BEAR STEARNS COMPANIES INC
Form 424B5
April 21, 2006

QuickLinks -- Click here to rapidly navigate through this document

This preliminary pricing supplement relates to an effective registration statement under the Securities Act of 1933, but is not complete and may be changed. This preliminary pricing supplement and the accompanying prospectus supplement and prospectus are not an offer to sell these or the solicitation of an offer to buy securities in any state where such an offer or sale would not be permitted.

Subject to Completion, dated April 21, 2006
PRICING SUPPLEMENT
(To Prospectus dated February 2, 2005 and
Prospectus Supplement dated February 2, 2005)

The Bear Stearns Companies Inc.

$[ ] Principal Protected 1.50% Coupon Notes

Linked to the Dow Jones AIG Commodity Index^SM, Due April [ ], 2011

The Notes are linked to the performance of the Dow Jones AIG Commodity Index^SM (the "Index") and are principal protected if held to maturity. When we refer to Notes in this pricing supplement, we mean Notes with a principal amount of $1,000. On the Maturity Date you will receive the Cash Settlement Value, an amount in cash that depends upon the relation of the Final Index Level to the Initial Index Level.

The Notes pay a fixed annual rate of interest of 1.50%, paid semi-annually on the [ ] day of October and the [ ] day of April of each year until maturity. Regardless of the relation of the Final Index Level to the Initial Index Level, you will receive ten interest payments over the term of the Notes, with the last interest payment on the Maturity Date.

If the Final Index Level is greater than the Initial Index Level, then, on the Maturity Date, you will receive the Cash Settlement Value, an amount per Note in cash equal to:

$$\$1{,}000 + \quad \$1{,}000 \times \quad \frac{\text{Final Index Level} \quad \text{Initial Index Level}}{\text{Initial Index Level}}$$

If the Final Index Level is less than or equal to the Initial Index Level, you will receive $1,000 per Note on the Maturity Date.

Because the Notes are principal protected if held to maturity, in no event will the Cash Settlement Value be less than $1,000 per Note.

The CUSIP number for the Notes is [ ].

INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. THERE MAY NOT BE A SECONDARY MARKET IN THE NOTES, AND IF THERE WERE TO BE A SECONDARY MARKET, IT MAY NOT BE LIQUID. YOU SHOULD REFER TO "RISK FACTORS" BEGINNING ON PAGE PS-10.

"Dow Jones," "AIG®," "Dow Jones AIG Commodity Index^SM," "Dow Jones AIG Commodity Index Total Return^SM," "DJ AIGCI^SM" and "DJ AIGCITR^SM" are trademarks or service marks of Dow Jones & Company, Inc. and American International Group, Inc. ("AIG") and have been licensed by the Sponsors for use for certain purposes by The Bear Stearns Companies Inc. The Notes are not sponsored, endorsed, sold or promoted by Dow Jones, AIG, AIG International, Inc. ("AIGI") or AIG Financial Products Corp. ("AIGI-FP"), and they make no representation 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	[ ]%	$ [ ]
Agent's commission	[ ]%	$ [ ]
Proceeds, before expenses, to us	[ ]%	$ [ ]

The Company has agreed to pay Bear, Stearns & Co. Inc. ("Bear Stearns") a commission of [ ]% for each Note sold by it.

We may grant Bear Stearns a 30-day option from the date of this pricing supplement to purchase from us up to an additional $[ ] of Notes at the public offering price to cover any over-allotments.

We expect that the Notes will be ready for delivery in book-entry form only through the book-entry facilities of The Depository Trust Company in New York, New York, on or about April [ ], 2006, against payment in immediately available funds. The distribution of the Notes will conform to the requirements set forth in Rule 2720 of the National Association of Securities Dealers, Inc. Conduct Rules.

Bear, Stearns & Co. Inc.

April [ ], 2006

SUMMARY

This summary highlights selected information from the accompanying prospectus and prospectus supplement and this pricing supplement to help you understand the Notes linked to the Index. 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.

The Bear Stearns Companies Inc. Medium-Term Notes, Series B, Principal Protected 1.50% Coupon Notes, due April [ ], 2011 (the "Notes"), are Notes whose return is tied or "linked" to the performance of the Dow Jones AIG Commodity Index℠. When we refer to Note or Notes in this pricing supplement, we mean $1,000 principal amount of Notes. The Notes are principal protected if held to maturity. On the Maturity Date you will receive the Cash Settlement Value, an amount in cash that depends upon the relation of the Final Index Level to the Initial Index Level. If the Final Index Level is greater than the Initial Index Level, then, on the Maturity Date, we will pay you the principal amount of the Notes, plus $1,000 multiplied by the percentage increase in the Index Level. If the Final Index Level is less than or equal to the Initial Index Level, you will receive $1,000 per Note on the Maturity Date. Regardless of the relation of the Final Index Level to the Initial Index Level, you will receive ten interest payments over the term of the Notes, with the last interest payment on the Maturity Date.

Selected Investment Considerations

- Principal protection The Notes are principal protected if held to maturity.
- Current income The Notes have a fixed annual rate of interest of 1.50%, paid on a semi-annual basis.
- Growth potential In addition to the interest payments, the Notes offer the possibility to participate in the potential appreciation in the Index. The additional return, if any, on the Notes is based upon whether the Final Index Level is greater than the Initial Index Level and will vary in proportion to the increase, if any, in the Index.
- Medium-term investment The Notes may be an attractive investment for investors who have a bullish view of the Index in the medium term.
- Diversification Because the Index is currently based on the commodity prices of 19 commodities, the Notes may allow you to diversify an existing portfolio.
- Low minimum investment Notes can be purchased in increments of $1,000.

Selected Risk Considerations

Not exchange-listected 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.

Liquidity If a trading market were to develop in the Notes, it may not be liquid. Our subsidiary, Bear Stearns has advised us that they intend under ordinary market conditions to indicate prices for the Notes on request. However, we cannot guarantee that bids for outstanding Notes will be made; 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.

Possible loss of value in the secondary market Your principal investment in the Notes is protected only if you hold your Notes to maturity. If you sell your Notes prior to maturity, you may receive less than the amount you originally invested.

Yield 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.

Return related to commodity market price movement If the Final Index Level is less than the Initial Index Level, your return will be limited to the principal amount of your Notes plus interest.

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 without regard to the actual interest payments received. 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.

KEY TERMS

Issuer: The Bear Stearns Companies Inc.

Index: The Dow Jones AIG Commodity Index℠ is published by Dow Jones & Company, Inc. ("Dow Jones") and is calculated by Dow Jones in conjunction with AIGI and AIG-FP. Dow Jones, AIGI and AIG-FP are collectively the "Sponsors."

Face amount: Each Note will be issued in minimum denominations of $1,000 and $1,000 multiples thereafter; provided, however, that the minimum purchase for any purchaser domiciled in a Member state of the European Union shall be $100,000. The aggregate principal amount of the Notes being offered is $[ ]. When we refer to Note or Notes in this pricing supplement, we mean Notes with a principal amount of $1,000.

Cash Settlement Value: If the Final Index Level is greater than the Initial Index Level, then, on the Maturity Date, you will receive the Cash Settlement Value, an amount in cash per Note equal to:

$$\$1{,}000 + \$1{,}000 \times \frac{\text{Final Index Level} \quad \text{Initial Index Level}}{\text{Initial Index Level}}.$$

If the Final Index Level is less than or equal to the Initial Index Level, you will receive $1,000 per Note on the Maturity Date.

Interest: The Notes will bear interest at a fixed annual rate of interest of 1.50%, paid semi-annually on the [ ] day of October and the [ ] day of April of each year until maturity, each of which we will refer to as an "Interest Payment Date." Regardless of the relation of the Final Index Level to the Initial Index Level, you will receive ten interest payments over the term of the Notes, with the last interest payment on the Maturity Date.

Index Closing Level: The closing value of the Index, as determined by the Sponsors, on each Index Business Day.

Initial Index Level: Equals [ ], the closing value of the Index, as determined by the Sponsors, on April [ ], 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 April [ ], 2011, the "Calculation Date." If that day is not an Index Business Day, the next Index Business Day will be the Calculation Date.

Maturity Date: The Notes will mature on April [ ], 2011.

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

Index Business Day: Will be a Business Day, as determined by the Calculation Agent, on which the sum of the commodity index percentages (as defined in the section "Description of the Index Annual Reweightings and Rebalancings of the Index") for the Index commodities that are open for trading is greater than 50%. For example, based on the weighting of the Index commodities for 2004 and 2005, if the Chicago Board of Trade ("CBOT") and the New York Mercantile Exchange ("NYMEX") are closed for trading on the same day, an Index Business Day will not exist. The Calculation Agent may, in its sole discretion, add to or delete from the definition of "Index Business Day" any major exchange or market which commences or ceases to serve as a primary exchange or market upon which a commodity underlying the Index trades, or as an exchange upon which a futures contract, an option contract, or an option on a futures contract relating to the Index trades. All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent, and will be conclusive for all purposes and binding on us and the beneficial owners of the Notes, absent manifest error and provided the Calculation Agent shall be required to act in good faith in making any determination.

"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.

Offers and sales of the Notes are subject to restrictions in certain jurisdictions. The distribution of this pricing supplement and the accompanying prospectus supplement and prospectus and the offer or sale of the Notes in certain other jurisdictions may be restricted by law. Persons who come into possession of this pricing supplement, and the accompanying prospectus supplement and prospectus or any Notes must inform themselves about and observe any applicable restrictions on the distribution of this pricing supplement, the accompanying prospectus supplement and prospectus and the offer and sale of the Notes. Notwithstanding the minimum denomination of $1,000, the minimum purchase for any purchaser domiciled in a member state of the European Union shall be $100,000.

