

BEAR STEARNS COMPANIES INC  
 Form FWP  
 November 29, 2006

*Filed Pursuant to Rule 433  
 Registration No. 333-136666  
 November [ ], 2006*

**STRUCTURED EQUITY  
 PRODUCTS**

**New Issue**

**Indicative Terms**

**The Bear Stearns Companies Inc.  
 INVESTMENT HIGHLIGHTS**

Reverse  
 Convertible  
 Note  
 Securities

- Three separate Note offerings; each linked to one of the listed common stocks (each, a “Reference Asset”) identified below. You may elect to participate in any or all of the Note offerings. Please note that one of the Notes has a three-month term to maturity, while the other two Notes have six-month maturities.
- Each of the Notes pays an annualized fixed rate coupon; for each Note, payment is made only at maturity. The payment at maturity will equal the principal amount of the Note times (i) one-quarter of the applicable Coupon Rate stated below in the case of the three-month Note and (ii) one-half of the applicable Coupon Rate stated below in the case of the six-month Notes.
- Each of the Notes is a direct obligation of The Bear Stearns Companies Inc. (Rated A1 by Moody’s / A+ by S&P).
- Issue price for each Note offering: 100% of principal amount (\$1,000). However, investors who purchase an aggregate principal amount of at least \$1,000,000 of any particular Note offering will be entitled to purchase each Note of that particular offering for 99.50% of the principal amount.
- Each of the Notes is not principal protected if: (i) the Closing Price of the applicable Reference Asset ever equals or falls below the applicable Contingent Protection Level on any day from the Pricing Date up to and including the Calculation Date; and (ii) the Final Level of the applicable Reference Asset is less than the Initial Level of the applicable Reference Asset.
- None of the Notes participates in the upside of the Reference Asset. Even if the Final Level of the Reference Asset exceeds the Initial Level of the Reference Asset, your return will not exceed the principal amount invested plus the coupon payments.

Reference Assets (for each of three separate Note offerings)	Term to Symbol Maturity	Coupon Rate, per Annum	Contingent Protection Percentage	Initial Public Offering Price <sup>1</sup>
	BID 6-months	[15.50]%	[75]%	100%

Sotheby's, common stock, traded on the NYSE

United States Steel Corporation, common stock, traded on the NYSE	X	3-months	[17.00]%	[80]%	100%
Whole Foods Market, Inc., common stock, traded on the NASDAQ		WFMI 6-months	[14.00]%	[80]%	100%

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

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

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<sup>1</sup> Investors who purchase an aggregate principal amount of at least \$1,000,000 of any particular Note offering will be entitled to purchase each Note of that particular offering for 99.50% of the principal amount.

**STRUCTURED PRODUCTS GROUP****GENERAL  
TERMS FOR  
THE NOTE  
OFFERINGS**

This free writing prospectus relates to three separate offerings of Notes each linked to a different Reference Asset. The purchaser of a Note will acquire a security linked to a single Reference Asset (not to a basket of Reference Assets). You may participate in any one of the three Note offerings or, at your election, in more than one such offering. We reserve the right to withdraw, cancel or modify the offerings and to reject orders in whole or in part. Although each Note offering relates to only one of the securities identified below as Reference Assets, you should not construe that fact as a recommendation as to the merits of acquiring an investment linked to any such Reference Asset or as to the suitability of an investment in any of the Notes. **Defined terms not defined herein shall have the same meaning as in the Prospectus Supplement discussed below.**

