

Edgar Filing: BEAR STEARNS COMPANIES INC - Form 424B3

BEAR STEARNS COMPANIES INC
Form 424B3
September 22, 2004

PRICING SUPPLEMENT NO. 30A
DATED: August 27, 2004
(To Prospectus dated November 17, 2003,
and Prospectus Supplement dated November 17, 2003)

Rule 424(b) (3)
File No. 333-109793

\$10,668,950,162
THE BEAR STEARNS COMPANIES INC.
Medium-Term Notes, Series B

Principal Amount: \$17,000,000 Floating Rate Notes Book Entry Notes
Original Issue Date: 9/22/2004 Fixed Rate Notes Certificated Notes
Maturity Date: 9/22/2011 CUSIP#: 073928G49

Option to Extend Maturity:
No
Yes Final Maturity Date:

Minimum Denominations: \$100,000, increased in multiples of \$10,000

Redeemable On -----	Redemption Price(s) -----	Optional Repayment Date(s) -----	Optional Repayment Price(s) -----
*	*	N/A	N/A

Applicable Only to Fixed Rate Notes:

Interest Rate:

Interest Payment Dates:

Applicable Only to Floating Rate Notes:

Interest Rate Basis: Maximum Interest Rate: N/A
 Commercial Paper Rate Minimum Interest Rate: 0.00%
 Federal Funds Effective Rate
 Federal Funds Open Rate Interest Reset Date(s): **
 Treasury Rate Interest Reset Period: Quarterly
 LIBOR Reuters Interest Payment Date(s): ***
 LIBOR Telerate +
 Prime Rate
 CMT Rate

Interest Rate: Cliquet Inverse Floating Interest Payment Period: Quarterly
Rate+

Edgar Filing: BEAR STEARNS COMPANIES INC - Form 424B3

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 in this Pricing Supplement. This summary addresses only US 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 S corporations, banks, thrifts, other financial institutions, insurance companies, mutual funds, small business investment companies, tax-exempt organizations, retirement plans, real estate investment trusts, regulated investment companies, securities dealers or brokers, traders in securities electing mark to market treatment, investors whose functional currency is not the US dollar, persons subject to the alternative minimum tax, and former citizens or residents of the United States), and this summary does not discuss the tax consequences under the laws of any foreign, state or local taxing jurisdictions. 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 US Holders.

General

There are no regulations, rulings or other authorities addressing the federal income tax treatment of debt instruments with terms that are substantially similar to the Notes, and therefore the federal income tax treatment of the Notes is subject to some uncertainty.

Under certain Treasury regulations addressing the timing and character of income, gain, loss and deduction in respect of debt instruments (the "the OID regulations"), for purposes of determining the yield and maturity of a debt instrument, an issuer is generally deemed to exercise a call option in a manner that minimizes the yield on the debt instrument. The OID regulations do not indicate how this rule is applied to debt instruments, such as the Notes, that provide for an inverse floating rate of interest and are callable at par. We intend to take the position that for purposes of applying this rule, the yield on the Notes should be calculated assuming each Quarterly Coupon is computed based on the 12 Month USD LIBOR rate in effect on the date the Notes are issued. Based on this assumption, our yield would be minimized by exercising our call on September 22, 2005 and therefore, for purposes of the OID regulations, the Notes would be treated as bearing interest at the initial Interest Rate and having a maturity of twelve months. This assumption has been made solely for federal income tax purposes in order to comply with the OID regulations. This assumption does not necessarily reflect our expectations regarding the actual yield on the Notes, nor is it an indication of our intention regarding whether or not to call the Notes at any time.

Under this position, the Quarterly Coupon on a Note for the initial Interest Payment Period will be taxable to a US Holder as ordinary interest income at the time it accrues or is received in accordance with the US Holder's normal method of accounting for tax purposes. If we do not call the Notes on September 22, 2005, solely for purposes of the OID regulations, the Notes would be deemed to be retired and reissued at the end of the initial Interest Payment

Edgar Filing: BEAR STEARNS COMPANIES INC - Form 424B3

Period and at the end of each subsequent Interest Payment Period. In this event, a US Holder would not recognize gain or loss in respect of such deemed retirement and reissuance and the Quarterly Coupon for the subsequent Interest Payment Period would be taxable to the US Holder as ordinary interest income at the time it accrues or is received in accordance with the US Holder's normal method of accounting for tax purposes calculated based upon the 12 Month USD LIBOR rate in effect at that time.