QUESTIONS AND ANSWERS

What are the Notes?

The Notes are a series of our senior debt securities, the value of which is linked to the performance of the Index. The Notes will bear interest at a fixed annual rate of 1.50%, paid semi-annually on the [ ] day of October and the [ ] day of April of each year until maturity. See the section "Risk Factors."

The Notes will mature on April [ ], 2011. The Notes do not provide for earlier redemption. When we refer to Notes in this pricing supplement, we mean Notes with a principal amount of $1,000. You should refer to the section "Description of Notes."

Are the Notes equity or debt securities?

The Notes are our unsecured debt securities. Although the Notes pay a fixed semi-annual coupon of 1.50%, the Notes differ from traditional debt securities in that the Notes offer the potential to participate in the positive price performance of the Index, if any.

What will I receive at maturity of the Notes?

We have designed the Notes for investors who want to protect their entire investment by receiving at least 100% of the principal amount of their Notes on the Maturity Date plus a fixed annual rate of interest of 1.50%, paid semi-annually each year until maturity, while also having an opportunity to participate in the potential appreciation of the Index, expressed as a percentage of the principal amount of the Notes.

If the Final Index Level is greater than the Initial Index Level, then, on the Maturity Date, you will receive the Cash Settlement Value, an amount in cash per Note equal to:

$$\$1{,}000 + \quad \$1{,}000 \text{ x } \quad \frac{\text{Final Index Level} \quad \text{Initial Index Level}}{\text{Initial Index Level}} \quad .$$

If the Final Index Level is less than or equal to the Initial Index Level, you will receive $1,000 per Note on the Maturity Date.

Regardless of the relation of the Final Index Level to the Initial Index Level, you will receive ten interest payments over the term of the Notes, with the last interest payment on the Maturity Date.

The "Index Closing Level" equals the closing value of the Index, as determined by the Sponsors, on each Index Business Day.

The "Initial Index Level" equals [ ], the closing value of the Index, as determined by the Sponsors, on April [ ], 2006.

The "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 April [ ], 2011, the "Calculation Date." If that day is not an Index Business Day, the next Index Business Day will be the Calculation Date.

The "Maturity Date" of the Notes is April [ ], 2011.

An "Index Business Day" will be a Business Day, as determined by the Calculation Agent, on which the sum of the commodity index percentages (as defined in the section "Description of the Index Annual Reweightings and Rebalancings of the Index") for the Index commodities that are open for trading is greater than 50%. For example, based on the weighting of the Index commodities for 2004 and 2005, if the Chicago Board of Trade ("CBOT") and the New York Mercantile Exchange ("NYMEX") are closed for trading on the same day, an Index Business Day will not exist. The Calculation Agent may, in its sole discretion, add to or delete from the definition of "Index Business Day" any major exchange or market which commences or ceases to serve as a primary exchange or market upon which a commodity underlying the Index trades, or as an exchange upon which a futures contract, an option contract, or an option on a futures contract relating to the Index trades. All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent, and will be conclusive for all purposes and binding on us and the beneficial owners of the Notes, absent manifest error and provided the Calculation Agent shall be required to act in good faith in making any determination. "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. 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 principal, interest or premium on principal to Holders would entitle the Holders, or the Trustee acting on behalf of the Holders, to exercise rights and remedies available under the Indenture. If the Calculation Agent uses its discretion to make a determination, the Calculation Agent will notify the Company and the Trustee, who will provide notice to the registered holders of the Notes.

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

What does "principal protected" mean?

"Principal protected" means that your principal investment in the Notes will not be at risk due to a decline in the Index if the Notes are held to maturity. You may receive less than the principal amount of Notes if you sell the Notes prior to maturity. Because the Notes are principal protected, in no event will the Cash Settlement Value be less than $1,000.

Will I receive interest on the Notes?

You will receive a fixed annual rate of interest of 1.50%, paid semi-annually on the [ ] day of October and the [ ] day of April of each year until maturity.

What is the Index?

The Index was created by AIGI in July 1998 to provide a diversified and liquid benchmark for commodities as an asset class. The Index is currently based on the prices of 19 exchange-traded futures contracts on physical commodities. An exchange-traded futures contract is a bilateral agreement providing for the purchase and sale of a specified type and quantity of a commodity or financial instrument during a stated delivery month for a fixed price. For a general description of the commodity future markets, please see the section entitled "Description of the Index The Commodity Futures Markets." The Index is reweighted and rebalanced each year in January on a price-percent basis. The 19 Index commodities selected for 2006 are as follows: aluminum, coffee, copper, corn, cotton, crude oil, gold, heating oil, hogs, live cattle, natural gas, nickel, silver, soybeans, soybean oil, sugar, unleaded gasoline, wheat and zinc. For subsequent years, the Index may also include cocoa, lead, platinum and tin, or the Sponsors may remove commodities from the Index which were included in previous years (for example, cocoa was removed from the Index in 2005). Futures contracts on the Index are currently listed for trading on the CBOT. See the section "Description of the Index."

An investment in the Notes does not entitle you to any ownership interest in the commodities included in the Index.

How has the Index performed historically?

We have provided a table showing the monthly performance of the Index from January 2001 through March 2006. You can find these tables in the section "Description of the Index Historical Data on the Index". We have provided this historical information to help you evaluate the behavior of the Index in various economic environments; however, past performance is not indicative of how the Index will perform in the future. You should refer to the section "Risk Factors The historical performance of the Index is not an indication of the future performance of the Index."

Will the Notes be listed on a securities exchange?

The Notes will not be listed on any securities exchange, and we do not expect a trading market to develop, which may affect the price that you receive for your Notes upon any sale prior to maturity. Bear Stearns has advised us that they intend under ordinary market conditions to indicate prices for the Notes on request. However, we cannot guarantee that bids for outstanding Notes will be made; 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. You should refer to the section "Risk Factors."

What is the role of Bear Stearns?

Bear Stearns will be our agent for the offering and sale of the Notes. After the initial offering, Bear Stearns intends, under ordinary market conditions, to buy and sell the Notes to create a secondary market for holders of the Notes, and may stabilize or maintain the market price of the Notes during the initial distribution of the Notes. However, Bear Stearns will not be obligated to engage in any of these market activities or to continue them if they are begun.

Bear Stearns also will be our Calculation Agent for purposes of calculating the Cash Settlement Value. Under certain circumstances, these duties could result in a conflict of interest between Bear Stearns' status as our subsidiary and its responsibilities as Calculation Agent. 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 SEC, 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 an underlying commodity index, they may be appropriate for investors with specific investment horizons who seek to participate in the potential price appreciation of the underlying commodities comprising the Index. In particular, the Notes may be an attractive investment for investors who:

- do not want to place their principal at risk and are willing to hold the Notes until maturity;
- have a bullish view of commodity prices in the medium term and wish to participate in the potential appreciation of the Index;
- are interested in an investment with a low correlation to traditional asset classes and investments (such as stocks and bonds); and
- wish to earn the fixed annual coupon of 1.50%.

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

- seek an investment with an active secondary market;
- are unable or unwilling to hold the Notes until maturity;
- do not have a bullish view of the Index in the medium term; or
- seek an investment with a larger fixed return.

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

We intend to treat the Notes are 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, and this amount of OID will exceed the annual interest payments on the Notes. The amount of OID includible in each year is based on the "comparable yield." In addition, we will compute a "projected payment schedule" 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 the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974 ("ERISA") or a plan that is subject to Section 4975 of the Internal Revenue Code, including individual retirement accounts, individual retirement annuities or Keogh plans, or any entity the assets of which are deemed to be "plan assets" under ERISA regulations, will be permitted to purchase, hold and dispose of the Notes only on the condition that such plan or entity makes the deemed representation that its purchase, holding and disposition of the Notes will not constitute a prohibited transaction under ERISA or Section 4975 of the Internal Revenue Code for which an exemption is not available. Government plans subject to any substantially similar law will also be subject to this condition.

Are there any risks associated with my investment?

Yes. The Notes are subject to a number of risks. You should refer to "Risk Factors" in this pricing supplement and "Risk Factors" in the accompanying prospectus supplement.

RISK FACTORS

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. Prospective purchasers of the Notes should understand the risks of investing in the Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of the Notes in light of their particular financial circumstances, the following risk factors and the other information set forth in this pricing supplement and the accompanying prospectus supplement and prospectus. These risks include the possibility that the Index will fluctuate. We have no control over a number of matters, 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.

Your yield may be lower than the yield on a conventional debt security of comparable maturity.

The annual interest rate on the Notes will only be 1.50%. As a result, the fixed interest amount we will pay on the Notes may be less than what you would have earned by investing in a non-indexed debt security of comparable maturity that bears interest at a prevailing market rate. In addition, any return may not fully compensate you for any opportunity cost to you when you take into account inflation and other factors relating to the time value of money. For more specific information about the Cash Settlement Value and for illustrative examples, you should refer to the section "Description of the Notes."

Commodity prices may change unpredictably and affect the Index level and the value of your Notes in unforeseeable ways.

Because trading in futures contracts associated with the Index commodities is speculative and commodity prices are highly volatile, the value of your Notes may be affected by numerous factors in addition to economic activity. These include: changes in supply and demand relationships; supply disruptions in major producing or consuming regions; weather; agriculture; trade; labor activity; fiscal, monetary, and exchange control programs; domestic and foreign political and economic events and policies; disease; pestilence; technological developments and changes in interest rates. Such events tend to affect prices worldwide, regardless of the location of the event. Market expectations about these events and speculative activity also cause prices to fluctuate. These factors may affect the level of the Index and the value of your Notes in varying ways, and different factors may cause the value of different commodities included in the Index, and the volatilities of their prices, to move in inconsistent directions or at inconsistent rates.

