

BEAR STEARNS COMPANIES INC
Form 424B5
November 18, 2003

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Prospectus

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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, 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 the offer or sale is not permitted.

Subject to completion, dated November 18, 2003

PRICING SUPPLEMENT

(To Prospectus Dated November 17, 2003 and
Prospectus Supplement Dated November 17, 2003)

\$[]

The Bear Stearns Companies Inc.

Medium-Term Notes, Series B

**Principal Protected Notes Linked to the Price Performance of the
Nasdaq-100® Index Due December [], 2009**

The Notes are unsecured debt obligations of The Bear Stearns Companies Inc.

The Notes are linked to the price performance of the Nasdaq-100 Index as described below.

The Notes will mature on December [], 2009. We will not make any payments on the Notes prior to maturity.

At maturity, you will receive the principal amount of the Notes, plus you will receive an index price return amount.

The index price return amount you will receive at maturity will be based on the principal amount of the Notes multiplied by the greater of (i) the minimum return of 6.00% or (ii) the sum of the monthly index price performances for each of the monthly periods up to maturity (subject to a monthly cap rate of 7.75%).

We will apply to list the Notes on the American Stock Exchange LLC.

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-9 OF THIS PRICING SUPPLEMENT.

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"Nasdaq-100®," "Nasdaq-100 Index®" and "Nasdaq®" are trade or service marks of The Nasdaq Stock Market, Inc. and have been licensed for use by The Bear Stearns Companies Inc. The Notes have not been passed on by The Nasdaq Stock Market, Inc. as to their legality or suitability. The Notes are not issued, endorsed, sold or promoted by The Nasdaq Stock Market, Inc. and The Nasdaq Stock Market, Inc. makes no warranties and bears no liability with respect to 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 | 100.00% | \$[] |
| Agent's discount | []% | \$[] |
| Proceeds, before expenses, to us | []% | \$[] |

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 December [], 2003, 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.

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

Bear, Stearns & Co. Inc.

[], 2003

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 Nasdaq-100 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 the principal tax and other considerations that are important to you in making a decision about whether to invest in the Notes. You should, in particular, carefully review the section entitled "Risk Factors," which highlights a number of 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, prospectus supplement and the accompanying prospectus. 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 Notes Linked to the Price Performance of the Nasdaq-100® Index Due December [], 2009 are Notes whose return is tied or "linked" to the performance of the Nasdaq-100 Index. Unlike typical bonds, no periodic interest payments are made on these Notes prior to maturity. However, if the Notes are held to maturity, you will receive the entire principal amount of the Notes plus an index price return amount that will be based on the principal amount of the Notes multiplied by the greater of (i) the minimum return of 6.00% or (ii) the sum of the monthly index price performances (which may be positive or negative) for each of the monthly periods up to maturity, subject to a monthly cap rate of 7.75% for positively performing months.

Selected Investment Considerations

Growth potential The return on the Notes will be based upon the monthly index price performance of the Nasdaq-100 Index, which may be positive or negative, subject to a monthly cap rate of 7.75% for positively performing months.

Principal protection with a minimum return At maturity, you will receive 100% of the principal amount of your Note, plus a minimum return equivalent to .976% per annum or 6.00% in total, regardless of the monthly performance of the Nasdaq-100 Index.

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Long-term investment The Notes may be an attractive investment for investors who have a long term and moderately bullish view of the Nasdaq-100 Index.

Diversification Since the Nasdaq-100 Index constitutes a broadly diversified segment of the largest and most actively traded stocks of non-financial companies listed on the Nasdaq National Market tier of The Nasdaq Stock Market, the Notes may allow you to diversify an existing portfolio.

Low minimum investment Notes can be purchased in increments of \$1,000.

Exchange listed Subject to meeting certain listing criteria, we expect to list the Notes on the AMEX.

PS-2

Selected Risk Considerations

An investment in the Notes involves significant risks. You should refer to "Risk Factors" in this pricing supplement and "Risk Factors" in the accompanying prospectus supplement.

No interest or dividend payments You will not receive any periodic interest payments during the term of the Notes and you will not receive any dividend payments or other distributions on the stocks underlying the Nasdaq-100 Index, nor will such payments be included in the calculation of the monthly index price performances.

Limited return on investment The index price return amount used to determine the amount payable to you at maturity is based upon the monthly index price performance of the Nasdaq-100 Index (which may be positive or negative) over the term of the Notes. Any positive monthly index price performance is subject to a monthly cap rate of 7.75%. There is no floor on any negative monthly index price performance. As a result, any negative monthly index price performance would offset a positive monthly index price performance in other periods.

Liquidity Subject to meeting certain listing criteria, we expect to list the Notes on the AMEX. You should be aware that even if we successfully list the Notes on the AMEX, we cannot ensure that a secondary market in the Notes will develop and, if such market were to develop, it may not be liquid.

Possible loss of value in the secondary market Your principal investment in the Notes is only protected 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.

Taxes You will be required to include original issue discount in income during your ownership of the Notes although you will receive no cash payments during the term of the Notes. 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 refer to "Certain US Federal Income Tax Considerations" in this pricing supplement and "Certain US Federal Income Tax Considerations" in the prospectus supplement.

PS-3

KEY TERMS

Issuer:

The Bear Stearns Companies Inc.

Nasdaq-100 Index (the "Nasdaq-100 Index") (ticker "NDX"), as published by The

Nasdaq Stock Market, Inc.

| | |
|---|---|
| Index: | |
| Face amount: | Each Note will be issued in minimum denomination of \$1,000; \$[] in the aggregate for all the Notes being offered. |
| Payment amount: | At maturity, we will pay you an amount in cash equal to the sum of (i) the principal amount of the Notes plus (ii) the index price return amount. |
| Index price return amount: | The principal amount of the Notes multiplied by the greater of (i) the minimum return of 6.00% or (ii) the sum of the monthly index price performances for each of the monthly periods up to maturity (subject to a monthly cap rate of 7.75%). |
| Valuation dates: | The [] day of each month, subject to the next succeeding index business day convention; the first valuation date will be on January [], 2004; the final valuation date will be December [], 2009. |
| Reference index value: | For each valuation date, the closing index level of the Nasdaq-100 Index on that valuation date, or, if that day is not an index business day, on the next index business day. |
| Initial index value: | For the first valuation date, the initial index level. For each subsequent valuation date, the closing index level of the Nasdaq-100 Index on the preceding valuation date, or, if that day is not an index business day, on the next index business day. |
| Monthly index price performance: | For each valuation date, the result of the difference between the relevant reference index value and the relevant initial index value, divided by the relevant initial index value; the monthly index price performance may be positive or negative. |
| Capped monthly performance: | For each valuation date, the lesser of (i) the relevant monthly index price performance or (ii) the monthly cap rate. |
| Monthly cap rate: | 7.75%. |
| Minimum return: | 6.00% (equal to 106% return on the principal amount of each Note). |
| Capped index performance: | The sum of the capped monthly performances for each valuation date. |
| Initial index level: | The closing index level on December [], 2003. |
| Final index level: | The closing index level on December [], 2009. |
| Maturity date: | December [], 2009. |
| Interest: | The Notes will not bear interest. |
| Listing: | Subject to meeting certain listing criteria, we expect to list the Notes on the AMEX. No assurance can be provided that we will meet such listing criteria. |

PS-4

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, 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.

QUESTIONS AND ANSWERS

How do the Notes Work?

The return on the Notes will be linked to the sum of the monthly performances of the Nasdaq-100 Index, subject to a monthly cap rate of 7.75%. It is possible for a Note to return only 106% multiplied by the principal amount of a Note, even if the final index level is significantly higher than the initial index level. It is also possible for the capped index performance to be significantly negatively impacted by one poor performing period. However, in no event will you receive less than 106% of your initial investment in a Note if you purchase the Note on the original issue date and hold it until maturity. The Notes will not bear interest and no other payments will be made prior to maturity. See "Risk Factors" in this pricing supplement.

The Notes will be unsecured and will rank equally with all of our unsecured and unsubordinated debt. Because we are a holding company, the Notes will be effectively subordinated to the claims of creditors of our subsidiaries with respect to their assets. At August 31, 2003:

we had outstanding (on an unconsolidated basis) approximately \$35.2 billion of debt and other obligations, including approximately \$32.1 billion of unsecured senior debt and \$2.8 billion of unsecured inter-company debt; and

our subsidiaries had outstanding (after elimination of inter-company items) approximately \$170.4 billion of debt and other obligations (including \$46.7 billion related to securities sold under repurchase agreements, \$65.6 billion related to payables to customers, \$28.9 billion related to financial instruments sold, but not yet purchased, and \$29.2 billion of other liabilities, including \$16.7 billion of debt).

The Notes will mature on December [], 2009, and do not provide for earlier maturity.

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 maturity at least 106% of the principal amount of their Notes, while also having an opportunity to participate in the potential appreciation of the Nasdaq-100 Index above the initial index level during the term of the Notes, subject to a monthly cap rate of 7.75%.

PS-5

The amount payable on the Notes will be computed by first determining each monthly index price performance. The monthly index price performances will be equal to the lesser of:

$$\frac{(\text{reference index value} - \text{initial index value})}{\text{initial index value}} \times 100\% \text{ or the monthly cap rate}$$

Each monthly index price performance is calculated by dividing the difference of the relevant reference index value and the relevant initial index value at the end of each period by the relevant initial index value. The monthly index price performance for any period will be negative if the reference index value is lower than the initial index value for such period. If a monthly index price performance (expressed as a percentage) is less than or equal to 7.75%, then that monthly index price performance is used for that period. Otherwise, the monthly index price performance is capped at 7.75%. Thus, 7.75% is used instead of the actual monthly index price performance for any period during which the monthly index price performance exceeds 7.75%. We then compute the capped index performance by adding all of the capped monthly performances.

For purposes of calculating the reference index value and the initial index value, an "index business day" will be a day, as determined by the calculation agent, on which the New York Stock Exchange, Inc., the AMEX, the Nasdaq National Market, the Chicago Mercantile Exchange and the Chicago Board Options Exchange are open for trading (or would have been open for trading, but for the occurrence of a market disruption event) and the Nasdaq-100 Index or any successor index is calculated and published. The calculation agent may, in its sole discretion, add to or delete from the definition of "index business day" any major US exchange or market which commences or ceases to serve as a primary exchange or market upon which a stock underlying the Nasdaq-100 Index trades, or as an exchange upon which a futures contract, an option contract, or an option on a futures contract relating to the Nasdaq-100 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.

Finally, the value of the capped index performance (expressed as a percentage) is compared against the minimum return of 6.00%. At maturity we will pay (i) the principal amount of each Note plus (ii) the index price return amount. The index price return amount will equal the

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principal amount multiplied by the greater of (i) the value of the capped index performance (positive or negative) or (ii) the minimum return of 6.00%.

For more specific information about the index price return amount and for illustrative examples, you should refer to "Description of the Notes" in this pricing supplement.

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 Nasdaq-100 Index if the Notes are held to maturity. You may receive less than the principal amount of the Notes if you sell the Notes prior to maturity.

Since repayment of the Notes is our direct obligation, actual or anticipated changes in our current credit ratings, A1 by Moody's Investor Service, Inc. and A by Standard & Poor's Rating Services, may affect the value of the Notes.

Will I Receive Interest on the Notes?

We will not make any periodic payments of interest on the Notes, or any other payments on the Notes, until maturity. At maturity, in addition to your initial principal amount, you will receive an index price return amount that is based on the monthly performance of the Nasdaq-100 Index during the six-year term of the Notes.

PS-6

What is the Nasdaq-100 Index, and What Does It Measure?

Unless otherwise stated, all information on the Nasdaq-100 Index that is provided in this pricing supplement is derived from The Nasdaq Stock Market, Inc. or other publicly available sources. The Nasdaq-100 Index is a modified market capitalization-weighted index of 100 of the largest stocks of non-financial companies listed on the Nasdaq National Market tier of The Nasdaq Stock Market, Inc. As of October 31, 2003, the major industry groups covered in the Nasdaq-100 Index (listed according to their respective capitalization in the Nasdaq-100 Index) were as follows: computer and office equipment (31.19%), computer software/services (26.60%), telecommunications (12.37%), retail/wholesale trade (10.45%), biotechnology (9.65%), health care (4.13%), services (2.84%), manufacturing (1.85%) and transportation (0.92%). The identity and capitalization weightings of the five largest companies represented in the Nasdaq-100 Index as of November 17, 2003 were as follows: Microsoft Corporation (8.54%), Intel Corporation (6.69%), Cisco Systems, Inc. (4.99%), QUALCOMM Incorporated (4.07%) and Amgen Inc. (3.28%). Current information regarding the market value of the Nasdaq-100 Index is available from The Nasdaq Stock Market, Inc. as well as numerous market information services. The Nasdaq-100 Index is determined, comprised and calculated by The Nasdaq Stock Market, Inc. without regard to the Notes.