<b>ISSUER:</b>	<b>The Bear Stearns Companies Inc.</b>
<b>ISSUER'S RATING:</b>	A1 / A+ (Moody's / S&P)
<b>PRINCIPAL AMOUNT OF OFFERING:</b>	To be disclosed in the final pricing supplement.
<b>DENOMINATIONS:</b>	\$1,000 per Note and \$1,000 multiples thereafter.
<b>REFERENCE ASSETS:</b>	(1) The common stock of Sotheby's ("Sotheby's"), traded on the New York Stock Exchange, Inc. ("NYSE") under the symbol "BID." (2) The common stock of United States Steel Corporation ("US Steel"), traded on the NYSE under the symbol "X." (3) The common stock of Whole Foods Market, Inc. ("Whole Foods"), traded on the Nasdaq Stock Market, Inc. ("NASDAQ") under the symbol "WFMI."
<b>SELLING PERIOD ENDS:</b>	December [ ], 2006
<b>PRICING DATE:</b>	December [ ], 2006
<b>SETTLEMENT DATE:</b>	December [ ], 2006
<b>CALCULATION DATE:</b>	(1) For the Note linked to the common stock of Sotheby's, June [ ], 2007. (2) For the Note linked to the common stock of US Steel, March [ ], 2007. (3) For the Note linked to the common stock of Whole Foods, June [ ], 2007.
<b>MATURITY DATE:</b>	(1) For the Note linked to the common stock of Sotheby's, June [ ], 2007. (2) For the Note linked to the common stock of US Steel, March [ ], 2007. (3) For the Note linked to the common stock of Whole Foods, June [ ], 2007.
<b>COUPON RATE (PER ANNUM):</b>	See cover page for applicable coupon rates, calculated on the basis of a 360 day year of 12 equal 30-day months.
<b>CONTINGENT PROTECTION PERCENTAGE:</b>	See cover page for applicable Contingent Protection Percentages.
<b>CONTINGENT PROTECTION LEVEL:</b>	(Applicable Contingent Protection Percentage x applicable Initial Level).
<b>AGENT'S DISCOUNT:</b>	[ ]% , to be disclosed in the final pricing supplement.
<b>CASH SETTLEMENT VALUE:</b>	We will pay you 100% of the principal amount of your Notes, in cash, at maturity if <u>either</u> of the following is true: (i) the Closing Price of the applicable Reference Asset never equals or falls below the Contingent Protection Level on any day from the Pricing Date up to and including the Calculation Date; <u>or</u> (ii) the Final Level of the applicable Reference Asset is equal to or greater than the Initial Level of the applicable Reference Asset.

However, if both of the following are true, the amount of principal you receive at maturity will be reduced by the percentage decrease in the applicable Reference Asset: (i) the Closing Price of the applicable Reference Asset ever equals or falls below the Contingent Protection Level on any day from the Pricing Date up to and including the Calculation Date; and (ii) the Final Level of the applicable Reference Asset is less than the Initial Level of the applicable Reference Asset. In that event, we, at our option, will either: (i) physically deliver to you an amount of the applicable Reference Asset equal to the Exchange Ratio plus the Fractional Share Cash Amount (which means that you will receive shares with a market value that is less than the full principal amount of your Notes); or (ii) pay you a cash amount equal to the principal amount you invested reduced by the percentage decrease in the applicable Reference Asset. It is our intent to physically deliver the applicable Reference Asset when applicable, but we reserve the right to settle the Notes in cash.

<b>INTEREST PAYMENT DATES:</b>	(1) For the Note linked to the common stock of Sotheby's, June [ ], 2007. (2) For the Note linked to the common stock of US Steel, March [ ], 2007. (3) For the Note linked to the common stock of Whole Foods, June [ ], 2007.
<b>INITIAL LEVEL:</b>	For each Note offering, the Closing Price of the applicable Reference Asset on the Pricing Date.
<b>FINAL LEVEL:</b>	For each Note offering, the Closing Price of the applicable Reference Asset on the Calculation Date.
<b>EXCHANGE RATIO:</b>	Equals \$1,000 divided by the applicable Initial Level (rounded down to the nearest whole number, with fractional shares to be paid in cash), to be disclosed in the final pricing supplement.
<b>FRACTIONAL SHARE CASH AMOUNT:</b>	An amount in cash per Note equal to the applicable Final Level multiplied by the difference between (x) \$1,000 divided by the applicable Initial Level (rounded to the nearest three decimal places), and (y) the applicable Exchange Ratio.
<b>CUSIP:</b>	For the Notes linked to the common stock of Sotheby's: [073902LH9] For the Notes linked to the common stock of US Steel: [073902LL0] For the Notes linked to the common stock of Whole Foods: [073902LK2]
<b>LISTING:</b>	The Notes will not be listed on any U.S. securities exchange or quotation system.

