlantic Corporation, Mr. Salerno was the Vice Chairman of the Board of NYNEX for more than five years. Mr. Salerno served as Chairman of the Board of the State University of New York from 1990 to 1996.

Mr. Schwartz became President and Co-Chief Operating Officer of the Company and Bear Stearns and a member of the Executive Committee on June 25, 2001 and was an Executive Vice President of Bear Stearns for more than the past five years. Prior to June 30, 1999, Mr. Schwartz was an Executive Vice President of the Company and a member of the Executive Committee for more than the past five years. Mr. Schwartz is responsible for all of the investment banking activities of Bear Stearns.

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Mr. Spector became President and Co-Chief Operating Officer of the Company and Bear Stearns and a member of the Executive Committee on June 25, 2001 and was an Executive Vice President of Bear Stearns for more than the past five years. Prior to June 30, 1999, Mr. Spector was an Executive Vice President of the Company and a member of the Executive Committee for more than the past five years. Mr. Spector is responsible for all of the fixed income activities of Bear Stearns.

Mr. Tese has been Chairman of Wireless Cable International Inc. since April 1995. Mr. Tese was Chairman of Cross Country Wireless Inc. from October 1994 to July 1995 and was a corporate officer and a general partner of Cross Country Wireless Inc.'s predecessors, Cross Country Wireless Cable I, L.P. and Cross Country Wireless Cable West, L.P., from 1990 until October 1994. Mr. Tese was the Director of Economic Development for the State of New York from June 1987 to December 1994. Mr. Tese is currently Chairman of the Audit Committee of the Board of Directors of the Company.

Mr. Wilpon has been Chairman of the Board of Directors of Sterling Equities, Inc., a privately held entity, and certain affiliates thereof, which are primarily real estate development/owner management companies, for more than the past five years. Mr. Wilpon has also been President and Chief Executive Officer of the New York Mets baseball team for more than the past five years.

There is no family relationship among any of the directors or executive officers.

All directors hold office until our next Annual Meeting of Stockholders or until their successors have been duly elected and qualified. Officers serve at the discretion of the Board of Directors.

The business address for each director is 383 Madison Avenue, New York, New York 10179, USA.

USE OF PROCEEDS

We will use the net proceeds before expenses from the sale of the Notes of approximately \$743,782,500 million for general corporate purposes. These purposes may include additions to working capital, the repayment of short-term and long-term debt and making investments in or extending credit to our subsidiaries.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of August 31, 2002 and as adjusted to give effect to the offering of the Notes. It is important that you read the following information along with the consolidated financial statements and notes thereto incorporated by reference in this prospectus supplement and the accompanying prospectus. See "Where You Can Find More Information" and "General Information".

	August 31, 2002	
	Actual	As Adjusted
	(Unaudited, in thousands)	
Short-Term Borrowings(1)(3):		
Bank Borrowings	\$ 4,718,313	\$ 4,718,313
Commercial Paper	4,454,787	4,454,787
Medium-Term Notes	1,655,878	1,655,878
Total Short-Term Borrowings	\$ 10,828,978	\$ 10,828,978
Long-Term Borrowings(2)(3):		
Floating Rate Notes due 2002 to 2007	\$ 2,863,048	\$ 2,863,048
Fixed Rate Senior Notes due 2002 to 2014; interest rates ranging from 5.70% to 8.75%	8,251,744	9,001,744
Medium-Term Notes	11,936,002	11,936,002
Total Long-Term Borrowings	23,050,794	23,800,794