The Nasdaq-100 Index share weights of the component securities, or underlying stocks (the "underlying stocks"), of the Nasdaq-100 Index at any time are based upon the total shares outstanding in each of the 100 securities in the Nasdaq-100 Index and are additionally subject, in certain cases, to rebalancing to ensure that the relative weighting of the underlying stocks continues to meet minimum pre-established requirements for a diversified portfolio. Accordingly, each underlying stock's influence on the value of the Nasdaq-100 Index is directly proportional to the value of its Nasdaq-100 Index share weight. At any moment in time, the value of the Nasdaq-100 Index equals the aggregate value of the then current Nasdaq-100 Index share weights of each of the component 100 underlying stocks multiplied by each such security's respective last sale price on The Nasdaq Stock Market, and divided by a scaling factor (the "divisor") which becomes the basis for the reported Nasdaq-100 Index value. The divisor serves the purpose of scaling such aggregate value (otherwise in the trillions) to a lower order of magnitude which is more desirable for Nasdaq-100 Index reporting purposes. For more information concerning the composition of the Nasdaq-100 Index, see The Nasdaq Stock Market, Inc.'s website at <http://www.nasdaq.com> and also see "Description of the Nasdaq-100 Index" in this pricing supplement. Please note that an investment in the Notes does not entitle you to any ownership or other interest in the stocks of the companies included in the Nasdaq-100 Index.

How Has the Nasdaq-100 Index Performed Historically?

We have provided a table showing the closing values of the Nasdaq-100 Index on the last index business day of each month from January 1993 to October 2003, and the closing values of the Nasdaq-100 Index on the last index business day of December from 1985 through 2002. You can find these tables in the section "Description of the Nasdaq-100 Index Historical Data on the Nasdaq-100 Index" in this pricing supplement. We have provided this historical information to help you evaluate the behavior of the Nasdaq-100 Index in various economic environments; however, past performance is not necessarily indicative of how the Nasdaq-100 Index will perform in the future. You should refer to the section "Risk Factors The Historical Performance of the Nasdaq-100 Index is Not an Indication of the Future Performance of the Nasdaq-100 Index" in this pricing supplement.

Will the Notes Be Listed on a Securities Exchange?

Subject to meeting certain listing criteria, we expect to list the Notes on the AMEX. You should be aware that the listing of the Notes on the AMEX does not necessarily ensure that a liquid trading market will be available for the Notes. You should refer to "Risk Factors There May Be No Secondary Market for the Notes" in this pricing supplement.

PS-7

What Is the Role of Our Subsidiary, Bear, Stearns & Co. Inc.

Our subsidiary, 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 continue them once they are begun.

Bear Stearns also will be our calculation agent for purposes of calculating the index price return amount. 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" in this pricing supplement.

Can You Tell Me More About The Bear Stearns Companies Inc.?

We are a holding company that, through our subsidiaries, principally Bear Stearns, Bear, Stearns Securities Corp. ("BSSC"), Bear, Stearns International Limited ("BSIL") and Bear Stearns Bank plc ("BSB"), 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 entitled "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 entitled "Where You Can Find More Information" in the accompanying prospectus.

What Are the US Federal Income Tax Consequences of Investing in the Notes?

Because the Notes are contingent payment debt instruments for federal income tax purposes, a US Holder of a Note will be required to include original issue discount ("OID") in gross income over the term of the Note prior to receiving payment on the Note at maturity. The amount of OID includible in each year is based on our "comparable yield." In addition, we have computed a "projected payment amount" that produces the comparable yield. The comparable yield and the projected payment amount 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 projected payment amount, then a US Holder would have recognized taxable income in periods prior to maturity that exceeds the US Holder's economic income from holding the Note during such periods (with an offsetting ordinary loss). If a US Holder disposes of the Note prior to maturity, the US Holder will be required to treat any gain recognized upon the disposition of the Note as ordinary income (rather than capital gain). You should refer to "Certain US Federal Income Tax Considerations" in this pricing supplement and "Certain US Federal Income Tax Considerations" in the prospectus 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.

PS-8

RISK FACTORS

You should carefully consider the following risk factors before deciding to invest in the Notes.

The Potential Return on Your Note Is Limited

Your ability to participate in any rise in the level of the Nasdaq-100 Index is limited. Because of the formula that we will use to determine the payment amount, the amount you receive at maturity may result in a lower rate of return on your Note than you would have received had you invested in another security linked to the Nasdaq-100 Index or in the underlying stocks directly. Moreover, even if the final index level is higher than the initial index level, it is possible that we will pay you only the principal amount multiplied by the minimum return of 106% at maturity.

In particular, you should note the following about the formula used to determine the payment amount:

Your exposure to the depreciation of the Nasdaq-100 Index in any monthly period is not limited and any negative monthly performances limit the benefit of any past or future positive monthly performances. This is the case because the capped index performance, calculated by adding the capped monthly performance for each monthly period, is subject to a cap but not a floor. As a result, the likelihood that the capped index performance will be the minimum return of 6.00% or less (and thus at maturity you will only receive the principal amount of the Note multiplied by 106%) increases as the number and magnitude of negative monthly performances increase. You will, however, always receive at least 106% of the principal amount of your Note at maturity.

Your ability to participate in the appreciation of the Nasdaq-100 Index during any monthly period is limited. Because of the monthly cap rate, the capped monthly performance will never exceed 7.75%. This means that, no matter how much the Nasdaq-100 Index may increase from one valuation date to the next (or from the initial index level to the first valuation date), the increase for any such period that will be reflected in calculating the payment amount on your Note will never exceed the monthly cap rate. Consequently, the monthly cap rate will limit the highest return you can receive at maturity.

You Will Not Receive Any Periodic Payments of Interest

You will not receive any periodic payments of interest or any other periodic payments on the Notes until maturity. At maturity, in addition to your initial principal amount, you will receive an index price return amount that is based on the monthly performance of the Nasdaq-100 Index during the six-year term of the Notes. However, the over-all return you earn on your Notes may be less than you would have earned by investing in a non-indexed debt security of comparable maturity that bears interest at a prevailing market rate. For more specific information about the index price return amount and for illustrative examples, you should refer to "Description of the Notes" in this pricing supplement.

Your Yield Will Not Reflect Dividends on the Underlying Stocks That Comprise the Nasdaq-100 Index

The Nasdaq-100 Index does not reflect the payment of dividends on the stocks underlying it. Therefore, the yield based on the Nasdaq-100 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. As of November 14, 2003, the yield on the payment of dividends on the stocks underlying the Nasdaq-100 Index was 20 basis points. You will not receive any dividends that may be paid on any of the stocks which underlie Nasdaq-100 Index. You should refer to "Description of the Notes" in this pricing supplement.

Your Yield May Be Below Market Interest Rates on the Pricing Date

You may receive an index price return amount that is below what we would pay as interest as of the pricing date if we had issued non-callable senior debt securities with a similar maturity to that of

the Notes. The return of principal at maturity and any payment of the index price return amount may not reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

Your Positive Return on the Notes May Be Less Than Your Return on Other Instruments that Directly Replicated the Performance of the Nasdaq-100 Index Because of the Monthly Cap Rate

Unlike individual stocks comprising the Nasdaq-100 Index or other instruments that directly replicate the performance of the Nasdaq-100 Index, your return on the Notes is subject to a monthly cap rate of 7.75%, which may limit the increase in value of the Notes. For example, if the Nasdaq-100 Index appreciates more than 7.75% each month during the term of the Notes, your return on the Notes will be less than an investment in the individual stocks comprising the Nasdaq-100 Index or an index tracking instrument such as a Nasdaq-100 linked exchange-traded fund or index tracking mutual fund.

Tax Consequences

For US federal income tax purposes, the Notes will be classified as contingent payment debt instruments. As a result, you will be required to include original issue discount in income during your ownership of the Notes although you will receive no cash payments during the term of the Notes. 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. See "Certain US Federal Income Tax Considerations" beginning on page PS-34 of this pricing supplement.

The Historical Performance of the Nasdaq-100 Index is Not an Indication of the Future Performance of the Nasdaq-100 Index

The historical performance of the Nasdaq-100 Index, which is included in this pricing supplement, should not be taken as an indication of the future performance of the Nasdaq-100 Index. While the trading prices of the underlying stocks of the Nasdaq-100 Index will determine the value of the Nasdaq-100 Index, it is impossible to predict whether the value of the Nasdaq-100 Index will fall or rise. Trading prices of the underlying stocks of the Nasdaq-100 Index will be influenced by the complex and interrelated political, economic, financial and other factors that can affect the capital markets generally and the equity trading markets on which the underlying stocks are traded, and by various circumstances that can influence the values of the underlying stocks in a specific market segment or of a particular underlying stock.

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 You Had Originally Invested

We believe that the value of your Notes will be affected by the supply of and demand for the Notes, the value of the Nasdaq-100 Index, 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 value of the Nasdaq-100 Index is less than, equal to or not sufficiently above the value of the Nasdaq-100 Index when you purchased the Notes. The following paragraphs describe what we expect to be the impact on the market value of the Notes with a change in a specific factor, assuming all other conditions remain constant.

Value of the Nasdaq-100 Index. We expect that the market value of the Notes will likely depend substantially on the relationship between the current value of the Nasdaq-100 Index, the value of the Nasdaq-100 Index on each of the valuation dates, and the initial index value. If you choose to sell your Notes when the value of the Nasdaq-100 Index exceeds the initial index value, you may receive substantially less than the amount that would have been payable at maturity based on that index value, because of expectations that the Nasdaq-100 Index will continue to fluctuate

PS-10

between such time and the time when the final index value is determined, and the amount you receive may be substantially less than your principal investment. If you choose to sell your Notes when the value of the Nasdaq-100 Index is below the initial index value, you may receive substantially less than your initial principal investment. The effect of the current Nasdaq-100 Index value on the market value of the Notes will likely decrease significantly over time during the six-year term of the Notes, because a portion of the index price return amount will be determined on each of the monthly valuation dates during such period subject to the monthly cap rate.

Volatility of the Nasdaq-100 Index. Volatility is the term used to describe the size and frequency of market fluctuations. If the volatility of the Nasdaq-100 Index increases or decreases, the trading value of the Notes may be adversely affected. The effect of the volatility of the Nasdaq-100 Index on the market value of the Notes will likely decrease significantly over time

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during the term of the Notes, because the capped monthly index (and thus a portion of the index price return amount) will be determined on each valuation date.

Interest rates. We expect that the market value of the Notes will be affected by changes in US interest rates. In general, if US interest rates increase, the value of the Notes may decrease, and if US interest rates decrease, the value of the Notes may increase. Interest rates may also affect the economy and, in turn, the value of the Nasdaq-100 Index, which (for the reasons discussed above) would affect the value of the Notes. Rising interest rates may lower the value of the Nasdaq-100 Index and, thus, the value of the Notes. Falling interest rates may increase the value of the Nasdaq-100 Index and, thus, the value of the Notes.

The Company's credit ratings, financial condition and results. Actual or anticipated changes in our credit ratings, financial condition or results may significantly affect the 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. The "time premium" results from expectations concerning the value of the Nasdaq-100 Index during the period prior to the maturity of the Notes. However, as the time remaining to the maturity of the Notes decreases, this time premium may decrease, decreasing the market value of the Notes.

Events involving the companies comprising the Nasdaq-100 Index. General economic conditions and earnings results of the companies whose common stocks comprise the Nasdaq-100 Index, and real or anticipated changes in those conditions or results, may affect the market value of the Notes. In addition, if the dividend yields on those common stocks increase, the value of the Notes may be adversely affected, because the Nasdaq-100 Index does not incorporate the value of dividend payments. Conversely, if dividend yields on the common stocks decrease, the value of the Notes may be favorably affected.

We want you to understand that the impact 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 Nasdaq-100 Index.

If the Level of the Nasdaq-100 Index Changes, the Market Value of Your Notes May Not Change in the Same Manner

Your Notes may trade quite differently from the monthly performance of the Nasdaq-100 Index. Changes in the level of the Nasdaq-100 Index may not result in a comparable change in the market value of your Notes. In part, this is because each monthly performance is limited to 7.75%. Even if the level of the Nasdaq-100 Index on any valuation date exceeds the level on the prior valuation date by more than 7.75%, the market value of your Notes likely will be less than it would have been had your Notes not been subject to the monthly cap rate.

PS-11

There May Be No Secondary Market for the Notes

Subject to meeting certain listing criteria, we expect to list the Notes on the AMEX. However, no assurance can be provided that we will meet such listing criteria. You should be aware that we cannot ensure that a secondary market in the Notes will develop and, if there were to be a secondary market, it may not be liquid. Accordingly, the liquidity of the Notes may be limited and, under certain circumstances, nonexistent. However, Bear Stearns intends under ordinary market conditions to indicate prices in the Notes on request, although there can be no assurance at which price such a bid would be made. The price given, if any, will be affected by many factors including, but not limited to: the remaining term of the Notes, the general level of interest rates, the current level of the Nasdaq-100 Index and the cost to us of unwinding any related hedging activity or any funding arrangement.

You Have No Shareholder Rights or Rights to Receive Any Stock

Investing in the Notes will not make you a holder of any of the stock underlying the Nasdaq-100 Index. Neither you nor any other holder or owner of the Notes will have any voting rights, any right to receive dividends or other distributions or any other rights with respect to the underlying stocks. The Notes will be paid in cash, and you will have no right to receive delivery of any stocks underlying the Nasdaq-100 Index.