BEAR, STEARNS & CO. INC.

*STRUCTURED PRODUCTS GROUP*

**ADDITIONAL  
TERMS  
SPECIFIC TO  
THE NOTES**

You should read this document together with the prospectus, dated August 16, 2006 (the “Prospectus”), as supplemented by the prospectus supplement, dated August 16, 2006 (the “Prospectus Supplement”). You should carefully consider, among other things, the matters set forth in “Risk Factors” and “Risk Factors - Additional Risks Relating to Notes with an Equity Security or Equity Index as the Reference Asset” in the Prospectus Supplement, as the Notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before you invest in the Notes. The Prospectus and Prospectus Supplement may be accessed on the SEC Web site at [www.sec.gov](http://www.sec.gov) as follows:

Prospectus Supplement, dated August 16, 2006:

<http://www.sec.gov/Archives/edgar/data/777001/000104746906011011/a2172742z424b5.htm>

Prospectus, dated August 16, 2006:

<http://www.sec.gov/Archives/edgar/data/777001/000104746906011007/a2172711zs-3asr.htm>

**SELECTED RISK  
CONSIDERATIONS**

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

- **Suitability of Note for Investment** — A person should reach a decision to invest in the Notes after carefully considering, with his or her advisors, the suitability of the Notes in light of his or her investment objectives and the information set out in the Prospectus Supplement. Neither the Issuer nor any dealer participating in the offerings makes any recommendation as to the suitability of the Notes for investment.
- **Not Principal Protected** — The Notes are not principal protected. If both of the following are true, the amount of principal you receive at maturity will be reduced by the percentage decrease in the applicable Reference Asset: (i) the Closing Price of the applicable Reference Asset ever equals or falls below the Contingent Protection Level on any day from the Pricing Date up to and including the Calculation Date; and (ii) the Final Level of the applicable Reference Asset is less than the Initial Level of the applicable Reference Asset. In that event, we, at our option, will either: (i) physically deliver to you an amount of the applicable Reference Asset equal to the Exchange Ratio plus the Fractional Share Cash Amount (which means that you will receive shares with a market value that is less than the full principal amount of your Notes); or (ii) pay you a cash amount equal to the principal amount you invested reduced by the percentage decrease in the applicable Reference Asset.
- **Return Limited to Coupon** — Your return is limited to the principal amount you invested plus the coupon payments. You will not participate in any appreciation in the value of the applicable Reference Asset.
- **No Secondary Market** — Because the Notes will not be listed on any securities exchange, a secondary trading market is not expected to develop, and, if such a market were to develop, it may not be liquid. Bear, Stearns & Co. Inc. intends under ordinary market conditions to indicate prices for each of the Notes on request. However, there can be

no guarantee that bids for any of the outstanding Notes will be made in the future; nor can the prices of any such bids be predicted.

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

· **Taxes** — We intend to treat each Note as a put option written by you in respect of the applicable Reference Asset and a deposit with us of cash in an amount equal to the issue price of the Note to secure your potential obligation under the put option, and we intend to treat the deposit as a short-term obligation for U.S. federal income tax purposes. Pursuant to the terms of each of the Notes, you agree to treat the Notes in accordance with this characterization for all U.S. federal income tax purposes. However, because there are no regulations, published rulings or judicial decisions addressing the characterization for U.S. federal income tax purposes of securities with terms that are substantially the same as those of the Notes, other characterizations and treatments are possible. See “Certain U.S. Federal Income Tax Considerations” below.

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

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

BEAR, STEARNS & CO. INC.