Suspensions or disruptions of market trading in the commodity markets and related futures contracts may adversely affect the amount you will receive at maturity and/or the trading value of the Notes.

The commodity 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. In addition, U.S. futures exchanges and some international futures exchanges have regulations that limit the amount of fluctuation in futures contract prices that may occur during a single trading day. These limits are generally referred to as "daily price fluctuation limits," and the maximum or minimum price of a contract on any given day as a result of these limits is referred to as a "limit price." Once the limit price has been reached in a particular contract, no trades may be made at a different price. Limit prices may have the effect of precluding trading in a particular contract or forcing the liquidation of contracts at disadvantageous times or prices.

Risks associated with the Index may adversely affect the market price of the Notes.

Subject to the minimum/maximum diversification limits, the exchange-traded physical commodities underlying the futures contracts included in the Index from time to time are concentrated in a limited number of sectors, particularly energy, metals and agriculture; and the Index reflects the price movements in only 19-20 futures contracts. An investment in the Notes may therefore carry risks different from those arising in connection with an investment linked to a more diverse Index, including the possibility of greater volatility. See "Description of the Index Annual Reweighting and Rebalancings of the Index Diversification Rules." Additionally, the annual composition of the Index will be calculated in reliance upon historic price, liquidity and production data that are subject to potential errors in data sources or errors that may affect the weighting of components of the Index. Any discrepancies that require revision are not applied retroactively, but will be reflected in the weighting calculations of the Index for the following year. However, the Sponsors may not discover every discrepancy. Furthermore, the annual weightings for the Index are determined each year in June or July and announced in July or August by AIGI under the supervision of an Oversight Committee (see "Description of the Index The Dow Jones AIG Commodity Index Oversight Committee"), which has a significant degree of discretion in exercising its supervisory duties with respect to the Index and has no obligation to take the needs of any parties to transactions involving the Index into consideration when reweighting or making any other changes to the Index.

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

The historical performance of the Index, which is included in this pricing supplement, should not be taken as an indication of the future performance of the Index. While the trading prices of the underlying commodities of the Index will determine the value of the Index, it is impossible to predict whether the value of the Index will fall or rise. Trading prices of the underlying commodities of the Index will be influenced by the complex and interrelated economic, financial, regulatory, geographic, judicial, political, and other factors that can affect the commodity markets generally and by various circumstances that can influence the value of a particular underlying commodity.

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, and this amount of OID will exceed the annual interest payments on the Notes. The amount of OID includible in each year is based on the "comparable yield." In addition, we have computed a "projected payment schedule" 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.

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 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 value and volatility of the Index, whether the Index Closing Level is greater than or equal to the Initial Index 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 Index Closing Level is less than, equal to or not sufficiently above the Initial Index Level. The following paragraphs describe the manner in which we expect that 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.

Index performance. We expect that the value of the Notes prior to maturity will depend substantially on whether the Index Closing Level is greater than the Initial Index Level. If you decide to sell your Notes when the Index Closing Level exceeds the Initial Index Level, you may nonetheless receive substantially less than the amount that would be payable at maturity based on that Index Level because of expectations that the Index Level will continue to fluctuate until the Final Index Level is determined. Economic, financial, regulatory, geographic, judicial, political and other developments that affect the commodities underlying the Index may also affect the Index Level and, thus, the value of the Notes.

Volatility of the Index. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Index increases or decreases, the trading value of the Notes may be adversely affected. This volatility may increase the risk that the Index Level will decline, which could negatively affect the trading value of Notes. The effect of the volatility of the Index on the trading value of the Notes may not necessarily decrease over time during the term of the Notes.

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 the Notes may decrease, and if U.S. interest rates decrease, the value of the Notes may increase. Interest rates may also affect the economy and, in turn, the value of the Index, which (for the reasons discussed above) would affect 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 Index, 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 value of the Index 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 may be less sensitive to the volatility of the Index.

Size and liquidity of the trading market. The Notes will not be listed on any securities exchange and we do not expect a trading market to develop. Therefore, there may not be a secondary market in the Notes, which may affect the price that you receive for your Notes upon any sale prior to maturity. If a trading market does develop, there can be no assurance that it will be liquid. If the trading 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. Bear Stearns has advised us that they intend under ordinary market conditions to indicate prices for the Notes on request. However, we cannot guarantee that bids for outstanding Notes will be made in the future, nor can we predict the price at which any such bids will be made.

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 Bear Stearns 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 Bear Stearns as a result of 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 value of the Index.

Higher future prices of the Index commodities relative to their current prices may decrease the amount payable at maturity.

The Index is composed of futures contracts on physical commodities. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for delivery of the underlying physical commodity. As the exchange-traded futures contracts that comprise the Index approach expiration, they are replaced by contracts that have a later expiration. Thus, for example, a contract purchased and held in August may specify an October expiration. As time passes, the contract expiring in October is replaced by a contract for delivery in November. This process is referred to as "rolling." If the market prices for these contracts is lower in the distant delivery months than in the nearer delivery months, the sale of the October contract would take place at a price that is higher than the price of the November contract, thereby creating a "roll yield." Backwardation occurs when the prices of futures contracts are lower in the distant delivery months than in the nearer delivery months. While many of the contracts included in the Index have historically exhibited consistent periods of backwardation, backwardation will most likely not exist at all times. Moreover, certain of the commodities included in the Index, such as gold, have historically traded in contango markets. Contango markets are those in which the prices of contracts are higher in the distant delivery months than in the nearer delivery months.

You do not have any rights to receive the commodities underlying the Index.

Investing in the Notes will not make you a holder of any of the commodities underlying the Index. You will have no right to receive delivery of any commodity underlying the Index.

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

In the ordinary course of our business, we may from time to time express views on expected movements in the Index and in the commodities underlying the Index. These views may vary over differing time horizons and are subject to change without notice. Moreover, other professionals who deal in the commodities markets may at any time have views that differ significantly from ours. In connection with your purchase of the Notes, you should investigate the Index and the commodities that underlie the Index and not rely on our views with respect to future movements in these commodities. You should make such investigation as you deem appropriate as to the merits of an investment linked to the Index.

State law may limit interest paid.

New York State law governs the Indenture under which the Notes will be issued. New York has certain usury laws that limit the amount of interest that can be charged and paid on loans, including debt securities such as the Notes. Under present New York law, the maximum rate of interest is 25% per annum, on a simple interest basis. This limit may not apply to debt securities in which $2,500,000 or more has been invested.

While we believe that New York law would be given effect by a state or federal court sitting outside of New York, many other states also have laws that regulate the amount of interest that may be charged to and paid by a borrower. We will promise, for your benefit as a holder of the Notes, to the extent permitted by law, not to voluntarily claim the benefits of any laws concerning usurious rates of interest.

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

Bear Stearns will act as the Calculation Agent. The Calculation Agent will make certain determinations and judgments in connection with calculating the Final Index Level, or deciding whether a Market Disruption Event has occurred. You should refer to "Description of the Notes Discontinuance of the Index," " Adjustments to the Index" and " Market Disruption Events." Because Bear Stearns is our affiliate, and because Bear Stearns and our other affiliates may at times engage in transactions involving the futures contracts or commodities underlying the Index for their proprietary accounts and for other accounts under their management, conflicts of interest may arise in connection with Bear Stearns performing its role 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 principal, interest or premium on principal to Holders would entitle the Holders, or the Trustee acting on behalf of the Holders, to exercise rights and remedies available under the Indenture. If the Calculation Agent uses its discretion to make a determination, the Calculation Agent will notify the Company and the Trustee, who will provide notice to the registered holders of the Notes.

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

The Sponsors are responsible for calculating and maintaining the Index. The policies of the Sponsors concerning the calculation of the Index will affect the value of the Index and, therefore, will affect the trading value of the Notes and the Cash Settlement Value.

If the Sponsors discontinue or suspend calculation or publication of the Index, it may become difficult to determine the trading value of the Notes or the Cash Settlement Value. If this occurs, the Calculation Agent will determine the value of the Notes in its sole discretion. As a result, the Calculation Agent's determination of the value of the Notes will affect the amount you will receive at maturity. In addition, if the Sponsors discontinue or suspend calculation of the Index at any time prior to the Maturity Date and a Successor Index is not available or is not acceptable to the Calculation Agent in its sole discretion, then the Calculation Agent will determine the amount payable on the Maturity Date by reference to a group of futures contracts and a computation methodology that the Calculation Agent determines in its sole discretion will as closely as reasonably possible replicate the Index. The value of the Index is only one of the factors that will affect this determination and the value of the Notes prior to maturity. See "Description of the Notes Discontinuance of the Index" and "Description of the Index."

Trading and other transactions by the Sponsors in the futures contracts comprising the Index and the underlying commodities may affect the value of the Index.

AIG-FP, AIGI and its affiliates actively trade futures contracts and options on futures contracts on the Index commodities. AIG-FP, AIGI and its affiliates also actively enter into or trade and market securities, swaps, options, derivatives, and related instruments which are linked to the performance of Index commodities or are linked to the performance of the Index. Certain of AIG-FP's and AIGI's affiliates may underwrite or issue other securities or financial instruments indexed to the Index and related Indices, and the Sponsors and certain of their affiliates may license the Index for publication or for use by unaffiliated third parties. These activities could present conflicts of interest and could affect the value of the Index. For instance, a market maker in a financial instrument linked to the performance of the Index may expect to hedge some or all of its position in that financial instrument. Purchase (or selling) activity in the underlying Index components in order to hedge the market maker's position in the financial instrument may affect the market price of the futures contracts included in the Index, which in turn may affect the value of the Index. With respect to any of the activities described above, none of the Sponsors or their respective affiliates has any obligation to take the needs of any buyers, sellers or holders of the Notes into consideration at any time.

