BEAR STEARNS COMPANIES INC
Form 424B2
February 27, 2008

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Registration No. 333-136666
Subject to Completion, dated February 27, 2008
PRICING SUPPLEMENT
(To Prospectus dated August 16, 2006 and
Prospectus Supplement dated August 16, 2006)

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

The Bear Stearns Companies Inc.
$[l] Accelerated Market Participation Securities
Linked to the Nikkei 225SM, due January [l], 2010

- The Notes are linked to the performance of the Nikkei 225SM (the "Index") and are not principal protected. When we refer to Notes in this pricing supplement, we mean Notes with a principal amount of $1,000.00. On the Maturity Date, you will receive the "Cash Settlement Value," an amount in cash depending on the relation of the Final Index Level to the Initial Index Level.
- If, at maturity, the Final Index Level is greater than or equal to the Initial Index Level, the Cash Settlement Value is equal to, per Note, the principal amount of the Note, plus the lesser of:
  - [300.00]% of the percentage increase in the Index, multiplied by the principal amount of the Note, and
  - [40.00]% (the maximum return on the Notes) multiplied by the principal amount of the Note.

Thus, if the Final Index Level is greater than [113.33]% of the Initial Index Level, regardless of the extent to which the Final Index Level is greater than the Initial Index Level, we will pay you $[1,400.00] per Note, which represents a maximum return of [40.00]%.

- If, at maturity, the Final Index Level is less than the Initial Index Level, you will receive less, and possibly significantly less, than your initial investment in the Notes. In this case, the Cash Settlement Value is equal to, per Note:
- $1,000.00 multiplied by the amount, in percentage terms, equal to the Final Index Level divided by the Initial Index Level.
- The CUSIP number for the Notes is 0739282S1.

INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. THE NOTES ARE NOT PRINCIPAL PROTECTED. THEREFORE, INVESTORS MAY RECEIVE LESS, AND POSSIBLY SIGNIFICANTLY LESS, THAN THEIR INITIAL INVESTMENT IN THE NOTES. 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-9.

"Nikkei," "Nikkei Stock Average" and "Nikkei 225" are service marks of Nihon Keizai Shimbun, Inc. and have been licensed for use for certain purposes by The Bear Stearns Companies Inc. The Notes are not sponsored, endorsed, sold or promoted by Nihon Keizai Shimbun, Inc., and Nihon Keizai Shimbun, Inc. makes no representations regarding the advisability of investing in the Notes.

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

	Per Note	**Total**
Initial public offering price[1]	[l]%	$[l]

Agent's discount	[l]%	$[l]
Proceeds, before expenses, to us	[l]%	$[l]

[1] Investors who purchase an aggregate amount of at least $1,000,000 of Notes will be entitled to purchase such Notes for 99.00% of the principal amount.

Any additional reissuances will be offered at a price to be determined at the time of pricing of each offering of Notes, which will be a function of the prevailing market conditions and the level of the Index at the time of the relevant sale.

We expect that the Notes will be ready for delivery in book-entry form only through the book-entry facilities of The Depository Trust Company in New York, New York, on or about March [l], 2008, against payment in immediately available funds. The distribution of the Notes will conform to the requirements set forth in NASD Rule 2720 of the Financial Industry Regulatory Authority, Inc. Conduct Rules.

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

Bear, Stearns & Co. Inc.

March [l], 2008

SUMMARY

This summary highlights selected information from the accompanying prospectus, prospectus supplement and this pricing supplement to help you understand the Notes linked to the 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 "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, Accelerated Market Participation Securities ("AMPS"), Linked to the Nikkei 225[SM], due January [l], 2010 (the "Notes") are Notes whose return is tied or "linked" to the performance of the Index. When we refer to Note or Notes in this pricing supplement, we mean $1,000.00 principal amount of Notes. The Notes are not principal protected. On the Maturity Date, you will receive the Cash Settlement Value, an amount in cash depending on the relation of the Final Index Level to the Initial Index Level. If, at maturity, the Final Index Level is greater than or equal to the Initial Index Level, the Cash Settlement Value is equal to, per Note, the principal amount of the Note, plus the lesser of (i) [300.00]% of the percentage increase in the Index multiplied by the principal amount of the Note, and (ii) [40.00]% (the maximum return on the Notes) multiplied by the principal amount of the Note. Thus, if the Final Index Level is greater than [113.33%] of the Initial Index Level, regardless of the extent to which the Final Index Level is greater than the Initial Index Level, we will pay you $[1,400.00] per Note, which represents a maximum return of [40.00]%. If, at maturity, the Final Index Level is less than the Initial Index Level, you will receive less, and possibly significantly less, than your initial investment in the Notes. In this case, we will pay you $1,000.00 multiplied by an amount, in percentage terms, equal to the Final Index Level divided by the Initial Index Level.