State Law May Limit Interest Paid

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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, which includes debt securities like 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 Nasdaq-100 Index values, or deciding whether a market disruption event has occurred. You should refer to "Description of the Notes – Discontinuance of the Nasdaq-100 Index" and " Adjustments to the Nasdaq-100 Index" and " Market Disruption Events" in this pricing supplement. Because Bear Stearns is our affiliate, conflicts of interest may arise in connection with Bear Stearns performing its role as calculation agent. Rules and regulations regarding broker-dealers (such as Bear Stearns) require Bear Stearns to maintain policies and procedures regarding the handling and use of confidential proprietary information, and such policies and procedures will be in effect throughout the term of the Notes to restrict the use of information relating to the calculation of the Nasdaq-100 Index values that the calculation agent may be required to make prior to the dissemination of such Nasdaq-100 Index values. Bear Stearns is obligated to carry out its duties and functions as calculation agent in good faith, and using its reasonable judgment.

Bear Stearns and its affiliates may, at various times, engage in transactions involving the stocks underlying the Nasdaq-100 Index for their proprietary accounts, and for other accounts under their management. These transactions may influence the value of such stocks, and therefore the value of the Nasdaq-100 Index. BSIL, an affiliate of Bear Stearns, will also be the counterparty to the hedge of our obligations under the Notes. You should refer to "Use of Proceeds and Hedging" in this pricing supplement. Accordingly, under certain circumstances, conflicts of interest may arise between Bear

PS-12

Stearns' responsibilities as calculation agent with respect to the Notes and BSIL's obligations under our hedge.

The Policies of The Nasdaq Stock Market, Inc. and Changes That Affect the Nasdaq-100 Index or the Underlying Stocks That Comprise the Nasdaq-100 Index Could Affect the Amount Payable on Your Notes and Their Market Value

The policies of The Nasdaq Stock Market, Inc. concerning the calculation of the Nasdaq-100 Index, additions, deletions or substitutions of index stocks and the manner in which changes affecting the index stocks or their issuers, such as stock dividends, reorganizations or mergers, are reflected in the Nasdaq-100 Index could affect the Nasdaq-100 Index and, therefore, the amount payable on your Notes on the maturity date and the market value of your Notes before that date. The amount payable on your Notes and their market value could also be affected if The Nasdaq Stock Market, Inc. changes these policies, for example by changing the manner in which it calculates the Nasdaq-100 Index, or if The Nasdaq Stock Market, Inc. discontinues or suspends calculation or publication of the Nasdaq-100 Index, in which case it may become difficult to determine the market value of your Notes. If events such as these occur, or if the Nasdaq-100 Index is not available on any valuation date because of a market disruption event or for any other reason, the calculation agent, which initially will be Bear Stearns, our affiliate, may determine the Nasdaq-100 Index on any particular valuation date and thus the capped monthly performance for the valuation date and, ultimately, the amount payable on the stated maturity date, in a manner it considers appropriate, in its sole discretion.

The Payments 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 a valuation date, a market disruption event has occurred or is continuing, the determination of the value of the Nasdaq-100 Index by the calculation agent may be deferred. As a result, the maturity date for your Notes may also be delayed for up to five consecutive index business days. If this occurs, you may not receive the cash payment that we are obligated to deliver on the maturity date of the Notes until several days after the originally scheduled due date. You should refer to "Description of the Notes – Market Disruption Events" in this pricing supplement.

The Notes may be subject to redemption prior to the maturity date upon the occurrence of an Event of Default. You should refer to "Description of Debt Securities – Events of Default" in the accompanying prospectus. If we commence, voluntarily or involuntarily, a case under the United States Bankruptcy Code, your claim may be limited to the principal amount of your Notes, and may not include any claim for any index price return amount. The amount of principal of the Notes, together with any index price return amount, payable prior to maturity will be

adjusted to account fully for any losses, expenses and costs to the Company of unwinding any underlying or related hedging and funding arrangements, all as determined by the calculation agent in its sole and absolute discretion.

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 "Certain US Federal Income Tax Considerations" in this pricing supplement.

PS-13

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 (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 entitled "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 with respect to their assets. At August 31, 2003:

we had outstanding (on an unconsolidated basis) approximately \$35.2 billion of debt and other obligations, including approximately \$32.1 billion of unsecured senior debt and \$2.8 billion of unsecured inter-company debt; and

our subsidiaries had outstanding (after elimination of inter-company items) approximately \$170.4 billion of debt and other obligations (including \$46.7 billion related to securities sold under repurchase agreements, \$65.6 billion related to payables to customers, \$28.9 billion related to financial instruments sold, but not yet purchased, and \$29.2 billion of other liabilities, including \$16.7 billion of debt).

The aggregate principal amount of the Notes will be \$[]. The Notes will mature on December [], 2009. The Notes will be issued only in fully registered form, and in minimum denominations of \$1,000. 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. The Notes will not be subject to redemption prior to maturity.

You should refer to the section entitled "Certain US Federal Income Tax Considerations" in this pricing supplement, for a discussion of certain federal income tax considerations to you as a holder of the Notes.

Interest

We will not make any periodic payments of interest on the Notes or any other payments on the Notes, until maturity. At maturity, in addition to your initial principal, you will receive an index price return amount as described below.

Payment at Maturity

At maturity, you will receive the principal amount of the Notes, plus the index price return amount. The index price return amount will equal the principal amount of the Notes, multiplied by the greater of (i) the minimum return of 6.00% or (ii) the sum of the monthly index price performances for each of the monthly periods up to maturity (subject to a monthly cap rate of 7.75%).

PS-14

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The amount payable on the Notes will be computed by first determining each monthly index price performance. The monthly index price performances will be equal to the lesser of:

(reference index value - initial index value)

x 100% *or* the monthly cap rate

initial index value

Each monthly index price performance is calculated by dividing the difference of the relevant reference index value and the relevant initial index value at the end of the period by the relevant initial index value. The monthly index price performance for any period may be negative if the reference index value is lower than the initial index value for the period. If a monthly index price performance (expressed as a percentage) is less than or equal to 7.75%, then that monthly index price performance is used for that period. Otherwise, the monthly index price performance is capped at 7.75%. Thus, 7.75% is used instead of the actual monthly index price performance for any period during which the monthly index price performance exceeds 7.75%. We then compute the sum of all capped monthly performances. We call this computed value the capped index performance.

For purposes of calculating the reference index value and the initial index value, an "index business day" will be a day, as determined by the calculation agent, on which the NYSE, the AMEX, the Nasdaq National Market, the Chicago Mercantile Exchange and the Chicago Board Options Exchange are open for trading (or would have been open for trading, but for the occurrence of a market disruption event) and the Nasdaq-100 Index or any successor index is calculated and published. The calculation agent may, in its sole discretion, add to or delete from the definition of "index business day" any major US exchange or market which commences or ceases to serve as a primary exchange or market upon which a stock underlying the Nasdaq-100 Index trades, or as an exchange upon which a futures contract, an option contract, or an option on a futures contract relating to the Nasdaq-100 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.

Finally, the value of the capped index performance (expressed as a percentage) is compared against the minimum return of 6.00%. At maturity we will pay (i) the principal amount of each Note plus (ii) the index price return amount. The index price return amount will equal the principal amount multiplied by the greater of (i) the minimum return of 6.00% or (ii) the value of the capped index performance (positive or negative).

Illustrative Examples

The following are illustrative examples demonstrating the hypothetical payment at maturity of a Note based on the assumptions outlined below and the hypothetical Nasdaq-100 Index closing levels set forth in the tables below.

Assumptions:

Investor pays the principal amount of \$1,000 per Note and holds each Note to maturity.

All returns are based on a six-year (72 month) term; pre-tax basis.

No market disruption events occur during the term of the Notes.

PS-15

Example 1:

"Bullish" Equity Market Certain monthly percentage changes exceed the monthly cap rate of 7.75%

| Valuation Date | Nasdaq-100 Closing Level | Monthly Index Price Performance ⁽¹⁾ | Capped (7.75%) Monthly Return ⁽²⁾ | Capped Index Performance ⁽³⁾ |
|----------------|-----------------------------|---|---|--|
| Dec-03 | 1,400.00 | | | |

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| | | | | |
|--------|----------|--------|--------|--------|
| Jan-04 | 1,441.70 | 2.98% | 2.98% | 2.98% |
| Feb-04 | 1,498.57 | 3.94% | 3.94% | 6.92% |
| Mar-04 | 1,491.98 | -0.44% | -0.44% | 6.48% |
| Apr-04 | 1,445.92 | -3.09% | -3.09% | 3.40% |
| May-04 | 1,409.26 | -2.54% | -2.54% | 0.86% |
| Jun-04 | 1,430.41 | 1.50% | 1.50% | 2.36% |
| Jul-04 | 1,360.37 | -4.90% | -4.90% | -2.54% |
| Aug-04 | 1,397.60 | 2.74% | 2.74% | 0.20% |
| Sep-04 | 1,502.33 | 7.49% | 7.49% | 7.70% |
| Oct-04 | 1,487.04 | -1.02% | -1.02% | 6.68% |
| Nov-04 | 1,514.92 | 1.87% | 1.87% | 8.55% |
| Dec-04 | 1,484.74 | -1.99% | -1.99% | 6.56% |
| Jan-05 | 1,482.72 | -0.14% | -0.14% | 6.42% |
| Feb-05 | 1,486.61 | 0.26% | 0.26% | 6.69% |
| Mar-05 | 1,586.26 | 6.70% | 6.70% | 13.39% |
| Apr-05 | 1,639.99 | 3.39% | 3.39% | 16.78% |
| May-05 | 1,722.18 | 5.01% | 5.01% | 21.79% |
| Jun-05 | 1,654.18 | -3.95% | -3.95% | 17.84% |
| Jul-05 | 1,806.85 | 9.23% | 7.75% | 25.59% |
| Aug-05 | 1,910.46 | 5.73% | 5.73% | 31.32% |
| Sep-05 | 1,936.95 | 1.39% | 1.39% | 32.71% |
| Oct-05 | 1,909.05 | -1.44% | -1.44% | 31.27% |
| Nov-05 | 1,953.75 | 2.34% | 2.34% | 33.61% |
| Dec-05 | 1,937.24 | -0.85% | -0.85% | 32.77% |
| Jan-06 | 1,880.17 | -2.95% | -2.95% | 29.82% |

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|--------|----------|--------|--------|--------|
| Feb-06 | 1,931.04 | 2.71% | 2.71% | 32.53% |
| Mar-06 | 1,974.29 | 2.24% | 2.24% | 34.77% |
| Apr-06 | 1,932.64 | -2.11% | -2.11% | 32.66% |
| May-06 | 2,110.63 | 9.21% | 7.75% | 40.41% |
| Jun-06 | 2,191.86 | 3.85% | 3.85% | 44.26% |
| Jul-06 | 2,239.63 | 2.18% | 2.18% | 46.43% |
| Aug-06 | 2,103.10 | -6.10% | -6.10% | 40.34% |
| Sep-06 | 2,194.23 | 4.33% | 4.33% | 44.67% |

PS-16

| | | | | |
|--------|----------|--------|--------|--------|
| Oct-06 | 2,190.87 | -0.15% | -0.15% | 44.52% |
| Nov-06 | 2,233.67 | 1.95% | 1.95% | 46.47% |
| Dec-06 | 2,276.27 | 1.91% | 1.91% | 48.38% |
| Jan-07 | 2,241.74 | -1.52% | -1.52% | 46.86% |
| Feb-07 | 2,450.18 | 9.30% | 7.75% | 54.61% |
| Mar-07 | 2,261.17 | -7.71% | -7.71% | 46.90% |
| Apr-07 | 2,119.19 | -6.28% | -6.28% | 40.62% |
| May-07 | 2,156.19 | 1.75% | 1.75% | 42.37% |
| Jun-07 | 2,341.95 | 8.62% | 7.75% | 50.12% |
| Jul-07 | 2,338.17 | -0.16% | -0.16% | 49.95% |
| Aug-07 | 2,376.54 | 1.64% | 1.64% | 51.59% |
| Sep-07 | 2,305.99 | -2.97% | -2.97% | 48.63% |
| Oct-07 | 2,355.37 | 2.14% | 2.14% | 50.77% |
| Nov-07 | 2,259.55 | -4.07% | -4.07% | 46.70% |
| Dec-07 | 2,328.00 | 3.03% | 3.03% | 49.73% |

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|--------|----------|--------|--------|---------|
| Jan-08 | 2,195.68 | -5.68% | -5.68% | 44.04% |
| Feb-08 | 2,373.70 | 8.11% | 7.75% | 51.79% |
| Mar-08 | 2,546.58 | 7.28% | 7.28% | 59.08% |
| Apr-08 | 2,603.16 | 2.22% | 2.22% | 61.30% |
| May-08 | 2,661.72 | 2.25% | 2.25% | 63.55% |
| Jun-08 | 2,542.19 | -4.49% | -4.49% | 59.06% |
| Jul-08 | 2,750.30 | 8.19% | 7.75% | 66.81% |
| Aug-08 | 2,832.39 | 2.99% | 2.99% | 69.79% |
| Sep-08 | 2,770.02 | -2.20% | -2.20% | 67.59% |
| Oct-08 | 2,825.12 | 1.99% | 1.99% | 69.58% |
| Nov-08 | 2,940.69 | 4.09% | 4.09% | 73.67% |
| Dec-08 | 3,209.52 | 9.14% | 7.75% | 81.42% |
| Jan-09 | 3,462.75 | 7.89% | 7.75% | 89.17% |
| Feb-09 | 3,665.64 | 5.86% | 5.86% | 95.03% |
| Mar-09 | 3,610.96 | -1.49% | -1.49% | 93.54% |
| Apr-09 | 3,842.31 | 6.41% | 6.41% | 99.95% |
| May-09 | 3,897.03 | 1.42% | 1.42% | 101.37% |
| Jun-09 | 3,811.86 | -2.19% | -2.19% | 99.18% |
| Jul-09 | 3,960.87 | 3.91% | 3.91% | 103.09% |
| Aug-09 | 3,916.31 | -1.13% | -1.13% | 101.97% |
| Sep-09 | 4,133.50 | 5.55% | 5.55% | 107.51% |

PS-17

| | | | | |
|--------|----------|-------|-------|---------|
| Oct-09 | 4,152.52 | 0.46% | 0.46% | 107.97% |
| Nov-09 | 4,340.75 | 4.53% | 4.53% | 112.51% |
| Dec-09 | 4,448.59 | 2.48% | 2.48% | 114.99% |

$$(1) \frac{(\text{reference index value} - \text{initial index value})}{\text{initial index value}} \times 100\%$$

$$(2) \text{The lesser of: } \frac{(\text{reference index value} - \text{initial index value})}{\text{initial index value}} \times 100\% \text{ or the monthly cap rate}$$

(3) Aggregate sum of the monthly percentage change.