We and our affiliates have no affiliation with the Sponsors and are not responsible for its public disclosure of information.

We and our affiliates are not affiliated in any way with the Sponsors (except for the licensing arrangements discussed in the section "Description of the Index License Agreement") and have no ability to control or predict the Sponsors' actions, including any errors in or discontinuation of disclosure regarding its methods or policies relating to the calculation of the Index. Neither we nor any or our affiliates assumes any responsibility for the adequacy or accuracy of the information about the Index or the Sponsors contained in this pricing supplement. You, as an investor in the Notes, should make your own investigation into the Index and the Sponsors. The Sponsors 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 commodities underlying the Index, the level of the Index, the market value of the Notes or the amount you may receive at maturity.

We and our affiliates may from time to time buy or sell, in the spot, futures, options, or other markets, the commodities underlying the Index or derivative instruments related to those commodities for our own accounts in connection with our normal business practices or in connection with hedging our obligations under the Notes. 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 commodities or the level of the Index in a manner that would be adverse to your investment in the Notes. See "Use of Proceeds and Hedging."

Hedging activities we or our affiliates may engage in may affect the level of the Index 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 long hedge position in any of the commodities that comprise the Index, or derivative or synthetic instruments related to those commodities or the Index, 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 commodities that underlie the Index. Depending on, among other things, future market conditions, the aggregate amount and the composition of the positions are likely to vary over time. Although we have no reason to believe that any of those activities will have a material impact on the level of the Index, 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.

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 Index. By introducing competing products into the marketplace in this manner, we or our affiliates could adversely affect the value of the Notes.

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 on the Index or the companies that transact in or produce the commodities that are included in the Index. 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 price of futures contracts included in the Index and, therefore, the value of the Notes. Similarly, we may in the past or may in the future issue Notes that permit a purchaser to take a different view with respect to the movement of the Index than do the Notes (e.g., to take a bearish rather than a bullish view).

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 Index. 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 that transact in or produce the commodities that are included in the Index, including making loans to, equity investments in, or providing investment banking, asset management or other advisory services to those companies and their competitors. 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 Calculation Date, a Market Disruption Event has occurred or is continuing, the determination of the value of the Index 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 in its sole and absolute discretion. You should refer to the section "Description of the Notes Event of Default and Acceleration."

Lack of regulation by the CFTC.

The Notes are debt securities that are our direct obligations. The net proceeds to be received by us from the sale of the Notes will not be used to purchase or sell the futures contracts that comprise the Index for the benefit of holders of the Notes. An investment in the Notes does not constitute either an investment in these futures contracts or in a collective investment vehicle that trades in the these futures contracts (i.e., the Notes do not constitute a direct or indirect investment by you in the trading of the underlying futures contracts that constitute the Index). Unlike an investment in the Notes, an investment in a collective investment vehicle that invests in futures contracts on behalf of its participants may be regulated as a commodity pool and its operator may be required to be registered with and regulated by the Commodity Futures Trading Commission (the "CFTC") as a "commodity pool operator" (a "CPO"). Because the Notes are not interests in a commodity pool, the Notes will not be regulated by the CFTC as a commodity pool, we will not be registered with the CFTC as a CPO and you will not benefit from the CFTC's or any non-United States regulatory authority's regulatory protections afforded to persons who trade in futures contracts or who invest in regulated commodity pools. The Notes do not constitute investments by you in futures contracts traded on regulated futures exchanges, which may only be transacted through a person registered with the CFTC as a "futures commission merchant" ("FCM"). We are not registered with the CFTC as an FCM and you will not benefit from the CFTC's or any other non-United States regulatory authority's regulatory protections afforded to persons who trade in futures contracts on a regulated futures exchange through a registered FCM.

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.

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 JPMorgan Chase Bank, N.A. (formerly, The Chase Manhattan Bank), 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 effectively subordinated to the claims of creditors of our subsidiaries.

The aggregate principal amount of the Notes will be $[ ]. The Notes will mature on April [ ], 2011 and do not provide for earlier redemption. The Notes will be issued only in fully registered form, and in minimum denominations of $1,000; provided, however, that the minimum purchase for any purchaser domiciled in a member state of the European Union 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.

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.

Interest

The Notes bear interest from April [ ], 2006, the original issuance date of the Notes, or from the most recent Interest Payment Date on which we have paid or provided for interest on the Notes to the Maturity Date at an annual interest rate of 1.50% paid semi-annually in arrears. We will pay interest in cash semi-annually on the [ ] day of October and the [ ] day of April of each year until maturity, each of which we will refer to as an "Interest Payment Date," to the person in whose name such Note was registered at the close of business on the fifteenth calendar day, whether or not a Business Day, prior to the applicable interest payment date. Each interest payment on an Interest Payment Date will include interest accrued from, and including, the issue date or preceding interest payment date, as the case may be, to, but excluding, that interest payment date. The first interest payment date will be October [ ], 2006. Interest on the Notes will be paid on the basis of a 360-day year comprised of twelve 30-day months.

In the event that an Interest Payment Date is not a Business Day, we will pay interest on the next day that is a Business Day, with the same force and effect as if made on the Interest Payment Date, and without any additional interest or other payment with respect to the delay. "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.

Payment at Maturity

On the Maturity Date you will receive the Cash Settlement Value, an amount in cash that depends upon the relation of the Final Index Level to the Initial Index Level. If, at maturity, the Final Index Level is greater than the Initial Index Level, then, on the Maturity Date, we will pay you an amount per Note in cash equal to:

$$\$1{,}000 + \$1{,}000 \times \frac{\text{Final Index Level} - \text{Initial Index Level}}{\text{Initial Index Level}}$$

If the Final Index Level is less than or equal to the Initial Index Level, you will receive $1,000 per Note on the Maturity Date.

Regardless of the relation of the Final Index Level to the Initial Index Level, you will receive ten interest payments over the term of the Notes, with the last interest payment on the Maturity Date.

The "Index Closing Level" equals the closing value of the Index, as determined by the Sponsors, on each Index Business Day.

The "Initial Index Level" equals [ ], the closing value of the Index, as determined by the Sponsors, on April [ ], 2006.

The "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 April [ ], 2011, the "Calculation Date." If that day is not an Index Business Day, the next Index Business Day will be the Calculation Date.

The "Maturity Date" of the Notes is April [ ], 2011.

An "Index Business Day" will be a Business Day, as determined by the Calculation Agent, on which the sum of the commodity index percentages (as defined in the section "Description of the Index Annual Reweightings and Rebalancings of the Index") for the Index commodities that are open for trading is greater than 50%. For example, based on the weighting of the Index commodities for 2004 and 2005, if the Chicago Board of Trade ("CBOT") and the New York Mercantile Exchange ("NYMEX") are closed for trading on the same day, an Index Business Day will not exist. The Calculation Agent may, in its sole discretion, add to or delete from the definition of "Index Business Day" any major exchange or market which commences or ceases to serve as a primary exchange or market upon which a commodity underlying the Index trades, or as an exchange upon which a futures contract, an option contract, or an option on a futures contract relating to the Index trades. All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent, and will be conclusive for all purposes and binding on us and the beneficial owners of the Notes, absent manifest error and provided the Calculation Agent shall be required to act in good faith in making any determination. "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.

Commodities Market Performance Historically Has a Low Correlation to the Debt or Equity Markets

An investment in the Notes may diversify a portfolio of traditional asset classes and investments (such as stocks and bonds). A diverse portfolio consisting of assets that perform in an unrelated manner, or low correlated assets, may increase overall return and reduce the volatility or price fluctuation of a portfolio. For example, the trading value of the Notes may fall while general stock indices rise or fall. Generally a portfolio of traditional asset classes and investments (such as stocks and bonds) which have positive returns and low correlation with each other can improve the risk/reward characteristics of the combined holdings. Historically, the Index has exhibited low correlation to traditional investments, and thus, the Notes may improve a particular portfolio's return-to-risk profile. We anticipate that over time the performance of the Notes will not be similar to the performance of the general financial markets for equity and debt, and will move up and down independently. However, low correlation assets will not provide any diversification advantages unless the low correlated assets are outperforming other portfolio assets, and there is no guarantee that the Notes or the commodities markets in general will outperform traditional asset classes or other sectors of an investor's portfolio.

Illustrative Examples

The following tables were constructed using historical data on the Index. The historical data is for illustrative purposes and is not indicative of the future performance of the Index or the future value of the Notes. Any historical upward or downward trend in the value of the Index during any period set forth below is not an indication that the Index is more or less likely to increase or decrease at any time during the term of the Notes.

The examples do not purport to be representative of every possible scenario concerning increases or decreases in the Index. You should not construe these examples or the data included in the tables as an indication or assurance of the expected performance of the Notes.

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 interest rate is 1.50% per annum, paid semi-annually.
- The Initial Index Level is equal to 170.00.
- All returns are based on a 5-year term; pre-tax basis.
- No Market Disruption Events or Events of Default occur during the term of the Notes.

Example 1: The Final Index Level is greater than the Initial Index Level.

In this example, the Index generally rises over the term of the Notes. On the calculation date, the Final Index Level is 212.50, representing a 25.00% gain from the Initial Index Level. Prior to maturity, you would have received nine interest payments of $7.50 plus a final interest payment to be received on the Maturity Date for a total interest payment over the term of the Notes equal to $75.00. In this example, using the formula below, the Cash Settlement Value will equal $1,250.00. The total amount you would have received over the term of the Notes, including the Cash Settlement Value and the ten interest payments, is $1,325.00.

$$\$1{,}000 + \quad \$1{,}000 \times \textit{greater of} \quad \frac{\text{Final Index Level} \quad \text{Initial Index Level}}{\text{Initial Index Level}}, 0\%$$

$$\$1{,}000 + \quad \$1{,}000 \times \textit{greater of} \quad \frac{212.50 \quad 170.00}{170.00}, 0$$

$$= \$1{,}000 + \quad \$1{,}000 \times \textit{greater of} \quad 25.00\%, 0\%$$

$$= \$1{,}000 + \quad \$1{,}000 \times 25.00\%$$

$$= \$1{,}000 + \$250$$

$$= \$1{,}250.00$$

Example 2: The Final Index Level is equal to the Initial Index Level.