**STRUCTURED PRODUCTS GROUP**

**INTEREST  
AND  
PAYMENT  
AT  
MATURITY**

**Interest.** The interest rate for each of the Notes is designated on the cover of this free-writing prospectus. The interest paid will include interest accrued from the Original Issue Date to, but excluding, the Maturity Date. Interest will be payable to the person to whom principal is payable.

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

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

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

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

**REFERENCE  
ASSET  
INFORMATION**

We urge you to read the section “Sponsors or Issuers and Reference Asset” on page S-25 in the Prospectus Supplement. Companies with securities registered under the Exchange Act are required to file periodically certain financial and other information specified by the SEC. Information provided to or filed with the SEC electronically can be accessed through a website maintained by the SEC. The address of the SEC’s website is <http://www.sec.gov>. Information provided to or filed with the SEC pursuant to the Exchange Act by each company issuing a Reference Asset can be located by reference to the SEC file number provided below.

The summary information below regarding the companies issuing the stocks comprising the applicable Reference Assets comes from each issuer's SEC filings and has not been independently verified by us. We do not make any representations as to the accuracy or completeness of such information or of any filings made by the issuer of the applicable Reference Asset with the SEC. **Investors are urged to refer to the SEC filings made by the applicable issuer and to other publicly available information (such as the issuer's annual report) to obtain an understanding of the issuer's business and financial prospects. The summary information contained below is not designed to be, and should not be interpreted as, an effort to present information regarding the financial prospects of the applicable issuer or any trends, events or other factors that may have a positive or negative influence on those prospects or as an endorsement of any such issuer.**

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**STRUCTURED PRODUCTS GROUP**

***Sotheby's ("BID")***

Sotheby's ("Sotheby's") common stock, par value \$0.10 per share, trades on the NYSE under the symbol "BID." Sotheby's is one of the world's two largest auctioneers of authenticated fine art, decorative arts and collectibles. Sotheby's is also engaged in a number of related activities, including the purchase and resale of art and other collectibles and the brokering of private purchases and sales of art, jewelry and collectibles; art-related financing activities; and to a lesser extent, licensing activities. **Sotheby's SEC file number is 001-09750.**

***United States Steel Corporation ("X")***

United States Steel Corporation ("US Steel") common stock, par value \$1.00 per share, trades on the NYSE under the symbol "X." US Steel is an integrated steel producer with major production operations in the United States and Central Europe. US Steel is also engaged in several other business activities, most of which are related to steel manufacturing, including the production of iron ore pellets and of coke, transportation services and real estate operations. **US Steel's SEC file number is 001-16811.**

***Whole Foods Market, Inc. ("WFMI")***

Whole Foods Market, Inc. ("Whole Foods") common stock, no par value, trades on the NASDAQ under the symbol "WFMI." Whole Foods owns and operates a chain of natural and organic food stores. **Whole Foods' SEC file number is 000-19797.**

**ILLUSTRATIVE  
EXAMPLES &  
HISTORICAL  
TABLES**

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

***Sotheby's ("BID")***

***Assumptions:***

- Investor purchases \$1,000 principal amount of Notes on the Pricing Date at the initial offering price of 100% and holds the Notes to maturity. No Market Disruption Events or Events of Default occur during the term of the Notes.

Initial Level: \$ 31.00

Contingent Protection Percentage: 75%

Contingent Protection Level: \$ 23.25 (\$31.00 x 75%)

Exchange Ratio: 32 (\$1,000/\$31.00)

Coupon: 15.50% per annum, paid upon maturity of six-month term (\$77.50).

- The reinvestment rate on any interest payments made during the term of the Notes is assumed to be 0%. The 6-month total return on a direct investment in the Reference Asset is calculated below prior to the deduction of any

brokerage fees or charges. Both a positive reinvestment rate, or the incurrence of any brokerage fees or charges, would increase the total return on the Notes relative to the total return of the Reference Asset.

Maturity: Six months

Dividend and dividend yield on the Reference Asset: \$0.10 and 0.32% per annum.