Selected Investment Considerations

- Growth potential—The return, if any, on the Notes is based upon whether the Final Index Level is greater than the Initial Index Level.

- Potential leverage in the increase, if any, of the Index—The Notes may be an attractive investment for investors who have a bullish view of the Index in the short-term. If held to maturity, the Notes allow you to participate in [300.00]% of the potential increase in the Index, not to exceed the maximum return of [40.00]%, representing a [13.33]% increase in the Initial Index Level.

- Diversification—Because the Index represents a broad spectrum of the Japanese equity market, the Notes may allow you to diversify an existing portfolio.

- Taxes—The U.S. federal income tax consequences of an investment in the Notes are complex and uncertain. We intend to treat the Notes for all tax purposes as pre-paid cash-settled executory contracts linked to the level of the Index and, where required, to file information returns with the Internal Revenue Service in accordance with such treatment. Prospective investors are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Notes. Assuming the Notes are treated as pre-paid cash-settled executory contracts, you should be required to recognize capital gain or loss to the extent that the cash you receive on the Maturity Date or upon a sale or exchange of the Notes prior to the Maturity Date differs from your tax basis on the Notes (which will generally be the amount you paid for the Notes). However, certain of the entities included in the Index could be treated as a “real estate investment trust” (“REIT”), partnership, trust, or “passive foreign investment company” (“PFIC”) for U.S. federal income tax purposes, or otherwise as a “pass-thru entity” for purposes of section 1260 of the Code, in which case it is possible that the Notes will be subject to the “constructive ownership” rules of section 1260 of the Code. If so, the portion of any gain that relates to a pass-thru entity that would otherwise be treated as long-term capital gain recognized on the sale, exchange, maturity, or other taxable disposition of the Notes could be treated as ordinary income and subject to an interest charge. See “Certain U.S. Federal Income Tax Considerations” herein.

Selected Risk Considerations

- ***Possible loss of principal—The Notes are not principal protected. If the Final Index Level is less than the Initial Index Level, there will be no principal protection on the Notes and the Cash Settlement Value you will receive will be less than the initial offering price in proportion to the percentage decline in the Index. In that case, you will receive less, and possibly significantly less, than your initial investment in the Notes.***

- Maximum return of [40.00]%—You will not receive more than the maximum return of [40.00]% at maturity. Because the maximum return on the Notes is [40.00]%, the maximum Cash Settlement Value is $[1,400.00]. Therefore, the Cash Settlement Value will not reflect the increase in the value of the Notes if the Initial Index Level increases by more than [13.33]%.

- No interest, dividend or other payments—You will not receive any interest, dividend payments or other distributions on the stocks underlying the Index, nor will such payments be included in the calculation of the Cash Settlement Value you will receive at maturity.

- Not exchange listed—The Notes will not be listed on any securities exchange or quotation system, and we do not expect a trading market to develop, which may affect the price that you receive for your Notes upon any sale prior to maturity. If you sell the Notes prior to maturity, you may receive less, and possibly significantly less, than your initial investment in the Notes.

- Liquidity—Because the Notes will not be listed on any securities exchange or quotation system, we do not expect a trading market to develop, and, if such a market were to develop, it may not be liquid. Our subsidiary, Bear, Stearns & Co. Inc. (“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 those bids will be made. In any event, Notes will cease trading as of the close of business on the Maturity Date.

KEY TERMS

Issuer: The Bear Stearns Companies Inc.

Index: Nikkei 225^{SM} Index (“NKY”), as published by Nihon Keizai Shimbun, Inc. (“Nihon Keizai,” or the “Sponsor”).

Face amount: Each Note will be issued in minimum denominations of $1,000.00 and $1,000.00 multiples thereafter; provided, however, that the minimum purchase for any purchaser domiciled in a Member state of the European Economic Area shall be $100,000.00. The aggregate principal amount of the Notes being offered is $[l]. When we refer to “Note” or “Notes” in this pricing supplement, we mean Notes each with a principal amount of $1,000.00.