In this example, the Index generally remains unchanged over the term of the Notes. On the Calculation Date, the Final Index Level is 170.00, equal to the Initial Index Level. Prior to maturity, you would have received nine interest payments of $7.50 plus a final interest payment to be received on the Maturity Date for a total interest payment over the term of the Notes equal to $75.00. In this example, using the formula below, the Cash Settlement Value will equal $1,000.00. The total amount you would have received over the term of the Notes, including the Cash Settlement Value and the ten interest payments, is $1,075.00.

$1,000 + $1,000 x *greater of* Final Index Level Initial Index Level , 0%

Initial Index Level

$1,000 + $1,000 x *greater of* 170.00 170.00 , 0

170.00

=$1,000 + $1,000 x *greater of* 0%, 0%

=$1,000 + $1,000 x 0%

=$1,000 + $0

=$1,000.00

Example 3: The Final Index Level is less than the Initial Index Level.

In this example, the Index declines over the term of the Notes. The Final Index Level is 127.50, representing a 25% loss in the value of the Index from the Initial Index Level. Prior to maturity, you would have received nine interest payments of $7.50 plus a final interest payment to be received on the Maturity Date for a total interest payment over the term of the Notes equal to $75.00. In this example, using the formula below, the Cash Settlement Value will equal $1,000.00. The total amount you would have received over the term of the Notes, including the Cash Settlement Value and the ten interest payments, is $1,075.00.

$1,000 + $1,000 x *greater of* Final Index Level Initial Index Level , 0%

Initial Index Level

$1,000 + $1,000 x *greater of* 127.50 170.00 , 0

170.00

=$1,000 + $1,000 x *greater of* -25.00%, 0%

=$1,000 + $1,000 x 0%

=$1,000 + $0

=$1,000.00

Summary of Examples 1 Through 3
Reflecting the Cash Settlement Value, Excluding Interest Payments

	Example 1	Example 2	Example 3
Initial Index Level	170.00	170.00	170.00
Hypothetical Final Index Level	212.50	170.00	127.50
Value of Final Index Level relative to the Initial Index Level	Higher	Equal	Lower
Principal protected?	Yes	Yes	Yes
Cash Settlement Value per Note	$1,250.00	$1,000.00	$1,000.00

Table of Hypothetical Cash Settlement Values

Initial Index Level	Final Index Level	Percentage Change in Index	Cash Settlement Value Per Note, Excluding Interest Payments	Return if Held to Maturity, Including Interest Payments	Initial Index Level	Final Index Level	Percentage Change in Index	Cash Settlement Value Per Note, Excluding Interest Payments	Return if Held to Maturity, Including Interest Payments
170.00	240.00	41.18%	1,411.76	48.68%	170.00	167.50	-1.47%	1,000.00	7.50%
170.00	237.50	39.71%	1,397.06	47.21%	170.00	165.00	-2.94%	1,000.00	7.50%
170.00	235.00	38.24%	1,382.35	45.74%	170.00	162.50	-4.41%	1,000.00	7.50%
170.00	232.50	36.76%	1,367.65	44.26%	170.00	160.00	-5.88%	1,000.00	7.50%
170.00	230.00	35.29%	1,352.94	42.79%	170.00	157.50	-7.35%	1,000.00	7.50%
170.00	227.50	33.82%	1,338.24	41.32%	170.00	155.00	-8.82%	1,000.00	7.50%
170.00	225.00	32.35%	1,323.53	39.85%	170.00	152.50	-10.29%	1,000.00	7.50%
170.00	222.50	30.88%	1,308.82	38.38%	170.00	150.00	-11.76%	1,000.00	7.50%
170.00	220.00	29.41%	1,294.12	36.91%	170.00	147.50	-13.24%	1,000.00	7.50%
170.00	217.50	27.94%	1,279.41	35.44%	170.00	145.00	-14.71%	1,000.00	7.50%
170.00	215.00	26.47%	1,264.71	33.97%	170.00	142.50	-16.18%	1,000.00	7.50%
170.00	212.50	25.00%	1,250.00	32.50%	170.00	140.00	-17.65%	1,000.00	7.50%
170.00	210.00	23.53%	1,235.29	31.03%	170.00	137.50	-19.12%	1,000.00	7.50%
170.00	207.50	22.06%	1,220.59	29.56%	170.00	135.00	-20.59%	1,000.00	7.50%
170.00	205.00	20.59%	1,205.88	28.09%	170.00	132.50	-22.06%	1,000.00	7.50%
170.00	202.50	19.12%	1,191.18	26.62%	170.00	130.00	-23.53%	1,000.00	7.50%
170.00	200.00	17.65%	1,176.47	25.15%	170.00	127.50	-25.00%	1,000.00	7.50%
170.00	197.50	16.18%	1,161.76	23.68%	170.00	125.00	-26.47%	1,000.00	7.50%
170.00	195.00	14.71%	1,147.06	22.21%	170.00	122.50	-27.94%	1,000.00	7.50%
170.00	192.50	13.24%	1,132.35	20.74%	170.00	120.00	-29.41%	1,000.00	7.50%
170.00	190.00	11.76%	1,117.65	19.26%	170.00	117.50	-30.88%	1,000.00	7.50%
170.00	187.50	10.29%	1,102.94	17.79%	170.00	115.00	-32.35%	1,000.00	7.50%
170.00	185.00	8.82%	1,088.24	16.32%	170.00	112.50	-33.82%	1,000.00	7.50%
170.00	182.50	7.35%	1,073.53	14.85%	170.00	110.00	-35.29%	1,000.00	7.50%
170.00	180.00	5.88%	1,058.82	13.38%	170.00	107.50	-36.76%	1,000.00	7.50%
170.00	177.50	4.41%	1,044.12	11.91%	170.00	105.00	-38.24%	1,000.00	7.50%
170.00	175.00	2.94%	1,029.41	10.44%	170.00	102.50	-39.71%	1,000.00	7.50%
170.00	172.50	1.47%	1,014.71	8.97%	170.00	100.00	-41.18%	1,000.00	7.50%
170.00	**170.00**	**0.00%**	**$ 1,000.00**	**7.50%**	170.00	97.50	-42.65%	1,000.00	7.50%

Discontinuance of the Index

If the Sponsors discontinue publication of the Index and the Sponsors or another entity publish a successor or substitute index that the Calculation Agent determines, in its sole discretion, to be comparable to the discontinued Index (the new index being referred to as a "Successor Index"), then the Index Closing Levels will be determined by reference to the Successor Index at the close of trading on the relevant exchange or market for the Successor Index on the date that the Index Closing Level is to be determined.

Upon any selection by the Calculation Agent of a Successor Index, the Calculation Agent will notify us and the Trustee, who will provide notice of the selection of the Successor Index to the registered holders of the Notes.

If the Sponsors discontinue publication of the Index prior to, and such discontinuance is continuing on, the date that the Index Closing Level is to be determined and the Calculation Agent determines that no Successor Index is available at such time, then, on such date, the Calculation Agent will notify us and the Trustee, and will calculate the appropriate closing levels. The Index Closing Level will be computed by the Calculation Agent in accordance with the formula for and method of calculating the Index last in effect prior to such discontinuance, using the closing level (or, if trading in the relevant futures contract has been materially suspended or materially limited, its good faith estimate of the closing level that would have prevailed but for such suspension or limitation) at the close of the principal trading session on such date of each futures contract most recently comprising the Index on the primary organized exchange or trading system on which such futures contracts trade. "Closing level" means, with respect to any futures contract on any date, the last reported settlement price (as defined below) on such date on the primary organized exchange or trading system on which such futures contract is then listed or admitted to trading.

If a Successor Index is selected, or the Calculation Agent calculates a value as a substitute for the Index as described above, that Successor Index or its closing level will be used as a substitute for the Index for all purposes, including for purposes of determining whether an Index Business Day or Market Disruption Event has occurred or exists. Notwithstanding these alternative arrangements, discontinuance of the publication of the Index may adversely affect the value of the Notes.

All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent, and will be conclusive for all purposes and binding on us and the beneficial owners of the Notes, absent manifest error.

Adjustments to the Index

If at any time the method of calculating the Index or a Successor Index, or the Index Closing Level thereof, is changed in a material respect, or if the Index or a Successor Index is in any other way modified so that such index does not, in the opinion of the Calculation Agent, fairly represent the level of the Index or such Successor Index had such changes or modifications not been made, then, from and after such time, the Calculation Agent will, at the close of business in New York City on the date that the Index Closing Level is to be determined, make such calculations and adjustments as, in its good faith judgment, may be necessary in order to arrive at a level of a futures contract index comparable to the Index or such Successor Index, as the case may be, as if such changes or modifications had not been made. The Calculation Agent will calculate the Index Closing Level with reference to the Index or such Successor Index, as adjusted. If the method of calculating the Index or a Successor Index is modified so that the level of such index is a fraction of what it would have been if it had not been modified (for example, due to a split in the index), then the Calculation Agent will adjust such index in order to arrive at a level of the Index or such Successor Index as if it had not been modified (for example, as if such split had not occurred).