In the above hypothetical example, the Nasdaq-100 Index return is equal to 217.76%, with an annualized rate of return equal to 21.242%. The capped index performance is equal to 114.99%, with an annualized rate of return equal to 13.601%. At maturity, the investor will receive 100% of the principal amount of the Note plus an additional index price return amount of 114.99%, totaling a payment of \$2,149.90 (\$1,000 + \$1,000 X 1.1499).

PS-18

Example 2:

"Modest" Equity Market

| Valuation Date | Nasdaq-100 Closing Level | Monthly Index Price Performance | Capped (7.75%) Monthly Return | Capped Index Performance |
|----------------|--------------------------|---------------------------------|-------------------------------|--------------------------|
| Dec-03 | 1,400.00 | | | |
| Jan-04 | 1,427.70 | 1.98% | 1.98% | 1.98% |
| Feb-04 | 1,484.02 | 3.94% | 3.94% | 5.92% |
| Mar-04 | 1,477.49 | -0.44% | -0.44% | 5.48% |
| Apr-04 | 1,523.10 | 3.09% | 3.09% | 8.57% |
| May-04 | 1,484.48 | -2.54% | -2.54% | 6.03% |
| Jun-04 | 1,506.75 | 1.50% | 1.50% | 7.54% |
| Jul-04 | 1,432.98 | -4.90% | -4.90% | 2.64% |
| Aug-04 | 1,472.19 | 2.74% | 2.74% | 5.38% |
| Sep-04 | 1,508.91 | 2.49% | 2.49% | 7.87% |
| Oct-04 | 1,493.55 | -1.02% | -1.02% | 6.85% |
| Nov-04 | 1,566.36 | 4.87% | 4.87% | 11.73% |
| Dec-04 | 1,535.15 | -1.99% | -1.99% | 9.73% |

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| | | | | |
|--------|----------|--------|--------|--------|
| Jan-05 | 1,533.07 | -0.14% | -0.14% | 9.60% |
| Feb-05 | 1,537.09 | 0.26% | 0.26% | 9.86% |
| Mar-05 | 1,578.64 | 2.70% | 2.70% | 12.56% |
| Apr-05 | 1,632.11 | 3.39% | 3.39% | 15.95% |
| May-05 | 1,648.62 | 1.01% | 1.01% | 16.96% |
| Jun-05 | 1,583.53 | -3.95% | -3.95% | 13.01% |
| Jul-05 | 1,618.83 | 2.23% | 2.23% | 15.24% |
| Aug-05 | 1,711.65 | 5.73% | 5.73% | 20.98% |
| Sep-05 | 1,735.39 | 1.39% | 1.39% | 22.36% |
| Oct-05 | 1,760.40 | 1.44% | 1.44% | 23.81% |
| Nov-05 | 1,801.62 | 2.34% | 2.34% | 26.15% |
| Dec-05 | 1,786.39 | -0.85% | -0.85% | 25.30% |
| Jan-06 | 1,733.77 | -2.95% | -2.95% | 22.36% |
| Feb-06 | 1,780.68 | 2.71% | 2.71% | 25.06% |
| Mar-06 | 1,820.56 | 2.24% | 2.24% | 27.30% |
| Apr-06 | 1,782.15 | -2.11% | -2.11% | 25.19% |
| May-06 | 1,803.71 | 1.21% | 1.21% | 26.40% |
| Jun-06 | 1,873.13 | 3.85% | 3.85% | 30.25% |
| Jul-06 | 1,913.95 | 2.18% | 2.18% | 32.43% |
| Aug-06 | 1,892.97 | -1.10% | -1.10% | 31.33% |
| Sep-06 | 1,975.00 | 4.33% | 4.33% | 35.67% |

PS-19

| | | | | |
|--------|----------|-------|-------|--------|
| Oct-06 | 2,037.28 | 3.15% | 3.15% | 38.82% |
| Nov-06 | 2,077.08 | 1.95% | 1.95% | 40.77% |

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| | | | | |
|--------|----------|--------|--------|--------|
| Dec-06 | 2,116.69 | 1.91% | 1.91% | 42.68% |
| Jan-07 | 2,084.59 | -1.52% | -1.52% | 41.16% |
| Feb-07 | 2,132.49 | 2.30% | 2.30% | 43.46% |
| Mar-07 | 2,095.94 | -1.71% | -1.71% | 41.75% |
| Apr-07 | 1,964.33 | -6.28% | -6.28% | 35.47% |
| May-07 | 2,037.91 | 3.75% | 3.75% | 39.21% |
| Jun-07 | 2,131.97 | 4.62% | 4.62% | 43.83% |
| Jul-07 | 2,128.53 | -0.16% | -0.16% | 43.67% |
| Aug-07 | 2,163.45 | 1.64% | 1.64% | 45.31% |
| Sep-07 | 2,099.23 | -2.97% | -2.97% | 42.34% |
| Oct-07 | 2,144.18 | 2.14% | 2.14% | 44.48% |
| Nov-07 | 2,056.95 | -4.07% | -4.07% | 40.41% |
| Dec-07 | 2,119.27 | 3.03% | 3.03% | 43.44% |
| Jan-08 | 2,104.78 | -0.68% | -0.68% | 42.76% |
| Feb-08 | 2,191.23 | 4.11% | 4.11% | 46.87% |
| Mar-08 | 2,241.26 | 2.28% | 2.28% | 49.15% |
| Apr-08 | 2,191.47 | -2.22% | -2.22% | 46.93% |
| May-08 | 2,240.77 | 2.25% | 2.25% | 49.18% |
| Jun-08 | 2,140.14 | -4.49% | -4.49% | 44.69% |
| Jul-08 | 2,199.77 | 2.79% | 2.79% | 47.47% |
| Aug-08 | 2,265.44 | 2.99% | 2.99% | 50.46% |
| Sep-08 | 2,215.55 | -2.20% | -2.20% | 48.26% |
| Oct-08 | 2,259.62 | 1.99% | 1.99% | 50.25% |
| Nov-08 | 2,167.19 | -4.09% | -4.09% | 46.16% |
| Dec-08 | 2,235.27 | 3.14% | 3.14% | 49.30% |

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| | | | | |
|--------|----------|--------|--------|--------|
| Jan-09 | 2,322.22 | 3.89% | 3.89% | 53.19% |
| Feb-09 | 2,388.62 | 2.86% | 2.86% | 56.05% |
| Mar-09 | 2,352.99 | -1.49% | -1.49% | 54.55% |
| Apr-09 | 2,433.15 | 3.41% | 3.41% | 57.96% |
| May-09 | 2,467.81 | 1.42% | 1.42% | 59.39% |
| Jun-09 | 2,413.87 | -2.19% | -2.19% | 57.20% |
| Jul-09 | 2,508.23 | 3.91% | 3.91% | 61.11% |
| Aug-09 | 2,480.01 | -1.13% | -1.13% | 59.98% |
| Sep-09 | 2,567.95 | 3.55% | 3.55% | 63.53% |

PS-20

| | | | | |
|--------|----------|-------|-------|--------|
| Oct-09 | 2,579.77 | 0.46% | 0.46% | 63.99% |
| Nov-09 | 2,619.31 | 1.53% | 1.53% | 65.52% |
| Dec-09 | 2,684.38 | 2.48% | 2.48% | 68.01% |

In the above hypothetical example, the Nasdaq-100 Index return is equal to 91.74%, with an annualized rate of return equal to 11.456%. The capped index performance is equal to 68.01%, with an annualized rate of return equal to 9.029%. At maturity, the investor will receive 100% of the principal amount of the Note plus an additional index price return amount of 68.01%, totaling a payment of \$1,680.10 (\$1,000 + \$1,000 X .6801).

PS-21

Example 3:

"Bearish" Equity Market Notes yield the minimum return of 6.00%

| Valuation Date | Nasdaq-100 Closing Level | Monthly Index Price Performance | Capped (7.75%) Monthly Return | Capped Index Performance |
|----------------|--------------------------|---------------------------------|-------------------------------|--------------------------|
| Dec-03 | 1,400.00 | | | |
| Jan-04 | 1,427.70 | 1.98% | 1.98% | 1.98% |
| Feb-04 | 1,484.02 | 3.94% | 3.94% | 5.92% |
| Mar-04 | 1,477.49 | -0.44% | -0.44% | 5.48% |
| Apr-04 | 1,523.10 | 3.09% | 3.09% | 8.57% |

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| | | | | |
|--------|----------|--------|--------|--------|
| May-04 | 1,484.48 | -2.54% | -2.54% | 6.03% |
| Jun-04 | 1,506.75 | 1.50% | 1.50% | 7.54% |
| Jul-04 | 1,432.98 | -4.90% | -4.90% | 2.64% |
| Aug-04 | 1,472.19 | 2.74% | 2.74% | 5.38% |
| Sep-04 | 1,508.91 | 2.49% | 2.49% | 7.87% |
| Oct-04 | 1,493.55 | -1.02% | -1.02% | 6.85% |
| Nov-04 | 1,420.74 | -4.87% | -4.87% | 1.98% |
| Dec-04 | 1,392.43 | -1.99% | -1.99% | -0.02% |
| Jan-05 | 1,390.54 | -0.14% | -0.14% | -0.15% |
| Feb-05 | 1,394.19 | 0.26% | 0.26% | 0.11% |
| Mar-05 | 1,431.87 | 2.70% | 2.70% | 2.81% |
| Apr-05 | 1,383.37 | -3.39% | -3.39% | -0.57% |
| May-05 | 1,397.37 | 1.01% | 1.01% | 0.44% |
| Jun-05 | 1,452.54 | 3.95% | 3.95% | 4.39% |
| Jul-05 | 1,484.93 | 2.23% | 2.23% | 6.62% |
| Aug-05 | 1,399.78 | -5.73% | -5.73% | 0.88% |
| Sep-05 | 1,419.20 | 1.39% | 1.39% | 2.27% |
| Oct-05 | 1,439.64 | 1.44% | 1.44% | 3.71% |
| Nov-05 | 1,473.35 | 2.34% | 2.34% | 6.05% |
| Dec-05 | 1,460.90 | -0.85% | -0.85% | 5.21% |
| Jan-06 | 1,417.87 | -2.95% | -2.95% | 2.26% |
| Feb-06 | 1,456.23 | 2.71% | 2.71% | 4.97% |
| Mar-06 | 1,488.84 | 2.24% | 2.24% | 7.21% |
| Apr-06 | 1,457.43 | -2.11% | -2.11% | 5.10% |
| May-06 | 1,475.07 | 1.21% | 1.21% | 6.31% |

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| | | | | |
|--------|----------|--------|--------|--------|
| Jun-06 | 1,531.84 | 3.85% | 3.85% | 10.15% |
| Jul-06 | 1,565.22 | 2.18% | 2.18% | 12.33% |
| Aug-06 | 1,548.06 | -1.10% | -1.10% | 11.24% |
| Sep-06 | 1,480.98 | -4.33% | -4.33% | 6.90% |