**Example 1** - On the Calculation Date, the Final Level of \$37.20 is greater than the Initial Level, resulting in a payment at maturity of \$1,000, regardless of whether the Contingent Protection Level was ever reached or breached, plus one interest payment of \$77.50, for payments totaling \$1,077.50. If you had invested directly in the Reference Asset for the same six-month period, you would have received total cash payments of \$1,201.60 (number of shares of the Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. You would have earned a 7.750% return with an investment in the Notes and a 20.160% return with a direct investment in the Reference Asset.

**Example 2** - On the Calculation Date, the Final Level of \$27.90 is below the Initial Level, but the Closing Price never equaled or fell below the Contingent Protection Level. As discussed in example 1 above, an investor would receive total payments of \$1,077.50, earning a 7.750% return over the term of the Notes. A direct investment in the Reference Asset during that same six-month time period would have generated a return of \$901.60 (number of shares of the Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. You would have earned a 7.750% return with an investment in the Notes and incurred a loss of 9.840% with a direct investment in the Reference Asset.

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**Example 3** - On the Calculation Date, the Final Level of \$20.15 is below the Initial Level and also is below the Contingent Protection Level. At our election, an investor would receive a number of shares equal to the Exchange Ratio, plus the Fractional Share Cash Amount plus one interest payment of \$77.50, which is 32 shares (worth \$20.15 each) plus \$5.20 (the Fractional Share Cash Amount) plus \$77.50 (one interest payment of \$77.50). The cash equivalent equals \$727.50. If you had invested directly in the Reference Asset for the same six-month period, you would have received total cash payments of \$651.60 (number of shares of the Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. An investment in the Notes would have resulted in a loss of 27.250%, while a direct investment in the Reference Asset would have resulted in a loss of 34.840%.

**Table of Hypothetical Cash Settlement Values**

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

Investment in the Notes					Direct Investment in the Reference Asset		
Initial Level	Hypothetical Final Level	Cash Settlement Value	Total Coupon Payments (in % Terms)	6-Month Total Return	Percentage Change in Value of Reference Asset	Dividend Yield	6-Month Total Return
31.00	40.30	\$1,000.00	7.75%	7.75%	30.00%	0.16%	30.16%
31.00	38.75	\$1,000.00	7.75%	7.75%	25.00%	0.16%	25.16%
31.00	37.20	\$1,000.00	7.75%	7.75%	20.00%	0.16%	20.16%
31.00	35.65	\$1,000.00	7.75%	7.75%	15.00%	0.16%	15.16%
31.00	34.10	\$1,000.00	7.75%	7.75%	10.00%	0.16%	10.16%
31.00	32.55	\$1,000.00	7.75%	7.75%	5.00%	0.16%	5.16%
31.00	31.00	\$1,000.00	7.75%	7.75%	0.00%	0.16%	0.16%
31.00	29.45	\$1,000.00	7.75%	7.75%	-5.00%	0.16%	-4.84%
31.00	27.90	\$1,000.00	7.75%	7.75%	-10.00%	0.16%	-9.84%
31.00	26.35	\$1,000.00	7.75%	7.75%	-15.00%	0.16%	-14.84%

**Table of Hypothetical Cash Settlement Values**

Assumes the Closing Price *Does* Equal or Fall Below the Contingent Protection Level Before the Calculation Date

Investment in the Notes					Direct Investment in the Reference Asset		
Initial Level	Hypothetical Final Level	Cash Settlement Value	Total Coupon Payments (in % Terms)	6-Month Total Return	Percentage Change in Value of Reference Asset	Dividend Yield	6-Month Total Return
31.00	38.75	\$1,000.00	7.75%	7.75%	25.00%	0.16%	25.16%
31.00	37.20	\$1,000.00	7.75%	7.75%	20.00%	0.16%	20.16%
31.00	35.65	\$1,000.00	7.75%	7.75%	15.00%	0.16%	15.16%
31.00	34.10	\$1,000.00	7.75%	7.75%	10.00%	0.16%	10.16%