Further issuances: Under certain limited circumstances, and at our sole discretion, we may offer further issuances of the Notes. These further issuances, if any, will be consolidated to form a single series with the Notes and will have the same CUSIP number and will trade interchangeably with the Notes immediately upon settlement.

Cash Settlement Value: 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 or equal to the Initial Index Level, the Cash Settlement Value is equal to, per Note, the principal amount of the Notes, plus the lesser of:

, and

$[400.00].

Thus, if the Final Index Level is greater than [113.33]% of the Initial Index Level, regardless of the extent to which the Final Index Level is greater than the Initial Index Level, we will pay you $[1,400.00] per Note, which represents a maximum return of [40.00]%.

If, at maturity, the Final Index Level is less than the Initial Index Level, you will receive less, and possibly significantly less, than the principal you invested. In this case, the Cash Settlement Value is equal to, per Note:

Interest: The Notes will not bear interest.

Upside Participation Rate: [300.00]%

Initial Index Level: Equals [l], the closing level of the Index on March [l], 2008.

Final Index Level:	The Final Index Level will be determined by the Calculation Agent and will equal the closing level of the Index on the Calculation Date.
Calculation Date:	January [l], 2010 unless such date is not an Index Business Day, in which case the Calculation Date shall be the next Index Business Day. The Calculation Date is subject to adjustment as described under "Description of the Notes - Market Disruption Events."
Maturity Date:	The Notes are expected to mature on January [l], 2010 unless such date is not an Index Business Day, in which case the Maturity Date shall be the next Index Business Day. If the Calculation Date is adjusted due to the occurrence of a Market Disruption Event, the Maturity Date will be three Index Business Days following the adjusted Calculation Date.

Exchange listing:	The Notes will not be listed on any securities exchange or quotation system.
Index Business Day:	Means any day on which the Primary Exchange (as defined below) and each Related Exchange (as defined below) are scheduled to be open for trading.

Offers and sales of the Notes are subject to restrictions in certain jurisdictions. The distribution of this pricing supplement, the accompanying prospectus supplement and prospectus and the offer or sale of the Notes in certain other jurisdictions may be restricted by law. Persons who come into possession of this pricing supplement, and the accompanying prospectus supplement and prospectus or any Notes must inform themselves about and observe any applicable restrictions on the distribution of this pricing supplement, the accompanying prospectus supplement and prospectus and the offer and sale of the Notes. Notwithstanding the minimum denomination of $1,000.00, the minimum purchase for any purchaser domiciled in a member state of the European Economic Area shall be $100,000.00.

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 not bear interest, and no other payments will be made prior to maturity. See the section “Risk Factors” for selected risk considerations prior to making an investment in the Notes.

The Notes will mature on January [l], 2010. The Notes do not provide for earlier redemption. When we refer to Notes in this pricing supplement, we mean Notes each with a principal amount of $1,000.00. You should refer to the section “Description of Notes” for a detailed description of the Notes prior to making an investment in the Notes.

Are the Notes principal protected?

No. The Notes are not principal protected and your principal investment in the Notes is at risk of loss. If the Final Index Level is less than the Initial Index Level, the Cash Settlement Value you will receive will be proportionally less than the initial offering price, in proportion to the percentage decline in the Index. In this case your investment will result in a loss.

Are the Notes equity or debt securities?

The Notes are our unsecured, unsubordinated debt securities. However, the Notes differ from traditional debt securities in that the Notes are not principal protected and offer the opportunity to participate in [300.00]% of the positive performance of the Index, if any, subject to a maximum return of [40.00]%. If, at maturity, the Final Index Level is less than the Initial Index Level, you will receive less, and possibly significantly less, than your initial investment in the Notes.

Are there any risks associated with my investment?

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

What will I receive at maturity of the Notes?

The Notes are not principal protected. 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. At maturity, if the Final Index Level is less than the Initial Index Level, the Cash Settlement Value will be less, and possibly significantly less, than your initial investment in the Notes. In this case, we will pay you, per Note:

If, at maturity, the Final Index Level is greater than or equal to the Initial Index Level, the Cash Settlement Value is equal to the principal amount of the Notes, plus the lesser of:

, and

$[400.00].

Thus, if the Final Index Level is greater than [113.33]% of the Initial Index Level, regardless of the extent to which the Final Index Level is greater than the Initial Index Level, we will pay you $[1,400.00] per Note, which represents a maximum return of [40.00]%.

The “Upside Participation Rate” equals [300.00]%.