Market Disruption Events

If there is a Market Disruption Event on the Calculation Date, the Calculation Date will be determined on the basis of the first succeeding Index Business Day on which there is no Market Disruption Event. In no event, however, will the final Calculation Date be a date that is postponed by more than two Index Business Days following the original date that, but for the Market Disruption Event, would have been the final Calculation Date. In that case, the second Index Business Day will be deemed to be the final Calculation Date, notwithstanding the Market Disruption Event, and the Calculation Agent will determine the level of the Index on that second Index Business Day in accordance with the formula for and method of calculating the Index in effect prior to the Market

Disruption Event using the official price as published by the futures exchange on which the Index futures contract trades (the "settlement price") of each futures contract in the Index (or, if trading in any such futures contract has been materially suspended or materially limited, the Calculation Agent's good faith estimate of the settlement price that would have prevailed but for such suspension or limitation) as of that second Index Business Day.

A "Market Disruption Event" means any of the following events, as determined by the Calculation Agent, in its sole discretion:

- the termination or suspension of, or material limitation or disruption of trading for more than three hours in any futures contract used in the calculation of the Index or any Successor Index;
- the settlement price for any Index futures contract has increased or decreased by the maximum permitted price change from the previous day's settlement price;
- the failure of an exchange to publish a settlement price for any respective Index futures contract;
- with respect to any Index futures contract that trades on the London Metal Exchange ("LME"), a Business Day on which the LME is not open for trading; or
- in any other event, if the calculation agent determines in its sole discretion that the event materially interferes with our ability or the ability of any of our affiliates to manage, enter into or unwind a hedge with respect to the Notes that we or our affiliates have effected or may effect as described in "Use of Proceeds and Hedging."

The following events will not be Market Disruption Events:

- a limitation on the hours or numbers of days of trading, but only if the limitation results from an announced change in the regular business hours of the futures exchange in which an Index futures contract trades; or
- a decision to permanently discontinue trading in the option or futures contracts relating to the Index or Index futures contract.

Redemption; Defeasance

The Notes are not subject to redemption before maturity, and are not subject to the defeasance provisions described in the section "Description of Debt Securities Defeasance" in the accompanying prospectus.

Events of Default and Acceleration

If an Event of Default (as defined in the accompanying prospectus) with respect to any Notes has occurred and is continuing, then the amount payable to you, as a beneficial owner of a Note, upon any acceleration permitted by the Notes will be equal to the Cash Settlement Value as though the date of early repayment were the Maturity Date of the Notes, adjusted by an amount equal to any losses, expenses and costs to us of unwinding any underlying or related hedging or funding arrangements, all as determined by the Calculation Agent in its sole and absolute discretion. If a bankruptcy proceeding is commenced in respect of us, the claims of the holder of a Note may be limited under Title 11 of the United States Code.

Same-Day Settlement and Payment

Settlement for the Notes will be made by Bear Stearns in immediately available funds. Payments of the Cash Settlement Value will be made by us in immediately available funds, so long as the Notes are maintained in book-entry form.

Calculation Agent

The Calculation Agent for the Notes will be Bear Stearns. All determinations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error and provided the

Calculation Agent shall be required to act in good faith, be conclusive for all purposes and binding on you and us. 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 principal, interest or premium on principal to Holders would entitle the Holders, or the Trustee acting on behalf of the Holders, to exercise rights and remedies available under the Indenture. If the Calculation Agent uses its discretion to make a determination, the Calculation Agent will notify the Company and the Trustee, who will provide notice to the registered holders of the Notes. Because the Calculation Agent is an affiliate of ours, potential conflicts of interest may exist between you and the Calculation Agent, including with respect to certain determinations and judgments that the Calculation Agent must make in determining the Cash Settlement Value. Bear Stearns is obligated to carry out its duties and functions as Calculation Agent in good faith and using its reasonable judgment.

DESCRIPTION OF THE INDEX

General

We obtained all information regarding the Index contained in this pricing supplement, including its make-up, method of calculation and changes in its components, from publicly available sources. Such information reflects the policies of, and is subject to change by, the Sponsors. We have not independently verified this information. You, as an investor in the Notes, should make your own investigation into the Index and the Sponsors. The Sponsors are not involved in the offer of the Notes in any way and have no obligation to consider your interests as a holder of the Notes. The Sponsors have no obligation to continue to publish the Index, and may discontinue publication of the Index at any time in their sole discretion. The consequences of their discontinuing publication of the Index are described in the section entitled "Description of the Notes Discontinuance of the Index." We do not assume any responsibility for the accuracy or completeness of any information relating to the Index.

The Index was created by AIGI in July 1998 to provide a diversified and liquid benchmark for commodities as an asset class. The Index currently is composed of the prices of 19 exchange-traded futures contracts on physical commodities. An exchange-traded futures contract is a bilateral agreement providing for the purchase and sale of a specified type and quantity of a commodity or financial instrument during a stated delivery month for a fixed price. For a general description of the commodity futures markets, please see the section entitled "The Commodity Futures Markets." The 19 Index commodities selected for 2006 are as follows: aluminum, coffee, copper, corn, cotton, crude oil, gold, heating oil, lean hogs, live cattle, natural gas, nickel, silver, soybeans, soybean oil, sugar, unleaded gasoline, wheat and zinc. For 2005, the 19 Index commodities selected for inclusion in the Index were as follows: aluminum, coffee, copper, corn, crude oil, gold, heating oil, lean hogs, live cattle, natural gas, nickel, silver, soybeans, soybean oil, sugar, unleaded gasoline, wheat and zinc. Futures contracts on the Index are currently listed for trading on the CBOT.

The Index is a proprietary index that AIGI developed and the Sponsors calculate. The methodology for determining the composition and weighting of the Index and for calculating its value is subject to modification by the Sponsors, at any time. At present, Dow Jones disseminates the Index value approximately every fifteen (15) seconds (assuming the Index value has changed within such fifteen-second interval) from 8:00 a.m. to 3:00 p.m. (New York time) and publishes a daily Index value at approximately 4:00 p.m. (New York time), on each Index Business Day on Bloomberg page DJAIG.

AIG-FP, AIGI and its affiliates actively trade futures contracts and options on futures contracts on the commodities that underlie the Index, as well as commodities, including commodities included in the Index. AIG-FP, AIGI and its affiliates also actively enter into or trade and market securities, swaps, options, derivatives, and related instruments which are linked to the performance of commodities or are linked to the performance of the Index. Certain of AIG-FP's and AIGI's affiliates may underwrite or issue other securities or financial instruments indexed to the Index and related indices, and the Sponsors and their affiliates may license the Index for publication or for use by unaffiliated third parties. These activities could present conflicts of interest and could affect the value of the Index. For instance, a market maker in a financial instrument linked to the performance of the Index may expect to hedge some or all of its position in that financial instrument. Purchase (or selling) activity in the underlying Index components in order to hedge the market maker's position in the financial instrument may affect the market price of the futures contracts included in the Index, which in turn may affect the value of the Index. With respect to any of the activities described above, none of the Sponsors or their respective affiliates has any obligation to take the needs of any buyers, sellers or holders of the Notes into consideration at any time.

The Dow Jones AIG Commodity Index Oversight Committee

The Sponsors have established the Dow Jones AIG Commodity Index Oversight Committee (the "Oversight Committee") to assist them in connection with the operation of the Index. The members of the Oversight Committee are drawn from academic, financial, and legal communities and employees of AIG-FP and Dow Jones. The Oversight Committee meets annually to consider any changes to be made to the Index for the coming year and may also meet at such other times as may be necessary.

As described in more detail below, the Index is reweighted and rebalanced each year in January on a price-percentage basis. The annual weightings for the Index are determined each year in June or July by AIGI under the supervision of the Oversight Committee, announced in July or August and implemented the following January. The composition of the for 2006 was approved by the Oversight Committee at a meeting held in August 2005. The next Index reweighting and rebalancing will take place in January 2007.

The current composition of the Index is described below under " Composition of the Index."

Four Main Principles Guiding the Creation of the Index

The Sponsors have indicated that the Index was created using the following four main principles:

Economic Significance. A commodity index should fairly represent the importance of a diversified group of commodities to the world economy. To achieve a fair representation, the Index uses both liquidity data and U.S. dollar-weighted production data in determining the relative quantities of included commodities. The Index primarily relies on liquidity data, or the relative amount of trading activity of a particular commodity, as an important indicator of the value placed on that commodity by financial and physical market participants. The Index also relies on production data as a useful measure of the importance of a commodity to the world economy. Production data alone, however, may underestimate the economic significance of storable commodities (e.g., gold) at the expense of relatively non-storable commodities (e.g., live cattle). Production data alone also may underestimate the investment value that financial market participants place on certain commodities, and/or the amount of commercial activity that is centered around various commodities. Accordingly, production statistics alone do not necessarily provide as accurate a blueprint of economic importance as the pronouncements of the markets themselves. The Index thus relies on data that is both endogenous to the futures market (liquidity) and exogenous to the futures market (production) in determining relative weightings.

Diversification. A second major goal of the Index is to provide diversified exposure to commodities as an asset class. Disproportionate weighting of any particular commodity or sector increases volatility and negates the concept of a broad-based commodity index. Instead of diversified commodities exposure, the investor is unduly subjected to micro-economic shocks in one commodity or sector. As described further below, diversification rules have been established and are applied annually. Additionally, the Index is re-balanced annually on a price-percentage basis in order to maintain diversified commodities exposure over time.

Continuity. The third goal of the Index is to be responsive to the changing nature of commodity markets in a manner that does not completely reshape the character of the Index from year to year. The Index is intended to provide a stable benchmark, so that end-users may be reasonably confident that historical performance data (including such diverse measures as correlation, spot yield, roll yield and volatility) is based on a structure that bears some resemblance to both the current and future composition of the Index.