Sale, Exchange, Redemption, Repayment or Other Disposition of the Notes

Under the approach described above, upon the disposition of a Note by sale, exchange, redemption (if we exercise our call right or otherwise), repayment or other disposition, a US Holder will generally recognize taxable gain or loss equal to the difference, if any, between (i) the amount realized on the disposition (other than amounts attributable to accrued but unpaid interest, which would be treated as such) and (ii) the US Holder's adjusted tax basis in the Note. A US Holder's adjusted tax basis in a Note generally will equal the cost of the Note (net of accrued interest) to the US Holder. Capital gains of individual taxpayers from the sale, exchange, redemption, repayment or other disposition of a Note held for more than one year may be eligible for reduced rates of taxation. The deductibility of a capital loss realized on the sale, exchange, redemption, repayment or other disposition of a Note is subject to limitations.

Alternative Treatment

As mentioned above, there are no regulations, rulings or other authorities addressing the federal income tax treatment of debt instruments with terms that are substantially similar to the Notes, and therefore the federal income tax treatment of the Notes is subject to some uncertainty. Accordingly, other treatments of the Notes are possible. For example, in the event that we are not deemed to exercise our right to call the Notes for purposes of the OID regulations on September 22, 2005, it is possible that the Notes could be treated as "contingent payment debt instruments" for federal income tax purposes. If the Notes were treated as contingent payment debt instruments for federal income tax purposes, the timing and character of income with respect to the Notes would be significantly affected. For example, a US Holder would be required to include in income in each year an amount equal to the "comparable yield" of the Notes, which is generally equal to the yield at which we would issue a noncontingent debt instrument with terms and conditions similar to the Notes. In addition, a "projected payment schedule" would be computed as of the Original Issue Date that would produce the comparable yield. Furthermore, any gain realized on the maturity date or upon an earlier call, sale, exchange or other disposition of the Notes would generally be treated as ordinary income, and any loss realized on the maturity date or upon an earlier call, sale, exchange or other disposition of the Notes would be treated as ordinary loss to the extent of interest included as income in the current or previous taxable years by the US Holder in respect of the Notes, and capital loss thereafter. The federal income tax treatment of contingent payment debt instruments is summarized in the Prospectus Supplement dated November 17, 2003 under the caption "Certain US Federal Income Tax Considerations - Contingent Payment Debt Instruments."

Disclosure Requirements for US Holders Recognizing Significant Losses or Experiencing Significant Book-Tax Differences.

A US Holder that claims significant losses in respect of a Note (generally (i) \$10 million or more in a taxable year or \$20 million or more in any combination of taxable years for corporations or partnerships all of whose partners are corporations or (ii) \$2 million or more in a taxable year or \$4 million or more in any combination of taxable years for all other taxpayers) or reports any item or items of income, gain, expense, or loss in respect of a Note

Edgar Filing: BEAR STEARNS COMPANIES INC - Form 424B3

for tax purposes in an amount that differs from the amount reported for book purposes by more than \$10 million on a gross basis in any taxable year may be subject to certain disclosure requirements for "reportable transactions." Prospective investors should consult their own tax advisors concerning any possible disclosure obligation with respect to the Notes.

Information Reporting and Backup Withholding.

Information reporting will apply to certain payments on a Note (including interest and OID) and proceeds of the sale of a Note held by a US Holder that is not an exempt recipient (such as a corporation). Backup withholding may apply to payments made to a US Holder if (a) the US Holder has failed to provide its correct taxpayer identification number on IRS Form W-9, (b) we have been notified by the IRS of an underreporting by the US Holder (underreporting generally refers to a determination by the IRS that a payee has failed to include in income on its tax return any reportable dividend and interest payments required to be shown on a tax return for a taxable year), or (c) we have been notified by the IRS that the tax identification number provided to the IRS on an information return does not match IRS records or that the number was not on the information return.

Backup withholding is not an additional tax and may be refunded (or credited against your US federal income tax liability, if any), provided, that certain required information is furnished. The information reporting requirements may apply regardless of whether withholding is required.

THE PRECEDING DISCUSSION IS ONLY A SUMMARY OF CERTAIN OF THE TAX IMPLICATIONS OF AN INVESTMENT IN NOTES. PROSPECTIVE PURCHASERS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS PRIOR TO INVESTING TO DETERMINE THE TAX IMPLICATIONS OF SUCH INVESTMENT IN LIGHT OF EACH SUCH INVESTOR'S PARTICULAR CIRCUMSTANCES.

The distribution of Notes will conform to the requirements set forth in Rule 2720 of the NASD Conduct Rules.