The “Initial Index Level” equals [l], the closing level of the Index on March [l], 2008.

The “Final Index Level” will be determined by the Calculation Agent and will equal the closing level of the Index on the Calculation Date.

The “Calculation Date” will be January [l], 2010 unless such date is not an Index Business Day, in which case the Calculation Date shall be the next Index Business Day. The Calculation Date is subject to adjustment as described under “Description of the Notes - Market Disruption Events.”

The “Maturity Date” is expected to be January [l], 2010 unless such date is not an Index Business Day, in which case the Maturity Date shall be the next Index Business Day. If the Calculation Date is adjusted due to the occurrence of a Market Disruption Event, the Maturity Date will be three Index Business Days following the adjusted Calculation Date.

“Related Exchange” means each exchange or quotation system where trading has a material effect (as determined by the Calculation Agent) on the overall market for futures or options contracts relating to the Index.

“Primary Exchange” means the primary exchange or market of trading of any security then included in the Index.

“Index Business Day” means any day on which the Primary Exchange and each Related Exchange are scheduled to be open for trading.

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

Will there be an additional offering of the Notes?

Under certain limited circumstances, and at our sole discretion, we may offer further issuances of the Notes. These further issuances, if any, will be consolidated to form a single series with the Notes and will have the same CUSIP number and will trade interchangeably with the Notes immediately upon settlement. Any additional issuance will increase the aggregate principal amount of the outstanding Notes of this series to include the aggregate principal amount of any Notes bearing the same CUSIP number that are issued pursuant to (i) any 30-day option we grant to Bear, Stearns & Co. Inc., and (ii) any future issuances of Notes bearing the same CUSIP number. The price of any additional offerings will be determined at the time of pricing of each offering, which will be a function of the prevailing market conditions and level of the Index at the time of the relevant sale.

Will I receive interest on the Notes?

You will not receive any periodic interest payments on the Notes. The only payment you will receive, if any, will be the Cash Settlement Value upon the maturity of the Notes.

What is the Index?

The Nikkei 225^{SM} is a modified, price-weighted stock index calculated, published and disseminated by Nihon Keizai Shimbun, Inc. that measures the composite price performance of selected Japanese stocks. The Nikkei 225^{SM} is currently comprised of 225 stocks that trade on the Tokyo Stock Exchange and represents a broad cross-section of Japanese industry. All 225 of the stocks underlying the Nikkei 225^{SM} are stocks listed in the First Section of the Tokyo Stock Exchange. The Nikkei 225^{SM} is quoted in Japanese yen. You can obtain the level of the NKY from the Bloomberg service under the symbol NKY <Index> or from the Tokyo Stock Exchange website at http://www.tse.or.jp/english/index.shtml. Any such levels are not endorsed by us and are provided without independent verification. Other information on the Tokyo Stock Exchange website is not incorporated into this document.

For more information, see the section "Description of the Index."

How has the Index performed historically?

We have provided tables and graphs depicting the monthly performance of the Index from January 1998 through January 2008. You can find these tables and graphs 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 the manner in which 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 or quotation system, and we do not expect a trading market to develop, which may affect the price that you receive for your Notes upon any sale prior to maturity. 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 those 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 generally to the section "Risk Factors." If you sell the Notes prior to maturity, you may receive less, and possibly significantly less, than your initial investment in the Notes.

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

Bear Stearns will be our agent for the offering and sale of the Notes. After the initial offering, Bear Stearns intends 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 once 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 Securities and Exchange Commission, which you can find by referring to the section “Where You Can Find More Information” in the accompanying prospectus.

Who should consider purchasing the Notes?

Because the Notes are tied to the price performance of an underlying equity index, they may be appropriate for investors with specific investment horizons who seek to participate in the potential price appreciation of the underlying stocks comprising the Index. In particular, the Notes may be an attractive investment for investors who:

- want potential upside exposure to stocks underlying the Index;
- believe that the Index will increase over the term of the Notes and that such increase will not exceed [40.00]%, the maximum return on the Notes;
- are willing to risk the possible loss of 100.00% of their investment in exchange for the opportunity to participate in [300.00]% of the appreciation, if any, of the Index of up to [13.33]% (which represents a maximum return per Note of [40.00]%), and
- are willing to forgo income in the form of interest payments on the Notes or dividend payments on the stocks underlying the Index.