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	August 31, 2002	
	_____	_____
Guaranteed Preferred Beneficial Interests in Company Subordinated Debt Securities(4)	562,500	562,500
Stockholders' Equity:		
Preferred Stock, \$1.00 par value; Series A, E, F, and G, 10,000,000 shares authorized, 6,250,000 shares issued	692,832	692,832
Common Stock, \$1.00 par value; 500,000,000 shares authorized; 184,805,848 shares issued	184,806	184,806
Paid-in Capital	2,744,395	2,744,395
Retained Earnings	3,744,279	3,744,279
Employee Stock Compensation Plans	1,945,682	1,945,682
Unearned Compensation	(192,831)	(192,831)
Treasury Stock:		
Adjustable Rate Cumulative Preferred Stock; Series A: 2,520,750 shares	(103,421)	(103,421)
Common Stock: 87,153,299 shares	(3,061,311)	(3,061,311)
Total Stockholders' Equity	5,954,431	5,954,431
Total Long-Term Borrowings, Guaranteed Preferred Beneficial Interests in Company Subordinated Debt Securities and Stockholders' Equity	\$ 29,567,725	\$ 30,317,725

- (1) Between September 1, 2002 and October 29, 2002, there was a net increase in short-term borrowings of approximately \$3.8 billion.
- (2) Between September 1, 2002 and October 29, 2002, the Company issued approximately \$610.8 million in long-term borrowings and retired/matured approximately \$772.6 million of its long-term borrowings.
- (3) By virtue of the nature of the Company's business and that of its subsidiaries, the Company's borrowings, particularly its short-term borrowings, fluctuate from day to day in the ordinary course of business. Except as disclosed in Notes (1) and (2), since August 31, 2002, there has been no material change in our consolidated capitalization.
- (4) The Guaranteed Preferred Beneficial Interests in Company Subordinated Debt Securities reflects the preferred securities of Bear Stearns Capital Trust II and Bear Stearns Capital Trust III. Each of the trusts is a wholly-owned subsidiary of the Company and holds certain of our subordinated debentures as its sole asset.

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SELECTED CONSOLIDATED FINANCIAL DATA

The financial data in the following table for the nine months ended August 31, 2002 and August 31, 2001 has been derived from our unaudited consolidated financial statements for those periods. The financial data in the following table for the fiscal years ended November 30, 2001, November 30, 2000, the five months ended November 26, 1999, and the fiscal years ended June 30, 1999, 1998 and 1997 has been derived from our audited consolidated financial statements for those periods. See "Where You Can Find More Information" and "General Information".

	Nine Months Ended	
	_____	_____
	August 31, 2002	August 31, 2001

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Nine Months Ended

(Unaudited, in thousands, except
share,
per share and other data)

Operating Results:		
Revenues	\$ 5,369,945	\$ 6,887,363
Interest Expense	1,368,717	3,100,160
Revenues, net of interest expense	4,001,228	3,787,203
Non-interest expenses		
Employee compensation and benefits	1,942,827	2,005,800
Other	1,020,218	1,056,924
Total non-interest expenses	2,963,045	3,062,724
Income before provision for income taxes and cumulative effect of change in accounting principle	1,038,183	724,479
Provision for income taxes	350,387	254,460
Income before cumulative change in accounting principle	687,796	470,019
Cumulative effect of change in accounting principle, net of tax (1)		(6,273)
Net income	\$ 687,796	\$ 463,746
Net income applicable to common shares	\$ 660,380	\$ 434,411
Financial Position:		
Total assets(2)	\$ 185,223,024	\$ 169,982,979
Long-term borrowings	\$ 23,050,794	\$ 22,745,075
Guaranteed Preferred Beneficial Interests in Company Subordinated Debt Securities(3)	\$ 562,500	\$ 762,500
Stockholders' equity	\$ 5,954,431	\$ 5,148,394
Common shares and common share equivalents outstanding(4)	146,478,611	149,669,365
Per Share Data:(4)		
Basic earnings per share:		
Before change in accounting principle	\$ 5.51	\$ 3.39
Cumulative effect of change in accounting principle		(0.05)
	\$ 5.51	\$ 3.34
Diluted earnings per share:		
Before change in accounting principle	\$ 5.10	\$ 3.24
Cumulative effect of change in accounting principle		(0.04)
	\$ 5.10	\$ 3.20
Cash dividends declared per common share	\$ 0.45	\$ 0.45
Book value per common share	\$ 38.10	\$ 32.34
Other Data:		
Return on average common equity	19.3%	13.7%
Profit margin(5)	25.9%	19.1%
Employees	10,493	11,147

(1)

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At December 1, 2000, the Company recognized a cumulative after-tax loss of \$6.3 million as a result of adopting Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities."