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31.00	32.55	\$1,000.00	7.75%	7.75%	5.00%	0.16%	5.16%
31.00	31.00	\$1,000.00	7.75%	7.75%	0.00%	0.16%	0.16%
31.00	29.45	\$950.00	7.75%	2.75%	-5.00%	0.16%	-4.84%
31.00	27.90	\$900.00	7.75%	-2.25%	-10.00%	0.16%	-9.84%
31.00	26.35	\$850.00	7.75%	-7.25%	-15.00%	0.16%	-14.84%
31.00	24.80	\$800.00	7.75%	-12.25%	-20.00%	0.16%	-19.84%
31.00	23.25	\$750.00	7.75%	-17.25%	-25.00%	0.16%	-24.84%
31.00	21.70	\$700.00	7.75%	-22.25%	-30.00%	0.16%	-29.84%
31.00	20.15	\$650.00	7.75%	-27.25%	-35.00%	0.16%	-34.84%
31.00	18.60	\$600.00	7.75%	-32.25%	-40.00%	0.16%	-39.84%
31.00	17.05	\$550.00	7.75%	-37.25%	-45.00%	0.16%	-44.84%
31.00	15.50	\$500.00	7.75%	-42.25%	-50.00%	0.16%	-49.84%
31.00	13.95	\$450.00	7.75%	-47.25%	-55.00%	0.16%	-54.84%

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The following table sets forth, on a per share basis, the high and low Closing Prices as well as end-of-quarter closing prices, for the Reference Asset during the periods indicated below. We obtained the information in the tables below from Bloomberg Financial Markets, without independent verification.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close	Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
December 31, 2001	17.81	11.46	16.61	June 30, 2004	16.60	12.69	15.96
March 29, 2002	17.40	12.45	16.05	September 30, 2004	17.23	14.13	15.72
June 28, 2002	15.95	13.02	14.25	December 31, 2004	19.24	15.10	18.16
September 30, 2002	14.47	6.88	7.00	March 31, 2005	18.68	15.20	16.96
December 31, 2002	9.70	6.30	9.00	June 30, 2005	18.24	13.47	13.70
March 31, 2003	9.60	7.80	9.18	September 30, 2005	18.31	13.65	16.72
June 30, 2003	9.55	6.42	7.44	December 30, 2005	19.46	15.01	18.36
September 30, 2003	12.15	7.30	10.82	March 31, 2006	29.30	18.18	29.04
December 31, 2003	14.24	10.08	13.66	June 30, 2006	33.84	22.78	26.25
March 31, 2004	15.93	12.17	12.85	October 2, 2006 to November 22, 2006	38.64	29.82	31.26

**United States Steel Corporation ("X")****Assumptions:**

- Investor purchases \$1,000 principal amount of Notes on the Pricing Date at the initial offering price of 100% and holds the Notes to maturity. No Market Disruption Events or Events of Default occur during the term of the Notes.

Initial Level: \$ 75.00

Contingent Protection Percentage: 80%

Contingent Protection Level: \$ 60.00 (\$75.00 x 80%)

Exchange Ratio: 13 (\$1,000/\$75.00)

Coupon: 17.00% per annum, paid upon maturity of three-month term (\$42.50).

- The reinvestment rate on any interest payments made during the term of the Notes is assumed to be 0%. The 3-month total return on a direct investment in the Reference Asset is calculated below prior to the deduction of any brokerage fees or charges. Both a positive reinvestment rate, or the incurrence of any brokerage fees or charges, would increase the total return on the Notes relative to the total return of the Reference Asset.

Maturity: Three months

Dividend and dividend yield on the Reference Asset: \$0.60 and 0.80% per annum.

**Example 1** - On the Calculation Date, the Final Level of \$90.00 is greater than the Initial Level, resulting in a payment at maturity of \$1,000, regardless of whether the Contingent Protection Level was ever reached or breached, plus one interest payment of \$42.50, for payments totaling \$1,042.50. If you had invested directly in the Reference Asset for the same three-month period, you would have received total cash payments of \$1,202.00 (number of shares of the Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. You would have earned a 4.250% return with an investment in the Notes and a 20.200% return with a direct investment in the Reference Asset.