Liquidity. Another goal of the Index is to provide a highly liquid index, suitable for institutional investment. The explicit inclusion of liquidity as a weighting factor helps to ensure that the Index can accommodate substantial investment flows. The liquidity of an index affects transaction costs associated with current investments. It also may affect the reliability of historical price performance data.

These principles represent goals of the Index and its Sponsors, and there can be no assurance that these goals will be reached by the Sponsors.

The Index is a Rolling Index

The Index is composed of futures contracts on physical commodities. Unlike equities, which typically entitle the holder to a continuing stake in a corporation, commodity futures contracts normally specify a certain date for the delivery of the underlying physical commodity. In order to avoid the delivery process and maintain a long futures position, nearby contracts must be sold and contract that have not yet reached the delivery period must be purchased. This process is known as "rolling" a futures position. The Index is a "rolling index."

Composition of the Index

Commodities Available for Inclusion in the Index

A number of commodities have been selected for potential inclusion in the Index which are believed by the Sponsors to be sufficiently significant to the world economy to merit consideration for inclusion in the Index and which are the subject of a qualifying related futures contract. With the exception of several metals contracts (aluminum, lead, tin, nickel and zinc) that trade on the LME, each of the potential commodities is the subject of a futures contract that trades on a U.S. exchange. The 23 potential commodities currently are aluminum, cocoa, coffee, copper, corn, cotton, crude oil, gold, heating oil, lead, live cattle, lean hogs, natural gas, nickel, platinum, silver, soybeans, soybean oil, sugar, tin, unleaded gasoline, wheat and zinc.

Designated Contracts for Each Commodity

A futures contract known as a "Designated Contract" is selected for each commodity. With the exception of several LME contracts, where AIGI believes that there exists more than one futures contract with sufficient liquidity to be chosen as a Designated Contract for a commodity, AIGI selects the futures contract that is traded in North America and denominated in dollars. If more than one such contract exists, AIGI selects the most actively traded contract. This process is reviewed by the Oversight Committee. Data concerning this Designated Contract will be used to calculate the Index. The termination or replacement of a futures contract on an established exchange occurs infrequently; if a Designated Contract were to be terminated or replaced, a comparable futures contract would be selected, if available, to replace that Designated Contract. The commodity, Designated Contracts, exchange, units and price quote convention for the commodities included in the Index as of January 2006 are as follows:

COMMODITY	DESIGNATED CONTRACT	EXCHANGE	UNITS	PRICE QUOTE
Aluminum	High Grade Primary Aluminum	LME	25 metric tons	USD/metric ton
Coffee	Coffee "C"	CSCE	37,500 lbs	U.S. cents/pound
Copper	Copper	COMEX	25,000 lbs	U.S. cents/pound
Corn	Corn	CBOT	5,000 bushels	U.S. cents/bushel
Cotton	Cotton	NYCE	50,000 lbs	U.S. cents/pound
Crude Oil	Light, Sweet Crude Oil	NYMEX	1,000 barrels	USD/barrel
Gold	Gold	COMEX	100 troy oz.	USD/troy oz.
Heating Oil	Heating Oil	NYMEX	42,000 gallons	U.S. cents/gallon
Live Cattle	Live Cattle	CME	40,000 lbs	U.S. cents/pound
Lean Hogs	Lean Hogs	CME	40,000 lbs	U.S. cents/pound
Natural Gas	Henry Hub Natural Gas*	NYMEX	10,000 mmbtu	USD/mmbtu
Nickel	Primary Nickel	LME	6 metric tons	USD/metric ton
Silver	Silver	COMEX	5,000 troy oz.	U.S. cents/troy oz.
Soybeans	Soybeans	CBOT	5,000 bushels	U.S. cents/bushel
Soybean Oil	Soybean Oil	CBOT	60,000 lbs	U.S. cents/pound
Sugar	World Sugar No. 11	CSCE	112,000 lbs	U.S. cents/pound
Unleaded Gasoline	New York Harbor Unleaded Gasoline	NYMEX	42,000 gal	U.S. cents/gallon
Wheat	Wheat	CBOT	5,000 bushels	U.S. cents/bushel
Zinc	Special High Grade Zinc	LME	25 metric tons	USD/metric ton

*

Reformulated Gasoline Blendstock for Oxygen Blending futures contract ("RB") will replace New York Harbor Unleaded Gasoline futures contract ("HU"). The July 2006 contract will be the first RB future included in the calculation of the Index and the May 2006 contract will be the last HU future contract included in the calculation of the Index. No changes to the commodity index multipliers will occur as a result of this change in the Designated Contract for unleaded gasoline.

In addition to the commodities set forth in the above table, cocoa, lead, platinum and tin were considered (but not selected) for inclusion in the Index. Note that in subsequent years, the Index may include cocoa, lead, platinum and tin, or the Sponsors may remove commodities from the Index which were included in previous years (such as cocoa, which was removed from the Index in 2005).

COMMODITY	DESIGNATED CONTRACT	EXCHANGE	UNITS	PRICE QUOTE
Cocoa	Cocoa	CSCE	10 metric tons	USD/metric ton
Lead	Refined Standard Lead	LME	25 metric tons	USD/metric ton
Platinum	Platinum	NYMEX	50 troy oz.	USD/troy oz.
Tin	Refined Tin	LME	5 metric tons	USD/metric ton

Commodity Groups

For purposes of applying the diversification rules discussed above and below, the commodities available for inclusion in the Index are assigned to "Commodity Groups." The Commodity Group for 2006, and the commodities included in the Commodity Group, is as follows:

Index Breakdown by Commodity Group

	2006
Energy	30.26%
Precious Metals	9.25%
Industrial Metals	20.71%
Livestock	9.11%
Grains	18.73%
Softs	9.21%
Vegetable Oil	2.74%

COMMODITY GROUP:	COMMODITIES:	COMMODITY GROUP:	COMMODITIES:
Energy	Crude Oil	Livestock	Lean Hogs
	Heating Oil		Live Cattle
	Natural Gas		
	Unleaded Gasoline	Grains	Corn
			Soybeans
			Soybean Oil
Precious Metals	Gold		Wheat
	Platinum	Softs	Cocoa
	Silver		Coffee
			Cotton
			Sugar
Industrial Metals	Aluminum		
	Copper		
	Lead		
	Nickel		
	Tin		
	Zinc		

Annual Reweightings and Rebalancings of the Index

The changes in Index composition were announced in August 2005, and are set forth in "Description of the Index The Dow Jones AIG Commodity Index Oversight Committee." These changes took effect in January 2006 and, accordingly, the next Index reweighting and rebalancing will take place in January 2007.

PS-27

Determination of Relative Weightings

The relative weightings of the component commodities included in the Index are determined annually according to both liquidity and dollar-adjusted production data in $^2/_3$ and $^1/_3$ shares, respectively. Each June, for each commodity designated for potential inclusion in Index, liquidity is measured by the commodity liquidity percentage ("CLP") and production by the commodity production percentage ("CPP"). The CLP for each commodity is determined by taking a five-year average of the product of trading volume and the historic dollar value of the Designated Contract for that commodity, and dividing the result by the sum of such products for all commodities which were designated for potential inclusion in the Index. The CPP is determined for each commodity by taking a five-year average of annual world production figures, adjusted by the historic dollar value of the Designated Contract, and dividing the result by the sum of such production figures for all the commodities which were designated for potential inclusion in the Index. The CLP and the CPP are then combined (using a ratio of 2:1) to establish the commodity index percentage ("CIP") for each commodity. This CIP is then adjusted in accordance with certain diversification rules in order to determine the commodities which will be included in the Index (the "Index commodities") and their respective percentage weights.

The Dow Jones AIG Commodity Index^{SM} Commodity Index Percentages for 2006 and 2005

	WEIGHTING	
COMMODITY	**2006**	**2005**
	6.85 %	7.06 %
Cocoa	0.00 %	0.00 %
Coffee	2.93 %	3.02 %
Copper	5.88 %	5.89 %
Corn	5.87 %	5.94 %
Cotton	3.16 %	3.23 %
Crude Oil	12.78 %	12.81 %
Gold	6.22 %	5.98 %
Heating Oil	3.85 %	3.85 %
Lead	0.00 %	0.00 %
Live Cattle	6.09 %	6.15 %
Lean Hogs	4.35 %	4.39 %
Natural Gas	12.32 %	12.28 %
Nickel	2.66 %	2.61 %
Platinum	0.00 %	0.00 %
Silver	2.00 %	2.00 %
Soybeans	7.77 %	7.60 %
Soybean Oil	2.77 %	2.67 %
Sugar	2.97 %	2.93 %
Tin	0.00 %	0.00 %
Unleaded Gasoline	4.05 %	4.05 %
Wheat	4.77 %	4.87 %
Zinc	2.70 %	2.67 %

This commodity was not a designated commodity included in the Index for the respective year.

Diversification Rules

The Sponsor has indicated that the Index is designed to provide diversified exposure to commodities as an asset class. To ensure that no single commodity or commodity sector dominates the Index, the following diversification rules are applied to the annual reweighting and rebalancing of the Index as of January of the applicable year:

No related group of commodities designated as a "commodity group", e.g., energy, precious metals, livestock, or grains) may constitute more than 33% of the Index.

No single commodity may constitute more than 15% of the Index.

No single commodity, together with its derivatives (e.g., crude oil, together with heating oil and unleaded gasoline), may constitute more than 25% of the Index.

No single commodity that is in the Index may constitute less than 2% of the Index.

Following the annual reweighting and rebalancing of the Index in January, the percentage of any single commodity or group of commodities at any time prior to the next reweighting or rebalancing will fluctuate and may exceed or be less than the percentages set forth above.