- (2) Total assets as of August 31, 2001 have been restated in accordance with Statement of Financial Accounting Standards No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities."
- (3) As of August 31, 2002, the Guaranteed Preferred Beneficial Interests in Company Subordinated Debt Securities reflects preferred securities of Bear Stearns Capital Trust II and Bear Stearns Capital Trust III. As of August 31, 2001, the Guaranteed Preferred Beneficial Interests in Company Subordinated Debt Securities reflects preferred securities of Bear Stearns Capital Trust I, Bear Stearns Capital Trust II and Bear Stearns Capital Trust III. Each of the trusts is a wholly-owned subsidiary of the Company and holds certain of our subordinated debentures as its sole asset.
- (4) Reflects all stock dividends prior to August 31, 2002.
- (5) Represents the ratio of income before provision for income taxes to revenues, net of interest expense.

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	Fiscal Year Ended	Fiscal Year Ended	Five Months Ended	Fiscal Year Ended June 30,		
	November 30, 2001	November 30, 2000	November 26, 1999	1999	1998	1997
(In thousands, except share, per share and other data)						
Operating Results:						
Revenues	\$ 8,701,033	\$ 10,247,964	\$ 3,462,549	\$ 7,846,314	\$ 7,964,052	\$ 6,058,095
Interest expense	3,793,998	4,772,286	1,524,046	3,344,190	3,622,629	2,532,181
Revenues, net of interest expense	4,907,035	5,475,678	1,938,503	4,502,124	4,341,423	3,525,914
Non-interest expenses:						
Employee compensation and benefits	2,528,852	2,788,638	964,529	2,265,830	2,094,679	1,716,892
Other	1,443,739	1,515,517	520,382	1,172,186	1,183,252	795,332
Total non-interest expenses	3,972,591	4,304,155	1,484,911	3,438,016	3,277,931	2,512,224
Income before provision for income taxes and cumulative effect of change in accounting principle	934,444	1,171,523	453,592	1,064,108	1,063,492	1,013,690
Provision for income taxes	309,479	398,340	167,778	391,060	403,063	400,360
Income before cumulative effect of change in accounting principle	624,965	773,183	285,814	673,048	660,429	613,330
Cumulative effect of change in accounting principle, net of tax	(6,273)					
Net income	\$ 618,692	\$ 773,183	\$ 285,814	\$ 673,048	\$ 660,429	\$ 613,330
Net income applicable to common shares	\$ 579,579	\$ 734,070	\$ 269,517	\$ 633,618	\$ 629,417	\$ 589,497
Financial Position:						
Total assets	\$ 185,530,228	\$ 168,631,602	\$ 162,037,962	\$ 153,894,340	\$ 154,495,895	\$ 121,433,535
Long-term borrowings	\$ 23,429,054	\$ 20,095,888	\$ 15,911,392	\$ 14,647,092	\$ 13,295,952	\$ 8,120,328
Guaranteed Preferred Beneficial Interests in Company Subordinated Debt Securities (1)	\$ 762,500	\$ 500,000	\$ 500,000	\$ 500,000	\$ 350,000	\$ 350,000
Stockholders' equity	\$ 146,465,210	\$ 158,039,960	\$ 165,956,810	\$ 167,265,996	\$ 167,173,826	\$ 167,096,515

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	Fiscal Year Ended		Fiscal Year Ended		Five Months Ended		Fiscal Year Ended June 30,	
	November 30, 2001		November 30, 2000		November 26, 1999			
Common shares and common share equivalents outstanding (2)								
Per Share Data: (2)								
Basic earnings per share	\$	4.49	\$	5.37	\$	1.78	\$	4.26
Diluted earnings per share	\$	4.27	\$	5.35	\$	1.78	\$	4.26
Cash dividends declared per common share	\$	0.60	\$	0.55	\$	0.29	\$	0.56
Book value per common share	\$	33.84	\$	31.51	\$	26.93	\$	0.54