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

- you seek principal protection;
- you seek current income or dividend payments from your investment;
- you seek an investment that offers the possibility to fully participate in the potential appreciation of the Index (since the return on the Notes is capped at [40.00]%);
- you seek an investment with an active secondary market;
- you are unable or unwilling to hold the Notes until maturity; or
- you do not have a bullish view of the Index over the term of the Notes.

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

The U.S. federal income tax consequences of an investment in the Notes are complex and uncertain. We intend to treat the Notes for all tax purposes as pre-paid cash-settled executory contracts linked to the value of the Index and, where required, to file information returns with the Internal Revenue Service in accordance with such treatment. Prospective investors are urged to consult their tax advisors regarding the U.S. federal income tax consequences of an investment in the Notes. Assuming the Notes are treated as pre-paid cash-settled executory contracts, you should be required to recognize capital gain or loss to the extent that the cash you receive on the Maturity Date or upon a sale or exchange of the Notes prior to the Maturity Date differs from your tax basis on the Notes (which will generally be the amount you paid for the Notes). However, certain of the entities included in the Index could be treated as a REIT, partnership, trust, or PFIC for U.S. federal income tax purposes, or otherwise as a "pass-thru entity" for purposes of section 1260 of the Code, in which case it is possible that the Notes will be subject to the "constructive ownership" rules of section 1260 of the Code. If so, the portion of any gain that relates to a pass-thru entity that would otherwise be treated as long-term capital gain recognized on the sale, exchange, maturity, or other taxable disposition of the Notes could be treated as ordinary income and subject to an interest charge. You should review the discussion under the section "Certain U.S. Federal Income Tax Considerations."

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, as amended ("ERISA"), a plan that is subject to Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), including individual retirement accounts, individual retirement annuities or Keogh plans, a governmental or other plan subject to any similar law or any entity the assets of which are deemed to be "plan assets" under ERISA, Section 4975 of the Code, any applicable regulations or otherwise, will be permitted to purchase, hold and dispose of the Notes, subject to certain conditions. Such investors should carefully review the discussion under "Certain ERISA Considerations" herein before investing in the Notes.

RISK FACTORS

Your investment in the Notes involves a degree of risk similar to investing in the Index. However, your ability to participate in the appreciation of the Index is limited. The maximum return on the Notes is [40.00]%. Therefore, the maximum Cash Settlement Value is $[1,400.00] and the Cash Settlement Value will not reflect the increase in the Index if the Initial Index Level increases by more than [13.33]%. You will be subject to significant risks not associated with conventional fixed-rate or floating-rate debt securities. Prospective purchasers should recognize the possibility of a substantial 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, and the possibility that you will receive a substantially lower amount of principal than the amount you invested. We have no control over a number of matters that may affect the value of the Notes, including economic, financial, regulatory, geographic, judicial and political events, and 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.

The Notes are not principal protected. At maturity, the Notes may pay less than the principal amount.

The Notes are not principal protected. If the Final Index Level is less than the Initial Index Level, there will be no principal protection on the Notes and the Cash Settlement Value you will receive will be less than the initial offering price, in proportion to the percentage decline in the Index. You may receive less, and possibly significantly less, than your initial investment in the Notes.

You will not receive any interest payments on the Notes. Your yield may be lower than the yield on a conventional debt security of comparable maturity.

You will not receive any periodic payments of interest or any other periodic payments on the Notes. On the Maturity Date, you will receive a payment per Note, if any, equal to the Cash Settlement Value. Thus, the overall return you earn on your Notes may be less than that you would have earned by investing in a non-indexed debt security of comparable maturity that bears interest at a prevailing market rate and is principal protected. For more specific information about the Cash Settlement Value and for illustrative examples, you should refer to the section "Description of the Notes."

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 stocks 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 equity markets may at any time have views that differ significantly from ours. In connection with your purchase of the Notes, you should investigate the Index and the stocks that underlie the Index and not rely on our views with respect to future movements in these industries and stocks. You should make such investigation as you deem appropriate as to the merits of an investment linked to the Index.

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

The Index does not reflect the payment of dividends on the stocks underlying it. Therefore, the yield based on the Index to the maturity of the Notes will not produce the same yield as if you had purchased such underlying stocks and held them for a similar period. You should refer to the section "Description of the Notes" for a detailed description of the Notes prior to making an investment in the Notes.

Your return on the Notes will not exceed [40.00]% over the term of the Notes, regardless of the positive percentage increase of the Final Index Level over the Initial Index Level.