PS-22

| | | | | |
|--------|----------|---------|---------|---------|
| Oct-06 | 1,527.68 | 3.15% | 3.15% | 10.06% |
| Nov-06 | 1,557.53 | 1.95% | 1.95% | 12.01% |
| Dec-06 | 1,587.23 | 1.91% | 1.91% | 13.92% |
| Jan-07 | 1,563.16 | -1.52% | -1.52% | 12.40% |
| Feb-07 | 1,599.08 | 2.30% | 2.30% | 14.70% |
| Mar-07 | 1,571.67 | -1.71% | -1.71% | 12.99% |
| Apr-07 | 1,472.98 | -6.28% | -6.28% | 6.71% |
| May-07 | 1,215.21 | -17.50% | -17.50% | -10.79% |
| Jun-07 | 1,271.30 | 4.62% | 4.62% | -6.18% |
| Jul-07 | 1,269.24 | -0.16% | -0.16% | -6.34% |
| Aug-07 | 1,290.07 | 1.64% | 1.64% | -4.70% |
| Sep-07 | 1,251.78 | -2.97% | -2.97% | -7.67% |
| Oct-07 | 1,278.58 | 2.14% | 2.14% | -5.53% |
| Nov-07 | 1,226.57 | -4.07% | -4.07% | -9.59% |
| Dec-07 | 1,263.73 | 3.03% | 3.03% | -6.56% |
| Jan-08 | 1,255.08 | -0.68% | -0.68% | -7.25% |
| Feb-08 | 1,203.53 | -4.11% | -4.11% | -11.36% |
| Mar-08 | 1,231.01 | 2.28% | 2.28% | -9.07% |
| Apr-08 | 1,258.36 | 2.22% | 2.22% | -6.85% |

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| | | | | |
|--------|----------|---------|---------|---------|
| May-08 | 1,100.06 | -12.58% | -12.58% | -19.43% |
| Jun-08 | 1,050.65 | -4.49% | -4.49% | -23.92% |
| Jul-08 | 1,079.93 | 2.79% | 2.79% | -21.14% |
| Aug-08 | 1,112.17 | 2.99% | 2.99% | -18.15% |
| Sep-08 | 1,087.67 | -2.20% | -2.20% | -20.35% |
| Oct-08 | 1,109.31 | 1.99% | 1.99% | -18.36% |
| Nov-08 | 1,154.69 | 4.09% | 4.09% | -14.27% |
| Dec-08 | 998.58 | -13.52% | -13.52% | -27.79% |
| Jan-09 | 1,037.42 | 3.89% | 3.89% | -23.90% |
| Feb-09 | 1,067.08 | 2.86% | 2.86% | -21.04% |
| Mar-09 | 1,051.17 | -1.49% | -1.49% | -22.53% |
| Apr-09 | 1,086.98 | 3.41% | 3.41% | -19.13% |
| May-09 | 1,102.46 | 1.42% | 1.42% | -17.70% |
| Jun-09 | 1,078.37 | -2.19% | -2.19% | -19.89% |
| Jul-09 | 1,120.52 | 3.91% | 3.91% | -15.98% |
| Aug-09 | 1,107.91 | -1.13% | -1.13% | -17.11% |
| Sep-09 | 1,147.20 | 3.55% | 3.55% | -13.56% |

PS-23

| | | | | |
|--------|----------|--------|--------|---------|
| Oct-09 | 1,152.48 | 0.46% | 0.46% | -13.10% |
| Nov-09 | 1,052.79 | -8.65% | -8.65% | -21.75% |
| Dec-09 | 1,078.94 | 2.48% | 2.48% | -19.26% |

In the above hypothetical example, the Nasdaq-100 Index return is equal to -22.93%, with an annualized rate of return equal to -4.247%. The capped index performance is equal to -19.26%, with an annualized rate of return equal to .976%. At maturity, the investor will receive 100% of the principal amount of the Note plus an additional index price return amount of 6.00% (minimum return of .976% per annum), totaling a payment of \$1,060 (\$1,000 + \$1,000 X .06).

These examples are for purposes of illustration only. The Nasdaq-100 Index return will depend on the starting Nasdaq-100 Index value and the monthly percentage changes determined by the calculation agent as provided in this pricing supplement. Historical value data regarding the Nasdaq-100 Index are included in this pricing supplement under "Description of the Nasdaq-100 Index Historical Data on the Nasdaq-100

Index."

Discontinuance of the Nasdaq-100 Index

If The Nasdaq Stock Market, Inc. discontinues publication of the Nasdaq-100 Index, or if it or another entity publishes a successor or substitute index that the calculation agent determines, in its sole discretion, to be comparable to the Nasdaq-100 Index, then the ending value as of any succeeding valuation date will be determined by reference to the value of that index, which we refer to as a "successor index."

Upon any selection by the calculation agent of a successor index, the calculation agent will cause notice to be furnished to us and the Trustee, who will provide notice of the selection of the successor index to the registered holders of the Notes.

If The Nasdaq Stock Market, Inc. discontinues publication of the Nasdaq-100 Index, and a successor index is not selected by the calculation agent, or is no longer published on any valuation date, the capped monthly performance to be substituted for the Nasdaq-100 Index for that valuation date will be a value computed by the calculation agent for that valuation date in accordance with the procedures last used to calculate the Nasdaq-100 Index prior to any such discontinuance.

If The Nasdaq Stock Market, Inc. discontinues publication of the Nasdaq-100 Index prior to the determination of the index price return amount, and the calculation agent determines that no successor index is available at that time, then on each index business day until the earlier to occur of (a) the determination of the index price return amount or (b) a determination by the calculation agent that a successor index is available, the calculation agent will determine the value that is to be used in computing the index price return amount as described in the preceding paragraph, as if such day were a valuation date. The calculation agent will cause notice of each such value to be published not less often than once each month in The Wall Street Journal (or another newspaper of general circulation), and arrange for information with respect to those values to be made available by telephone. Notwithstanding these alternative arrangements, discontinuance of the publication of the Nasdaq-100 Index may adversely affect trading in the Notes.

If a successor index is selected, or the calculation agent calculates a value as a substitute for the Nasdaq-100 Index as described above, the successor index or value will be substituted for the Nasdaq-100 Index for all purposes, including for purposes of determining whether an index business day or market disruption event has occurred. Notwithstanding these alternative arrangements, discontinuance of the publication of the Nasdaq-100 Index may adversely affect the value of the Notes.

PS-24

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 Nasdaq-100 Index

If, at any time, the method of calculating the Nasdaq-100 Index or a successor index is changed in any material respect, or if the Nasdaq-100 Index or a successor index is in any other way modified, so that the value of the Nasdaq-100 Index or the successor index does not, in the opinion of the calculation agent, fairly represent the value of that index, had the changes or modifications not been made, then, from and after that time, the calculation agent will, at the close of business in New York, New York, make those adjustments as, in the sole discretion of the calculation agent, may be necessary in order to arrive at a calculation of a value of a stock index comparable to the Nasdaq-100 Index or the successor index, as if the changes or modifications had not been made, and calculate the closing value with reference to the Nasdaq-100 Index or the successor index. Accordingly, if the method of calculating the Nasdaq-100 Index or the successor index is modified so that the value of the Nasdaq-100 Index or the successor index is a fraction or a multiple of what it would have been if it had not been modified (for example, due to a split in the Nasdaq-100 Index), then the calculation agent will adjust that index in order to arrive at a value of the index as if it had not been modified (for example, as if the split had not occurred).

Market Disruption Events

If there is a market disruption event on any valuation date, the valuation date will be the first succeeding index business day on which there is no market disruption event, unless there is a market disruption event on each of the five index business days following the original date that, but for the market disruption event, would have been the valuation date. In that case, the fifth index business day will be deemed to be the valuation date, notwithstanding the market disruption event and the calculation agent will determine the level of the Nasdaq-100 Index on that fifth index business day in accordance with the formula for and method of calculating the Nasdaq-100 Index in effect prior to the market disruption event using the exchange traded price of each security in the Nasdaq-100 Index (or, if trading in any such security has been materially suspended or materially limited, the calculation agent's good faith estimate of the exchange traded price that would have prevailed but for such

suspension or limitation) as of that fifth index business day.

A market disruption event means either of the following events, as determined by the calculation agent, in its sole discretion:

the suspension of or material limitation on trading for more than two hours of trading, or during the one-half hour period preceding the close of trading on the applicable exchange in 20% or more of the stocks which then comprise the Nasdaq-100 Index, or any successor index (without taking into account any extended or after-hours trading session); or

the suspension of or material limitation on trading, in each case, for more than two hours of trading, or during the one-half hour period preceding the close of trading, on the applicable exchange, whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise, in option contracts or futures contracts related to the Nasdaq-100 Index, or any successor index, which are traded on any major US exchange.

For the purpose of the above definition:

- (a) a limitation on the hours in a trading day and/or number of days of trading will not constitute a market disruption event if it results from an announced change in the regular business hours of the relevant exchange, and

PS-25

- (b) for the purpose of clause (a) above, any limitations on trading during significant market fluctuations under NYSE Rule 80A, or any applicable rule or regulation enacted or promulgated by the NYSE or any other self regulatory organization or the SEC of similar scope as determined by the calculation agent, will be considered "material".

Based on the information currently available to us, on each of September 11, 12, 13 and 14, 2001, the NYSE suspended all trading for the entire day, and on October 27, 1997, the NYSE suspended all trading during the one-half hour period preceding the close of trading. If any such suspension of trading occurred during the term of the Notes, it would constitute a market disruption event. The existence or non-existence of these circumstances, however, is not necessarily indicative of the likelihood of these circumstances arising or not arising in the future.

Redemption; Defeasance

The Notes are not subject to redemption before maturity, and are not subject to the defeasance provisions described in the section entitled "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 principal amount, plus

an index price return amount calculated as though the date of early repayment were the maturity date of the Notes.

If a case under the United States Bankruptcy Code is commenced in respect of the Company, your claim as a holder of a Note may be limited to the principal amount of your Note, and may not include any claim for any index price return amount. The amount of principal of the Notes, together with any index price return amount, payable prior to maturity will be adjusted to account fully for any losses, expenses and costs to the Company of unwinding any underlying or related hedging and funding arrangements, all as determined by the calculation agent in its sole and absolute discretion.

Same-Day Settlement and Payment

Settlement for the Notes will be made by Bear Stearns in immediately available funds. All payments of principal and any index price return amount 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, be conclusive for all purposes and binding on the Company and holders of the Notes. Because the calculation agent is an affiliate of the Company, potential conflicts of interest may exist between the calculation agent and holders of the Notes, including with respect to certain determinations and judgments that the calculation agent must make in determining amounts due to holders of the Notes. Bear Stearns is obligated to carry out its duties and functions as calculation agent in good faith and using its reasonable judgment.

PS-26

DESCRIPTION OF THE NASDAQ-100 INDEX

General

Unless otherwise stated, all information on the Nasdaq-100 Index provided in this pricing supplement is derived from The Nasdaq Stock Market, Inc. or other publicly available sources. Such information reflects the policies of The Nasdaq Stock Market, Inc. as stated in such sources, and such policies are subject to change by The Nasdaq Stock Market, Inc. The Nasdaq Stock Market, Inc. is under no obligation to continue to publish the Nasdaq-100 Index, and may discontinue publication of the Nasdaq-100 Index at any time.

The Nasdaq-100 Index is a modified market capitalization-weighted index of 100 of the largest stocks of non-financial companies listed on the National Market tier of The Nasdaq Stock Market, Inc. The Nasdaq-100 Index is currently calculated and published by The Nasdaq Stock Market, Inc. As of October 31, 2003, the major industry groups covered in the Nasdaq-100 Index (listed according to their respective capitalization in the Nasdaq-100 Index) were as follows: computer and office equipment (31.19%), computer software/services (26.60%), telecommunications (12.37%), retail/wholesale trade (10.45%), biotechnology (9.65%), health care (4.13%), services (2.84%), manufacturing (1.85%) and transportation (0.92%). The identity and capitalization weightings of the five largest companies represented in the Nasdaq-100 Index as of November 17, 2003 were as follows: Microsoft Corporation (8.54%), Intel Corporation (6.69%), Cisco Systems, Inc. (4.99%), QUALCOMM Incorporated (4.07%) and Amgen Inc. (3.28%). Current information regarding the market value of the Nasdaq-100 Index is available from The Nasdaq Stock Market, Inc. as well as numerous market information services. The Nasdaq-100 Index is determined, comprised and calculated by The Nasdaq Stock Market, Inc. without regard to the Notes.

The Nasdaq-100 Index share weights of the component securities, or underlying stocks, of the Nasdaq-100 Index at any time are based upon the total shares outstanding in each of the 100 securities in the Nasdaq-100 Index and are additionally subject, in certain cases, to rebalancing to ensure that the relative weighting of the underlying stocks continues to meet minimum pre-established requirements for a diversified portfolio. Accordingly, each underlying stock's influence on the value of the Nasdaq-100 Index is directly proportional to the value of its Nasdaq-100 Index share weight. At any moment in time, the value of the Nasdaq-100 Index equals the aggregate value of the then current Nasdaq-100 Index share weights of each of the component 100 underlying stocks multiplied by each such security's respective last sale price on The Nasdaq Stock Market, and divided by the divisor which becomes the basis for the reported Nasdaq-100 Index value. The divisor serves the purpose of scaling such aggregate value (otherwise in the trillions) to a lower order of magnitude which is more desirable for Nasdaq-100 Index reporting purposes. For more information concerning the composition of the Nasdaq-100 Index, see The Nasdaq Stock Market, Inc.'s website at <http://www.nasdaq.com>.