**Example 2** - On the Calculation Date, the Final Level of \$67.50 is below the Initial Level, but the Closing Price never equaled or fell below the Contingent Protection Level. As discussed in example 1 above, an investor would receive total payments of \$1,042.50, earning a 4.250% return over the term of the Notes. A direct investment in the Reference Asset during that same three-month time period would have generated a return of \$902.00 (number of shares of the Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. You would have earned a 4.250% return with an investment in the Notes and incurred a loss of 9.800% with a direct investment in the Reference Asset.

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**Example 3** - On the Calculation Date, the Final Level of \$52.50 is below the Initial Level and also is below the Contingent Protection Level. At our election, an investor would receive a number of shares equal to the Exchange Ratio, plus the Fractional Share Cash Amount plus one interest payment of \$42.50, which is 13 shares (worth \$52.50 each) plus \$17.48 (the Fractional Share Cash Amount) plus \$42.50 (one interest payment of \$42.50). The cash equivalent equals \$742.48. If you had invested directly in the Reference Asset for the same three-month period, you would have received total cash payments of \$702.00 (number of shares of the Reference Asset multiplied by the Final Level, plus the dividend payments), assuming liquidation of shares at the Final Level. An investment in the Notes would have resulted in a loss of 25.752%, while a direct investment in the Reference Asset would have resulted in a loss of 29.800%.

**Table of Hypothetical Cash Settlement Values**

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

Investment in the Notes					Direct Investment in the Reference Asset		
Initial Level	Hypothetical Final Level	Cash Settlement Value	Total Coupon Payments (in % Terms)	3-Month Total Return	Percentage Change in Value of Reference Asset	Dividend Yield	3-Month Total Return
75.00	97.50	\$1,000.00	4.25%	4.25%	30.00%	0.20%	30.20%
75.00	93.75	\$1,000.00	4.25%	4.25%	25.00%	0.20%	25.20%
75.00	90.00	\$1,000.00	4.25%	4.25%	20.00%	0.20%	20.20%
75.00	86.25	\$1,000.00	4.25%	4.25%	15.00%	0.20%	15.20%
75.00	82.50	\$1,000.00	4.25%	4.25%	10.00%	0.20%	10.20%
75.00	78.75	\$1,000.00	4.25%	4.25%	5.00%	0.20%	5.20%
75.00	75.00	\$1,000.00	4.25%	4.25%	0.00%	0.20%	0.20%
75.00	71.25	\$1,000.00	4.25%	4.25%	-5.00%	0.20%	-4.80%
75.00	67.50	\$1,000.00	4.25%	4.25%	-10.00%	0.20%	-9.80%
75.00	63.75	\$1,000.00	4.25%	4.25%	-15.00%	0.20%	-14.80%

**Table of Hypothetical Cash Settlement Values**

Assumes the Closing Price *Does* Equal or Fall Below the Contingent Protection Level Before the Calculation Date

Investment in the Notes					Direct Investment in the Reference Asset		
Initial Level	Hypothetical Final Level	Cash Settlement Value	Total Coupon Payments (in % Terms)	3-Month Total Return	Percentage Change in Value of Reference Asset	Dividend Yield	3-Month Total Return
75.00	93.75	\$1,000.00	4.25%	4.25%	25.00%	0.20%	25.20%
75.00	90.00	\$1,000.00	4.25%	4.25%	20.00%	0.20%	20.20%
75.00	86.25	\$1,000.00	4.25%	4.25%	15.00%	0.20%	15.20%
75.00	82.50	\$1,000.00	4.25%	4.25%	10.00%	0.20%	10.20%

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75.00	78.75	\$1,000.00	4.25%	4.25%		5.00%	0.20%	5.20%
75.00	75.00	\$1,000.00	4.25%	4.25%				