Annex A

Cliquet Inverse Floating Rate

+ The Interest Rate for each Interest Payment Period shall be determined by the Calculation Agent in accordance with the following:

Interest Payment Period	Quarterly Coupon
For the Interest Payment Period from and including September 22, 2004 to but excluding December 22, 2004	9.50% (initial Interest Rate)
For the Interest Payment Period from and including December 22, 2004 to but excluding March 22, 2005	9.50%
For the Interest Payment Period from and including March 22, 2005 to but excluding June 22, 2005	9.50%

Edgar Filing: BEAR STEARNS COMPANIES INC - Form 424B3

For the Interest Payment Period from and including June 22, 2005 to but excluding September 22, 2005	9.50%
For the Interest Payment Period from and including September 22, 2005 to but excluding December 22, 2005	Previous Quarterly Coupon + 2.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including December 22, 2005 to but excluding March 22, 2006	Previous Quarterly Coupon + 2.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including March 22, 2006 to but excluding June 22, 2006	Previous Quarterly Coupon + 2.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including June 22, 2006 to but excluding September 22, 2006	Previous Quarterly Coupon + 2.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including September 22, 2006 to but excluding December 22, 2006	Previous Quarterly Coupon + 3.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including December 22, 2006 to but excluding March 22, 2007	Previous Quarterly Coupon + 3.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including March 22, 2007 to but excluding June 22, 2007	Previous Quarterly Coupon + 3.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including June 22, 2007 to but excluding September 22, 2007	Previous Quarterly Coupon + 3.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including September 22, 2007 to but excluding December 22, 2007	Previous Quarterly Coupon + 4.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including December 22, 2007 to but excluding March 22, 2008	Previous Quarterly Coupon + 4.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including March 22, 2008 to but excluding June 22, 2008	Previous Quarterly Coupon + 4.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including June 22, 2008 to but excluding September 22, 2008	Previous Quarterly Coupon + 4.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including September 22, 2008 to but excluding December 22, 2008	Previous Quarterly Coupon + 5.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including December 22, 2008 to but excluding March 22, 2009	Previous Quarterly Coupon + 5.75% - 12 Month USD LIBOR
For the Interest Payment Period from and	Previous Quarterly Coupon + 5.75% - 12

Edgar Filing: BEAR STEARNS COMPANIES INC - Form 424B3

including March 22, 2009 to but excluding June 22, 2009	Month USD LIBOR
For the Interest Payment Period from and including June 22, 2009 to but excluding September 22, 2009	Previous Quarterly Coupon + 5.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including September 22, 2009 to but excluding December 22, 2009	Previous Quarterly Coupon + 6.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including December 22, 2009 to but excluding March 22, 2010	Previous Quarterly Coupon + 6.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including March 22, 2010 to but excluding June 22, 2010	Previous Quarterly Coupon + 6.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including June 22, 2010 to but excluding September 22, 2010	Previous Quarterly Coupon + 6.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including September 22, 2010 to but excluding December 22, 2010	Previous Quarterly Coupon + 7.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including December 22, 2010 to but excluding March 22, 2011	Previous Quarterly Coupon + 7.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including March 22, 2011 to but excluding June 22, 2011	Previous Quarterly Coupon + 7.75% - 12 Month USD LIBOR
For the Interest Payment Period from and including June 22, 2011 to but excluding September 22, 2011	Previous Quarterly Coupon + 7.75% - 12 Month USD LIBOR

Previous Quarterly Coupon means the Interest Rate for the preceding Interest Payment Period.

With respect to any Interest Payment Period, 12 month USD LIBOR shall be USD LIBOR set in arrears with a designated maturity of 12 months as published on Telerate page 3750 on the fifth London Banking Day prior to but not including the last day of the immediately preceding Interest Payment Period. For any Interest Payment Period where 12 month USD LIBOR sets below 0.00%, 12 month USD LIBOR shall be deemed to be 0.00% for that Interest Payment Period.

If any Interest Reset Date would otherwise be a day that is not a Business Day, such Interest Reset Date shall be postponed to the next succeeding day that is a Business Day, except that if such Business Day is in the next succeeding calendar month, such Interest Reset Date shall be the next preceding Business Day (any such adjustment being referred to as the "Business Day Convention"). For purposes of determining an Interest Reset Date, "Business Day" means any day that is not a Saturday or Sunday, and that is neither a legal holiday nor a day on which banking institutions or trust companies in New York City are authorized or obligated by law to close and which is also a London Banking Day. A "London Banking Day" means any day on which dealings in deposits in U.S. dollars are

transacted in the London interbank market.