THE NASDAQ-100 INDEX DOES NOT REFLECT THE PAYMENT OF DIVIDENDS ON THE STOCKS UNDERLYING IT AND THEREFORE THE NASDAQ-100 INDEX RETURN ON THE NOTES WILL NOT PRODUCE THE SAME RETURN YOU WOULD RECEIVE IF YOU WERE TO PURCHASE SUCH UNDERLYING STOCKS AND HOLD THEM UNTIL THE MATURITY DATE.

Computation of the Nasdaq-100 Index

Underlying Stock Eligibility Criteria and Annual Ranking Review

Initial Eligibility Criteria

To be eligible for initial inclusion in the Nasdaq-100 Index, a security must be listed on The Nasdaq Stock Market and meet the following criteria:

the security must be listed on the Nasdaq National Market;

PS-27

the security must be of a non-financial company;

the security may not be issued by an issuer currently in bankruptcy proceedings;

the security must have an average daily trading volume on The Nasdaq Stock Market of at least 200,000 shares;

if the security is of a foreign issuer (a foreign issuer is determined based on its country of incorporation), it must have listed options or be eligible for listed-options trading;

only one class of security per issuer is allowed;

the issuer of the security may not have entered into a definitive agreement or other arrangement which would result in the security no longer being index eligible within the next six months;

the issuer of the security may not have annual financial statements with an audit opinion which the auditor or the company have indicated cannot be currently relied upon;

the security must have "seasoned" on The Nasdaq Stock Market or another recognized market (generally, a company is considered to be seasoned if it has been listed on a market for at least two years; in the case of spin-offs, the operating history of the spin-off will be considered); and

if the security would otherwise qualify to be in the top 25% of the securities included in the Nasdaq-100 Index by market capitalization for the six prior consecutive month ends, then a one-year "seasoning" criteria would apply.

Continued Eligibility Criteria

In addition, to be eligible for continued inclusion in the Nasdaq-100 Index the following criteria apply:

the security must be listed on the Nasdaq National Market;

the security must be of a non-financial company;

the security may not be issued by an issuer currently in bankruptcy proceedings;

the security must have an average daily trading volume of at least 200,000 shares;

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if the security is of a foreign issuer, it must have listed options or be eligible for listed-options trading, as measured annually during the ranking review process;

the security must have an adjusted market capitalization equal to or exceeding 0.10% of the aggregate adjusted market capitalization of the Nasdaq-100 Index at each month end. In the event a company does not meet this criterion for two consecutive month ends, it will be removed from the Nasdaq-100 Index effective after the close of trading on the third Friday of the following month; and

the issuer of the security may not have annual financial statements with an audit opinion which the auditor or the company have indicated cannot be currently relied upon.

These Nasdaq-100 Index eligibility criteria may be revised from time to time by The Nasdaq Stock Market, Inc.

The underlying stocks are evaluated annually as follows (such evaluation is referred to herein as the "annual ranking review"). Securities listed on The Nasdaq Stock Market which meet the above eligibility criteria are ranked by market value. Nasdaq-100 Index-eligible securities which are already in the Nasdaq-100 Index and which are in the top 150 eligible securities (based on market value) are retained in the Nasdaq-100 Index provided that such security was ranked in the top 100 eligible securities as of the previous year's annual review. Securities not meeting such criteria are replaced. The

PS-28

replacement securities chosen are those Nasdaq-100 Index-eligible securities not currently in the Nasdaq-100 Index which have the largest market capitalization. The list of annual additions and deletions is publicly announced via a press release in the early part of December. Replacements are made effective after the close of trading on the third Friday in December. Moreover, if at any time during the year an underlying stock is no longer traded on The Nasdaq Stock Market, or is otherwise determined by The Nasdaq Stock Market, Inc. to become ineligible for continued inclusion in the Nasdaq-100 Index, the security will be replaced with the largest market capitalization security not currently in the Nasdaq-100 Index and meeting the Nasdaq-100 Index eligibility criteria listed above.

In addition to the annual ranking review, the securities in the Nasdaq-100 Index are monitored every day by The Nasdaq Stock Market, Inc. with respect to changes in total shares outstanding arising from secondary offering, stock repurchases, conversions, or other corporate actions. The Nasdaq Stock Market, Inc. has adopted the following quarterly scheduled weight adjustment procedures with respect to such changes. If the change in total shares outstanding arising from such corporate action is greater than or equal to 5.0%, such change is ordinarily made to the Nasdaq-100 Index on the evening prior to the effective date of such corporate action. Otherwise, if the change in total shares outstanding is less than 5.0%, then all such changes are accumulated and made effective at one time on a quarterly basis after the close of trading on the third Friday in each of March, June, September, and December. In either case, the Nasdaq-100 Index share weights for such underlying stocks are adjusted by the same percentage amount by which the total shares outstanding have changed in such underlying stocks.

Ordinarily, whenever there is a change in Nasdaq-100 Index share weights or a change in a component security included in the Nasdaq-100 Index, The Nasdaq Stock Market, Inc. adjusts the divisor to assure that there is no discontinuity in the value of the Nasdaq-100 Index which might otherwise be caused by any such change.

Rebalancing of the Nasdaq-100 Index

Effective after the close of trading on December 18, 1998, the Nasdaq-100 Index has been calculated under a "modified capitalization-weighted" methodology, which is a hybrid between equal weighting and conventional capitalization weighting. This methodology is expected to: (1) retain in general the economic attributes of capitalization weighting; (2) promote portfolio weight diversification (thereby limiting domination of the Nasdaq-100 Index by a few large stocks); (3) reduce Nasdaq-100 Index performance distortion by preserving the capitalization ranking of companies; and (4) reduce market impact on the smallest underlying stocks from necessary weight rebalancings.

Under the methodology employed, on a quarterly basis coinciding with The Nasdaq Stock Market, Inc.'s quarterly scheduled weight adjustment procedures, the underlying stocks are categorized as either "Large Stocks" or "Small Stocks" depending on whether their current percentage weights (after taking into account such scheduled weight adjustments due to stock repurchases, secondary offerings, or other corporate actions) are greater than, or less than or equal to, the average percentage weight in the Nasdaq-100 Index (i.e., as a 100-stock index, the average percentage weight in the Nasdaq-100 Index is 1.0%). Such quarterly examination will result in a Nasdaq-100 Index rebalancing if

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either one or both of the following two weight distribution requirements are not met: (1) the current weight of the single largest market capitalization underlying stock must be less than or equal to 24.0% and (2) the "collective weight" of those underlying stocks whose individual current weights are in excess of 4.5%, when added together, must be less than or equal to 48.0%.

If either one or both of these weight distribution requirements are not met upon quarterly review, a weight rebalancing will be performed in accordance with the following plan. First, relating to weight distribution requirement (1) above, if the current weight of the single largest underlying stock exceeds 24.0%, then the weights of all Large Stocks will be scaled down proportionately towards 1.0% by enough for the adjusted weight of the single largest underlying stock to be set to 20.0%. Second,

PS-29

relating to weight distribution requirement (2) above, for those underlying stocks whose individual current weights or adjusted weights in accordance with the preceding step are in excess of 4.5%, if their "collective weight" exceeds 48.0%, then the weights of all Large Stocks will be scaled down proportionately towards 1.0% by just enough for the "collective weight," so adjusted, to be set to 40.0%.

The aggregate weight reduction among the Large Stocks resulting from either or both of the above rescalings will then be distributed to the Small Stocks in the following iterative manner. In the first iteration, the weight of the largest Small Stock will be scaled upwards by a factor which sets it equal to the average Nasdaq-100 Index weight of 1.0%. The weights of each of the smaller remaining Small Stocks will be scaled up by the same factor reduced in relation to each stock's relative ranking among the Small Stocks such that the smaller the underlying stock in the ranking, the less the scale-up of its weight. This is intended to reduce the market impact of the weight rebalancing on the smallest components securities in the Nasdaq-100 Index.

In the second iteration, the weight of the second largest Small Stock, already adjusted in the first iteration, will be scaled upwards by a factor which sets it equal to the average index weight of 1.0%. The weights of each of the smaller remaining Small Stocks will be scaled up by this same factor reduced in relation to each stock's relative ranking among the Small Stocks such that, once again, the smaller the stock in the ranking, the less the scale-up of its weight.

Additional iterations will be performed until the accumulated increase in weight among the Small Stocks exactly equals the aggregate weight reduction among the Large Stocks from rebalancing in accordance with weight distribution requirement (1) above and/or weight distribution requirement (2) above.

Then, to complete the rebalancing procedure, once the final percent weights of each Nasdaq-100 Index Security are set, the Nasdaq-100 Index share weights will be determined anew based upon the last sale prices and aggregate capitalization of the Nasdaq-100 Index at the close of trading on the Thursday in the week immediately preceding the week of the third Friday in March, June, September and December. Changes to the Nasdaq-100 Index share weights will be made effective after the close of trading on the third Friday in March, June, September and December and an adjustment to the Nasdaq-100 Index divisor will be made to ensure continuity of the Nasdaq-100 Index.

PS-30

Historical Data on the Nasdaq-100 Index

The following table sets forth the value of the Nasdaq-100 Index at the end of each month in the period from January 1993 through October 2003. These historical data on the Nasdaq-100 Index are not necessarily indicative of the future performance of the Nasdaq-100 Index, or what the value of the Notes may be. Any historical upward or downward trend in the value of the Nasdaq-100 Index during any period set forth below is not any indication that the Nasdaq-100 Index is more or less likely to increase or decrease at any time during the term of the Notes.

Month End Closing Value of the Nasdaq-100 Index January 1993 October 2003

| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|----------|--------|--------|--------|--------|--------|----------|
| January | 370.56 | 413.99 | 405.33 | 591.82 | 921.55 | 1,071.13 |
| February | 351.14 | 412.17 | 432.50 | 622.83 | 850.46 | 1,194.13 |
| March | 359.42 | 382.96 | 447.15 | 609.69 | 797.06 | 1,220.66 |

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| | 1993 | 1994 | 1995 | 1996 | 1997 | 1998 |
|-----------|----------|----------|----------|----------|----------|----------|
| April | 339.94 | 373.25 | 469.56 | 666.73 | 874.74 | 1,248.12 |
| May | 368.11 | 378.85 | 488.10 | 692.39 | 958.85 | 1,192.07 |
| June | 366.13 | 360.30 | 538.03 | 677.30 | 957.30 | 1,337.34 |
| July | 352.86 | 370.16 | 568.88 | 636.01 | 1107.03 | 1,377.26 |
| August | 372.65 | 397.90 | 576.77 | 663.57 | 1074.17 | 1,140.34 |
| September | 382.71 | 393.85 | 585.08 | 737.58 | 1097.17 | 1,345.48 |
| October | 390.98 | 413.05 | 598.78 | 751.99 | 1019.62 | 1,400.52 |
| November | 386.76 | 404.82 | 593.72 | 834.01 | 1050.51 | 1,557.96 |
| December | 398.28 | 404.27 | 576.23 | 821.36 | 990.80 | 1,836.01 |
| | 1999 | 2000 | 2001 | 2002 | 2003 | |
| January | 2,127.19 | 3,570.05 | 2,593.00 | 1,550.17 | 983.05 | |
| February | 1,925.28 | 4,266.94 | 1,908.32 | 1,359.22 | 1,009.74 | |
| March | 2,106.39 | 4,397.84 | 1,573.25 | 1,452.81 | 1,018.66 | |
| April | 2,136.39 | 3,773.18 | 1,855.15 | 1,277.07 | 1,106.06 | |
| May | 2,089.70 | 3,324.08 | 1,799.89 | 1,208.34 | 1,197.89 | |
| June | 2,296.77 | 3,763.79 | 1,830.19 | 1,051.41 | 1,201.69 | |
| July | 2,270.93 | 3,609.35 | 1,683.61 | 962.11 | 1,276.94 | |
| August | 2,396.87 | 4,077.59 | 1,469.70 | 942.38 | 1,341.20 | |
| September | 2,407.90 | 3,570.61 | 1,168.37 | 832.52 | 1,303.70 | |
| October | 2,637.44 | 3,282.30 | 1,364.78 | 989.54 | 1,416.39 | |
| November | 2,966.71 | 2,506.54 | 1,596.05 | 1,116.10 | | |
| December | 3,707.83 | 2,341.70 | 1,577.05 | 984.36 | | |

PS-31

The following table sets forth the closing values of the Nasdaq-100 Index on the last index business day of each year from 1985 through 2002, as published by The Nasdaq Stock Market, Inc. The historical performance of the Nasdaq-100 Index should not be taken as an indication of future performance, and no assurance can be given that the value of the Nasdaq-100 Index will not decline (or increase insufficiently) and thereby reduce or eliminate the index price return amount.

Year End Closing Value of the Nasdaq-100 Index

| Year | Year End Closing Value |
|------|------------------------|
| 1985 | 132.29 |
| 1986 | 141.41 |
| 1987 | 156.25 |
| 1988 | 177.41 |
| 1989 | 223.83 |
| 1990 | 200.53 |
| 1991 | 330.85 |
| 1992 | 360.18 |
| 1993 | 398.28 |
| 1994 | 404.27 |
| 1995 | 576.23 |
| 1996 | 821.36 |
| 1997 | 990.80 |
| 1998 | 1,836.01 |
| 1999 | 3,707.83 |
| 2000 | 2,341.70 |
| 2001 | 1,577.05 |
| 2002 | 984.36 |

The closing value of the Nasdaq-100 Index on November 17, 2003 was 1,393.75.