Commodity Index Multipliers

Following application of the diversification rules discussed above, CIPs are incorporated into the Index by calculating the new unit weights for each Index commodity. Near the beginning of each new calendar year (the "CIM determination date"), the CIPs, along with the settlement prices on that date for Designated Contracts included in the Index, are used to determine a "commodity index multiplier" or "CIM" for each Index commodity. This CIM is used to achieve the percentage weightings of the Index commodities, in dollar terms, indicated by their respective CIPs. After the CIMs are calculated, they remain fixed throughout the year. As a result, the observed price percentage of each Index commodity will float throughout the year, until the CIMs are reset the following year based on new CIPs.

Calculations

The Index is calculated by the Sponsors, by applying the impact of the changes to the futures prices of commodities included in the Index (based on their relative weightings). Once the CIMs are determined as discussed above, the calculation of the Index is a mathematical process whereby the CIMs for the Index commodities are multiplied by the prices in U.S. dollars for the applicable designated contracts. These products are then summed. The percentage change in this sum is then applied to the prior Index value to calculate the current Index value. Dow Jones disseminates the Index value approximately every fifteen (15) seconds (assuming the Index value has changed within such fifteen-second interval) from 8:00 a.m. to 3:00 p.m. (New York time), and publishes a daily Index value at approximately 4:00 p.m. (New York time) on each index Business Day on its website at http://www.djindexes.com.

Index Calculation Disruption Events

From time to time, disruptions can occur in trading futures contracts on various commodity exchanges. The daily calculation of the Index will be adjusted in the event that the Sponsors determine that any of the following index calculation disruption events exists:

(a) the termination or suspension of, or material limitation or disruption in the trading of any futures contract used in the calculation of the Index on that day,

(b) the settlement price of any futures contract used in the calculation of the Index reflects the maximum permitted price change from the previous day's settlement price,

(c) the failure of an exchange to publish official settlement prices for any futures contract used in the calculation of the Index, or

(d) with respect to any futures contract used in the calculation of the Index that trades on the LME, a Business Day on which the LME is not open for trading.

The Commodity Futures Markets

Contracts on physical commodities are traded on regulated futures exchanges, in the over-the-counter market and on various types of physical and electronic trading facilities and markets. At present, all of the contracts included in the Index are exchange-traded futures contracts. An exchange-traded futures contract is a bilateral agreement providing for the purchase and sale of a specified type and quantity of a commodity or financial instrument during a stated delivery month for a fixed price. A futures contract on an index of commodities typically

provides for the payment and receipt of a cash settlement amount based on the value of such commodities. A futures contract provides for a specified settlement month in which the commodity or financial instrument is to be delivered by the seller (whose position is described as "short") and acquired by the purchaser (whose position is described as "long") or in which the cash settlement amount is to be made.

There is no purchase price paid or received on the purchase or sale of a futures contract. Instead, an amount of cash or cash equivalents must be deposited with the broker as "initial margin." This amount varies based on the requirements imposed by the exchange clearing houses and the broker, but may be as low as 5% or less of the value of the futures contract. This margin deposit provides collateral for the obligations of the parties to the futures contract.

By depositing margin in the most advantageous form (which may vary depending on the exchange, clearing house or broker involved), a market participant may be able to earn interest on its margin funds, thereby increasing the potential total return that may be realized from trading futures contracts. The market participant normally makes to, and receives from, the broker subsequent payments on a daily basis as the price of the futures contract fluctuates. These payments are called "variation margin" and make the existing positions in the futures contract more or less valuable, a process known as "marking to market."

Futures contracts are traded on organized exchanges generally, known as "contract markets" in the United States, through the facilities of a centralized clearing house and a brokerage firm which is a member of the clearing house. The clearing house guarantees the performance of each clearing member which is a party to the futures contract by, in effect, taking the opposite side of the transaction. At any time prior to the expiration of a futures contract, subject to the availability of a liquid secondary market, a trader may elect to close out its position by taking an equal and opposite position on the exchange on which the trader obtained the position. This operates to terminate the position and fix the trader's profit or loss.

U.S. contract markets, as well as brokers and market participants, are subject to regulation by the Commodity Futures Trading Commission. Futures markets outside the United States are generally subject to regulation by foreign regulatory authorities. However, the structure and nature of trading on non-U.S. exchanges may differ from the foregoing description and foreign regulation may not always be comparable to U.S. regulation. From its inception to the present, the Index has been comprised exclusively of futures contracts traded on regulated exchanges.

Historical Data on the Index

Since its inception, the Index has experienced significant fluctuations. Any historical upward or downward trend in the value of the Index during any period shown in the following table is not an indication that the value of the Index is more or less likely to increase or decrease at any time during the term of the Notes. The historical Index during any period shown in the following table is not an indication of future performance of the Index.

The following table sets forth the monthly performance of the Index from January 31, 2001 through March 31, 2006. We obtained the Index Closing Levels listed below from public sources and believe such information to be accurate. 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 price 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	2006
January	111.374	88.309	118.644	137.620	146.821	173.669
February	110.479	90.476	122.526	146.445	156.886	162.234
March	105.372	99.588	113.171	150.837	162.094	165.194
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	
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	

License Agreement

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 pricing supplement.

"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 Index[SM], 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 Index[SM]. 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 (including the Dow Jones AIG Commodity Index[SM] and the Dow Jones AIG Commodity Index Total Return[SM], 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 Index[SM] and the Notes.

This pricing supplement relates only to the Notes and does not relate to the exchange-traded physical commodities underlying any of the Dow Jones AIG Commodity Index[SM] components. Purchasers of the Notes should not conclude that the inclusion of a futures contract in the Dow Jones AIG Commodity Index[SM] 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 the pricing supplement regarding the exchange-traded futures contracts on physical commodities which comprise the Dow Jones AIG Commodity Index[SM] 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 Index^{SM} 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 Index^{SM}, 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 Index^{SM} 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 Index^{SM} 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 Index^{SM} 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."

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain U.S. federal income tax consequences of the purchase, beneficial ownership and disposition of Notes. As used in this discussion, the term "U.S. Holder" means a beneficial owner of a Note that is:

- an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;
- a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organized in or under the laws of the United States or any State thereof (including the District of Columbia);
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration, and one or more United States persons have the authority to control all of its substantial decisions.

As used in this discussion, the term "Non-U.S. Holder" means a beneficial owner of a Note that is, for U.S. federal income tax purposes:

- a nonresident alien individual,
- a foreign corporation,
- an estate whose income is not subject to U.S. federal income tax on a net income basis, or
- a trust if no court within the United States is able to exercise primary jurisdiction over its administration or if no United States persons have the authority to control all of its substantial decisions.

This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the "Code"), regulations issued there under, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such change may be applied retroactively and may adversely affect the federal income tax consequences described herein. This summary addresses only U.S. Holders that purchase Notes at initial issuance and beneficially own such Notes as capital assets and not as part of a "straddle," "hedge," "synthetic security" or a "conversion transaction" for federal income tax purposes, or as part of some other integrated investment. This summary does not discuss all of the tax consequences that may be relevant to particular investors or to investors subject to special treatment under the federal income tax laws (such as banks, thrifts, or other financial institutions; insurance companies; securities dealers or brokers, or traders in securities electing mark to market treatment; mutual funds or real estate investment trusts; small business investment companies; S corporations; investors that hold their Notes through a partnership or other entity treated as a partnership for federal tax purposes; investors whose functional currency is not the U.S. dollar; certain former citizens or residents of the United States; persons subject to the alternative minimum tax; retirement plans or other tax-exempt entities, or persons holding the Notes in tax-deferred or tax-advantaged accounts; or "controlled foreign corporations" or a "passive foreign investment companies" for federal income tax purposes). This summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holder, or any state, local or foreign tax consequences of the purchase, ownership or disposition of the Notes.

Accordingly, prospective investors are urged to consult their tax advisors with respect to the federal, state and local tax consequences of investing in the Notes, as well as any consequences arising under the laws of any other taxing jurisdiction to which they may be subject.

Prospective purchasers of Notes should consult their tax advisors as to the federal, state, local, and other tax consequences to them of the purchase, ownership and disposition of Notes.

Federal Income Tax Treatment of U.S. Holders

Accruals of Original Issue Discount on the Notes

For U.S. federal income tax purposes, we intend to treat the Notes as "contingent payment debt instruments" ("CPDIs") subject to taxation under the "noncontingent bond method." Under the noncontingent bond method, U.S. Holders of the Notes will accrue OID over the term of the Notes based on the Notes' "comparable yield." As a result, U.S. Holders will be required to include OID over the term of the Notes, and this amount of OID will exceed the annual interest payments on the Notes. In general, the comparable yield of a CPDI is equal to the yield at which its issuer would issue a fixed-rate debt instrument with terms and conditions similar to those of the CPDI, including the level of subordination, term, timing of payments, and general market conditions. If a hedge of the CPDI is available that, if integrated with the CPDI, would produce a synthetic debt instrument with a determinable yield to maturity, the comparable yield will be equal to the yield on the synthetic debt instrument. Alternatively, if such a hedge is not available, but fixed-rate debt instruments of the issuer trade at a price that reflects a spread above a benchmark rate, the comparable yield is the sum of the value of the benchmark rate on the issue date and the spread. Under the noncontingent bond method, the issuer's reasonable determination of a comparable yield is respected and binding on holders of the CPDI.

Based on these factors, we estimate that the comparable yield of the Notes will be an annual rate of approximately [ ]%, compounded annually. Accordingly, U.S. Holders will accrue OID in respect of the Notes at a rate equal to the comparable yield but will not be required to pay additional tax on the semi-annual interest payments. The amount of OID allocable to each annual accrual period will be the product of the "adjusted issue price" of the Notes at the beginning of each such annual accrual period and the comparable yiel