License Agreement

The Nasdaq Stock Market, Inc. and the Company have entered into a non-exclusive license agreement providing for the license to the Company, in exchange for a fee, of the right to use indices owned and published by The Nasdaq Stock Market, Inc. in connection with certain securities, including the Notes.

The license agreement between The Nasdaq Stock Market, Inc. and the Company provides that the following language must be stated in this pricing supplement.

"The Notes are not sponsored, endorsed, sold or promoted by The Nasdaq Stock Market, Inc. (including its affiliates) (Nasdaq, with its affiliates, are referred to as the "Corporations"). The Corporations have not passed on the legality or suitability of, or the accuracy or adequacy of descriptions and disclosures relating to, the Notes. The Corporations make no representation or warranty, express or implied to the owners of the Notes or any member of the public regarding the advisability of investing in securities generally or in the Notes particularly, or the ability of the Nasdaq-100 Index® to track general stock market performance. The Corporations' only relationship to the Company is in the licensing of the Nasdaq-100®, Nasdaq-100 Index®, and Nasdaq® trademarks or service marks, and certain trade names of the Corporations and the use of the Nasdaq-100 Index® which is determined, composed and calculated by Nasdaq without regard to the Company or the Notes. Nasdaq has no

PS-32

obligation to take the needs of the Company or the owners of the Notes into consideration in determining, composing or calculating the Nasdaq-100 Index®. The Corporations are not responsible for and have not 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. The Notes have no liability in connection with the administration, marketing or trading of the Notes.

THE CORPORATIONS DO NOT GUARANTEE THE ACCURACY AND/OR UNINTERRUPTED CALCULATION OF THE NASDAQ-100 INDEX® OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO WARRANTY, EXPRESS OR IMPLIED, AS TO RESULTS TO BE OBTAINED BY THE COMPANY, OWNERS OF THE NOTES, OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE NASDAQ-100 INDEX® OR ANY DATA INCLUDED THEREIN. THE CORPORATIONS MAKE NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIM ALL WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE WITH RESPECT TO THE NASDAQ-100 INDEX® OR ANY DATA INCLUDED THEREIN. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WILL THE CORPORATIONS HAVE ANY LIABILITY FOR ANY LOST PROFITS OR SPECIAL, INCIDENTAL, PUNITIVE, INDIRECT, OR CONSEQUENTIAL DAMAGES, EVEN IF NOTIFIED OF THE POSSIBILITY OF SUCH DAMAGES."

All disclosures contained in this pricing supplement regarding the Nasdaq-100 Index, including its make-up, method of calculation and changes in its components, are derived from publicly available information prepared by The Nasdaq Stock Market, Inc. None of the Company, Bear Stearns or the Trustee assume any responsibility for the accuracy or completeness of such information.

PS-33

CERTAIN US FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes certain US federal income tax consequences of the purchase, beneficial ownership and disposition of Notes. Except as provided below under "Federal Income Tax Treatment of Non-US Holders," this summary deals only with a beneficial owner of a Note that is:

an individual who is a citizen or resident of the United States for US federal income tax purposes;

a corporation (or other entity that is treated as a corporation for US 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);

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an estate whose income is subject to US 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

(each, a "US Holder").

If a partnership (or other entity that is treated as a partnership for US federal tax purposes) is a beneficial owner of Notes, the treatment of a partner in the partnership will generally depend upon the status of the partner and upon the activities of the partnership. A beneficial owner of Notes that is a partnership, and partners in such a partnership, should consult their tax advisors about the US federal income tax consequences of holding and disposing of the Notes.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States for US federal income tax purposes by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year).

This discussion 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 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.

PS-34

Federal Income Tax Treatment of US Holders

Accruals of Original Issue Discount on the Notes

For US federal income tax purposes, the Notes will be treated as "contingent payment debt instruments" ("CPDIs") subject to taxation under the "noncontingent bond method." Under the noncontingent bond method, US Holders of the Notes will accrue original issue discount ("OID") over the term of the Notes based on the Notes' "comparable yield." As a result, US Holders that employ the cash method of tax accounting will be required to include OID with respect to their Notes in gross income each year, even though no cash payments will be made with respect to the Notes until maturity.

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 believe that the comparable yield of the Notes is equal to 4.14%, compounded annually. Accordingly, US Holders will accrue OID in respect of the Notes at a rate equal to the comparable yield. 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 yield. The "adjusted issue price" of the Notes at the beginning of an accrual period will equal the issue price of the Notes plus the amount of OID previously includible in the gross income of the US Holder. The amount of OID includible in income of each US Holder for each taxable year will equal the sum of the "daily portions" of the total OID on the Notes allocable to each day during the taxable year in which a US Holder held the Notes, regardless of the US Holder's method of accounting. The daily portion of the OID is determined by allocating to each day in any accrual period a ratable portion of the OID allocable to such accrual period.

Under the noncontingent bond method, the comparable yield of a CPDI is used to construct a projected payment schedule that produces the comparable yield. Under this method, we believe that the projected payment schedule for the Notes consists of a projected payment amount on the maturity date equal to \$275.57 in respect of each Note. Based upon the comparable yield and the projected payment amount for the Notes, a US Holder that pays taxes on a calendar year basis and buys a Note for \$1,000 and holds it to maturity will be required to pay taxes on the following amounts of ordinary income from the Note each year: \$1.62 in 2003, \$41.47 in 2004, \$43.18 in 2005, \$44.97 in 2006, \$46.83 in 2007, \$48.77 in 2008, and \$48.72 in 2009. However, for 2009, the amount of ordinary income that a US Holder will be required to pay taxes on from owning a Note may be greater or less than \$48.72, depending upon the payment at maturity. In addition, if the payment at maturity is less than \$275.57, a US Holder may have a loss for 2009. You should note that these projected payment amounts may vary based upon applicable interest rates and may be higher or lower depending upon market conditions on the date the Notes are issued.

Under the noncontingent bond method, the projected payment schedule is not revised to account for changes in circumstances that occur while the Notes are outstanding.

The comparable yield and the projected payment amount for the Notes are used to determine accruals of OID for tax purposes only, and are not assurances by us with respect to the actual yield or

PS-35

payments on the Notes and do not represent our expectations regarding a Note's yield or the index price return amount.

A US Holder will generally be bound by our determination of the comparable yield and projected payment schedule for the Notes, unless the US Holder determines its own projected payment schedule and comparable yield, explicitly discloses such schedule to the Internal Revenue Service (the "IRS"), and explains to the IRS the reason for preparing its own schedule. We believe that the projected payment schedule and comparable yield for the Notes as set forth above are reasonable and will therefore be respected by the IRS. Our determination, however, is not binding on the IRS, and it is possible that the IRS could conclude that some other projected payment schedule or comparable yield should be used for the Notes.

Sale, Exchange, Retirement, or Other Disposition of the Notes

Upon the maturity of a Note, if the payment at maturity exceeds the projected payment amount of \$275.57, a US Holder will be required to include such excess in income as ordinary interest on the maturity date. Alternatively, if the payment at maturity is less than the projected payment amount, the shortfall will be treated as an offset to any OID otherwise includible in income by the US Holder with respect to the Note for the taxable year in which the maturity date occurs, and any remaining portion of such shortfall may be recognized and deducted by the US Holder as an ordinary loss.

When a US Holder sells, exchanges or otherwise disposes of a Note, the US Holder's gain (or loss) on the disposition will equal the difference between the amount received by the US Holder for the Note and the US Holder's adjusted tax basis in the Note. A US Holder's adjusted tax basis in a Note will be equal to the US Holder's original purchase price for the Note, plus any OID accrued by the US Holder. Any gain realized by a US Holder on a disposition will be treated as ordinary interest income. Any loss realized by a US Holder on a disposition will be treated as ordinary loss to the extent of the US Holder's OID inclusions with respect to the Note. Any loss realized in excess of such amount generally will be treated as a capital loss. Any capital loss recognized by a US Holder will be a long-term capital loss if such US Holder has held such Note for more than one year, and a short-term capital loss in other cases.

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, (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 (iii) \$50,000 or more in a taxable year for individuals or trusts with respect to a foreign currency transaction) or reports any item or items of income, gain, expense, or loss in respect of a Note 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

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may be subject to certain disclosure requirements for "reportable transactions." Prospective investors should consult their tax advisors concerning any possible disclosure obligation with respect to the Notes.

Federal Income Tax Treatment of Non-US Holders

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

a nonresident alien individual,

a foreign corporation,

PS-36

a foreign partnership,

an estate whose income is not subject to US 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.

Payments on the Notes to Non-US Holders will not be subject to US federal income or withholding tax if the following conditions are satisfied:

the Non-US Holder does not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote,

the Non-US Holder is not a controlled foreign corporation for US federal income tax purposes that is related to us through actual or constructive ownership,

the Non-US Holder is not a bank receiving interest on a loan made in the ordinary course of its trade or business,

interest payable on the Notes is not determined by reference to any receipts, sales or other cash flow, income or profits, change in the value of any property of, or any dividend or similar payment made by us or a person related to us, within the meaning of Code section 871(h)(4)(A), and

the payments are not effectively connected with a trade or business conducted by the Non-US Holder in the United States and either (a) the Non-US Holder provides a correct, complete and executed IRS Form W-8BEN or Form W-8IMY (or successor form) with all of the attachments required by the IRS, or (b) the Non-US Holder holds its Note through a qualified intermediary (generally a foreign financial institution or clearing organization or a non-US branch or office of a US financial institution or clearing organization that is a party to a withholding agreement with the IRS) which has provided to us an IRS Form W-8IMY stating that it is a qualified intermediary and has received documentation upon which it can rely to treat the payment as made to a foreign person.

If any of these exceptions apply, interest (including OID) on the Notes will be subject to a 30% withholding tax when paid, unless an income tax treaty reduces or eliminates the tax or the interest is effectively connected with the conduct of a US trade or business and the Non-US Holder provides a correct, complete and executed IRS Form W-8 ECI.

In general, gain realized on the sale, exchange or retirement of the Notes by a Non-US Holder will not be subject to US federal income tax, unless:

the gain with respect to the Notes is effectively connected with a trade or business conducted by the Non-US Holder in the United States, or

the Non-US Holder is a nonresident alien individual who holds the Notes as a capital asset and is present in the United States for more than 182 days in the taxable year of the sale and certain other conditions are satisfied.

A Note held by an individual who at death is a Non-US Holder will not be includible in the individual's gross estate for US federal estate tax purposes if:

the Non-US Holder did not at the time of death actually or constructively own 10% or more of the total combined voting power of all classes of stock of our stock entitled to vote; and

the income on the Note would not have been effectively connected with a trade or business conducted by the Non-US Holder in the United States at the time of death.

PS-37

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, or (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).

Backup withholding will not be required with respect to Non-US Holders, so long as we have received from the Non-US Holder a correct and complete IRS Form W-8BEN or Form W-8IMY with all of the attachments required by the IRS, signed under penalty of perjury, identifying the Non-US Holder and stating that the Non-US Holder is not a United States person. In addition, IRS Form W-8BEN will be required from the beneficial owners of interests in a Non-US Holder that is treated as a partnership for US federal income tax purposes. Interest paid to a Non-US Holder will be reported on IRS Form 1042-S which is filed with the IRS and sent to Non-US Holders.

Information reporting and backup withholding may apply to the proceeds of a sale of a Note by a Non-US Holder made within the United States or conducted through certain US related financial intermediaries, unless the payor receives the statement described above.

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. For Non-US Holders, copies of the information returns reporting such interest and withholding also may be made available to the tax authorities in the country in which a Non-US Holder is a resident under the provisions of an applicable income tax treaty or agreement.

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.

PS-38

ERISA CONSIDERATIONS

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Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), prohibits the borrowing of money, the sale of property and certain other transactions involving the assets of plans that are qualified under the Code ("Qualified Plans") or individual retirement accounts ("IRAs") and persons who have certain specified relationships to them. Section 406 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), prohibits similar transactions involving employee benefit plans that are subject to ERISA ("ERISA Plans"). Qualified Plans, IRAs and ERISA Plans are referred to as "Plans."

Persons who have such specified relationships are referred to as "parties in interest" under ERISA and as "disqualified persons" under the Code. "Parties in interest" and "disqualified persons" encompass a wide range of persons, including any fiduciary (for example, investment manager, trustee or custodian), any person providing services (for example, a broker), the Plan sponsor, an employee organization any of whose members are covered by the Plan, and certain persons related to or affiliated with any of the foregoing.

The purchase and/or holding of the Notes by a Plan with respect to which the Company and/or Bear Stearns is a fiduciary and/or a service provider (or otherwise is a "party in interest" or "disqualified person") would constitute or result in a prohibited transaction under Section 406 of ERISA or Section 4975 of the Code, unless such Notes are acquired or held pursuant to and in accordance with an applicable statutory or administrative exemption. The Company and several of its subsidiaries, such as Bear Stearns, are each considered a "disqualified person" under the Code or "party in interest" under ERISA with respect to many Plans, although the Company is not a "disqualified person" with respect to an IRA simply because the IRA is established with Bear Stearns or because Bear Stearns provides brokerage to the IRA, and neither the Company nor Bear Stearns can be a "party in interest" to any IRA other than certain employer-sponsored IRAs as only employer-sponsored IRAs are covered by ERISA.

Applicable exemptions may include certain prohibited transaction class exemptions (for example, Prohibited Transaction Class Exemption ("PTCE") 84-14 relating to qualified professional asset managers, PTCE 96-23 relating to certain in-house asset managers, PTCE 91-38 relating to bank collective investment funds, PTCE 90-1 relating to insurance company separate accounts and PTCE 95-60 relating to insurance company general accounts. A fiduciary of a Plan purchasing the Notes, or in the case of certain IRAs, the grantor or other person directing the purchase of the Notes for the IRA, shall be deemed to represent that its purchase, holding, and disposition of the Notes will not constitute a prohibited transaction under ERISA or Section 4975 of the Code for which an exemption is not available.

A fiduciary who causes an ERISA Plan to engage in a non-exempt prohibited transaction may be subject to a penalty under ERISA. Code Section 4975 generally imposes an excise tax on disqualified persons who engage, directly or indirectly, in similar types of transactions with the assets of Plans subject to such Section.

In accordance with ERISA's general fiduciary requirement, a fiduciary with respect to any ERISA Plan who is considering the purchase of the Notes on behalf of such plan should determine whether such purchase is permitted under the governing plan document and is prudent and appropriate for the ERISA Plan in view of its overall investment policy and the composition and diversification of its portfolio. Plans established with, or for which services are provided by, the Company and/or Bear Stearns should consult with counsel prior to making any such acquisition.

PS-39

USE OF PROCEEDS AND HEDGING

At closing we will transfer the net proceeds from the sale of the Notes to BSIL, for their general corporate purposes. In addition, BSIL, on or before the date of this pricing supplement, will also hedge our anticipated exposure in connection with the Notes by the purchase and sale of exchange-traded and over-the-counter options on, or other derivative or synthetic instruments related to, the Nasdaq-100 Index, individual stocks included in the Nasdaq-100 Index, futures contracts on the Nasdaq-100 Index and/or options on such futures contracts. At various times after the initial offering and before the maturity of the Notes, depending on market conditions (including the value of the Nasdaq-100 Index), in connection with hedging with respect to the Notes, we expect that BSIL will increase or decrease our initial hedging positions using dynamic hedging techniques and may take long or short positions in the Nasdaq-100 Index, individual stocks included in the Nasdaq-100 Index, listed or over-the-counter options contracts in, or other derivative or synthetic instruments related to, the Nasdaq-100 Index and such individual stocks. In addition, BSIL may periodically purchase or otherwise acquire a long or short position in the Notes and may, in our or their discretion, hold or resell such Notes. BSIL may also take positions in other types of appropriate financial instruments that may become available in the future. If BSIL has a long hedge position in the Nasdaq-100 Index, individual stocks included in the Nasdaq-100 Index or options contracts in, or other derivative or synthetic instruments related to, the Nasdaq-100 Index and such underlying stocks, then BSIL may liquidate a portion of its holdings at or about the time of the maturity of the Notes. Depending on, among other things, future market conditions, the total amount and the composition of such positions are likely to vary over time. BSIL will not be able to ascertain our profits or losses from any hedging position until such position is closed out and any offsetting position or positions is taken into account. Although we have no reason to believe that such hedging activity will have a material impact on the price of such options, stocks, futures contracts and such options on futures contracts or on the

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value of the Nasdaq-100 Index, we cannot guarantee that BSIL will not affect such prices or value as a result of their hedging activities. You should also refer to "Use of Proceeds" in the accompanying prospectus.

SUPPLEMENTAL PLAN OF DISTRIBUTION

Subject to the terms and conditions set forth in the Distribution Agreement dated as of June 19, 2003, as amended, the Agent Accession Agreement, dated [], 2003, and the Terms Agreement, dated [], 2003, we have agreed to sell to Bear Stearns, as principal, and Bear Stearns has agreed to purchase from us, the aggregate principal amount of Notes set forth opposite its name below.

| Agent | Principal Amount of Notes |
|--------------------------|--------------------------------------|
| Bear, Stearns & Co. Inc. | \$ [] |
| Total | \$ [] |

Bear Stearns intend to initially offer \$[] of the Notes to the public at the offering price set forth on the cover page of this pricing supplement, and to subsequently resell the remaining face amount of the Notes at prices related to the prevailing market prices at the time of resale. In the future, Bear Stearns may repurchase and resell the Notes in market-making transactions, with resales being made at prices related to prevailing market prices at the time of resale or at negotiated prices. We will offer the Notes to Bear Stearns at a discount of []% of the price at which the Notes are offered to the public. Bear Stearns may reallow a discount to other agents not in excess of []% of the public offering price.

Payment of the purchase price shall be made in funds that are immediately available in New York City.

PS-40

The agents may be deemed to be "underwriters" within the meaning of the Securities Act of 1933, as amended. We have agreed to indemnify the agents against or to make contributions relating to certain civil liabilities, including liabilities under the Securities Act. We have agreed to reimburse the agents for certain expenses.

The Notes are a new issue of securities with no established trading market. Although we expect to list the Notes on the AMEX, no guarantees can be given that we will meet certain listing criteria and that our application will be approved. We have been advised by Bear Stearns that, following completion of the offering of the Notes, Bear Stearns intends to make a market in the Notes, although they are under no obligation to do so and may discontinue any market-making activities at any time without notice. Accordingly, no guarantees can be given as to whether an active trading market for the Notes will develop or, if such a trading market develops, as to the liquidity of such trading market.

In order to facilitate the offering of the Notes, Bear Stearns may over-allot or effect transactions which stabilize or maintain the market price of the Notes at a level higher than that which might otherwise prevail in the open market. Specifically, Bear Stearns may over-allot or otherwise create a short position in the Notes for its own account by selling more Notes than have been sold to us. Bear Stearns may elect to cover any such short position by purchasing Notes in the open market. In addition, Bear Stearns may stabilize or maintain the price of the Notes by bidding for or purchasing Notes in the open market and may impose penalty bids, under which selling concessions allowed to syndicate members or other broker-dealers participating in the offering are reclaimed if Notes previously distributed in the offering are repurchased in connection with stabilization transactions or otherwise. The effect of these transactions may be to stabilize or maintain the market price of the Notes at a level above that which might otherwise prevail in the open market. The imposition of a penalty bid may also affect the price of the Notes to the extent that it discourages resales of Notes. No representation is made as to the magnitude or effect of any such stabilization or other transactions. Such stabilizing, if commenced, may be discontinued at any time and in any event shall be discontinued within a limited period. No other party may engage in stabilization.

Because Bear Stearns is our wholly-owned subsidiary, each distribution of the Notes will conform to the requirements set forth in Rule 2720 of the NASD Conduct Rules.

LEGAL MATTERS

The validity of the Notes will be passed upon for us by Cadwalader, Wickersham & Taft LLP, New York, New York.

PS-41

Filed Pursuant to Rule 424(b)(5)
Registration No. 333-109793

PROSPECTUS SUPPLEMENT

(To Prospectus Dated November 17, 2003)

\$10,668,950,162

The Bear Stearns Companies Inc.
Medium-Term Notes, Series B

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

- **Interest**

The notes have a fixed or floating interest rate. The floating interest rate formula will be based on:

- Commercial Paper Rate;
- LIBOR;
- Federal Funds Rate;
- Treasury Rate;
- Prime Rate;
- CMT Rate; or
- Another interest rate formula.

- **Maturity**

The notes will mature in 9 months or more.

- **Ranking**

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

- **Sinking Fund**

The notes may be subject to a sinking fund.

- **Interest Payment Dates**

Interest on fixed rate notes will be paid semi-annually or otherwise on the dates set forth in the applicable pricing supplement. Interest on floating rate notes will be paid monthly, quarterly, semiannually, annually or as otherwise set forth in the applicable pricing supplement.

- **Redemption and Repurchase**

The notes may be subject to:

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- redemption, at our option; and
- repayment, at your option.

- **Book-Entry Notes**

The notes will be issued in book-entry form unless otherwise set forth in the applicable pricing supplement.

- **Denominations**

The notes will be issued in minimum denominations of \$25,000 (or the specified currency equivalent), increased in multiples of \$1,000 (or the specified currency equivalent), unless otherwise set forth in the applicable pricing supplement.

INVESTMENT IN THE NOTES INVOLVES CERTAIN RISKS. SEE "RISK FACTORS" BEGINNING ON PAGE S-3 OF THIS PROSPECTUS SUPPLEMENT.

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

| | Per Note | | Total(4) | |
|-------------------------------------|----------|---------|------------------|----------------|
| Initial public offering price(1) | 100% | | \$10,668,950,162 | |
| Agents' discounts and commission(2) | 0.125% | 0.750% | \$13,336,188 | 80,017,126 |
| Our proceeds, before expenses(3) | 99.250% | 99.875% | \$10,588,933,036 | 10,655,613,974 |

(1) We will issue the notes at 100% of their principal amount, unless otherwise set forth in the applicable pricing supplement.

(2) We will pay a commission to each agent, in the form of a discount, ranging from .125% to .750% of the price to the public of any note, depending on maturity, when that agent places such note. Any agent may agree with us, in respect of the sale of a note, to accept a commission other than one based on maturity, in which case the commission shall range from .025% to .750%. We may sell notes to any agent as principal either at a discount or at 100% of their principal amount, for resale at negotiated prices to be determined by that agent at the time of resale. See "Supplemental Plan of Distribution." We have agreed to indemnify each agent against certain liabilities, including liabilities under the Securities Act of 1933, as amended.

(3) Before deduction of expenses payable by us, estimated at \$676,500.

(4) In US dollars or their equivalent in one or more foreign or composite currencies.

Bear, Stearns & Co. Inc.

November 17, 2003

We are offering the notes on a continuing basis through Bear, Stearns & Co. Inc., and any other agent we may designate. Each agent has agreed to use its reasonable best efforts to solicit purchases of the notes. We have reserved the right to sell notes directly on our own behalf. We will not list the notes on any securities exchange, and we cannot assure you that the notes offered by this prospectus supplement will be sold or that there will be a secondary market for them. We reserve the right to withdraw, cancel or modify the offer made by this prospectus supplement without giving notice. We may reject any offer in whole or in part.

Each agent may use this prospectus supplement in connection with offers and sales associated with market-making transactions in the notes. Each agent may act as principal or agent in the market-making transactions. The offers and sales will be made at prices that relate to prevailing prices at the time.

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

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

S-2

RISK FACTORS

Changes in Exchange Rates and Exchange Controls Could Result in a Substantial Loss to You.

An investment in notes that are denominated in a specified currency other than US dollars, or the principal, premium and/or any interest of which are determined by reference to a currency or currency index or indices, entails significant risks that are not associated with a similar investment in a security denominated in US dollars. Risks include, without limitation, the possibility of significant changes in rates of exchange between the US dollar and the various foreign currencies or composite currencies and the possibility of the imposition or modification of foreign exchange controls by either the United States or foreign governments. These risks generally depend on factors over which we have no control, such as economic and political events or the supply of and demand for the relevant currencies. In recent years, rates of exchange between the US dollar and certain foreign currencies have been highly volatile and such volatility may be expected in the future. Fluctuations in any particular exchange rate that have occurred in the past are not necessarily indicative, however, of fluctuations in the rate that may occur during the term of any note. Depreciation of a specified currency other than US dollars against the US dollar could result in a decrease in the effective yield of the note below its coupon rate, and in certain circumstances could result in a loss to the investor on a US dollar basis.

Governments have imposed, and may in the future impose, exchange controls that could affect exchange rates as well as the availability of a specified foreign currency for making payments with respect to a note. There can be no assurance that exchange controls will not restrict or prohibit payments in any such currency or currency unit. Even if there are no actual exchange controls, it is possible that the specified currency for any particular note would not be available to make payments when due. In that event, we will repay such note in US dollars on the basis of the most recently available exchange rate. See "Description of Notes Payment of Principal and Interest."

The Unavailability of Currencies Could Result in a Substantial Loss to You.

Currently, there are limited facilities in the United States for currency conversion between US dollars and foreign currencies. In addition, banks do not offer non-US dollar denominated checking or savings account facilities in the United States. Accordingly, payments on notes made in a specified currency other than US dollars will be made from an account with a bank located in the country issuing the specified currency. As a result, you may have difficulty or be unable to convert such specified currencies into US dollars on a timely basis or at all. See "Description of Notes Payment of Principal and Interest." Unless otherwise specified in the applicable pricing supplement, notes denominated in a specified currency other than US dollars will not be sold in, or to residents of, the country issuing the specified currency in which particular notes are denominated.

Judgments in a Foreign Currency Could Result in a Substantial Loss to You.

The notes will be governed by and construed in accordance with the laws of the State of New York. If an action based on the notes were commenced in a court in the United States, it is likely that such court would grant judgment relating to the notes only in US dollars. It is not clear, however, whether in granting such judgment, the rate of conversion into US dollars would be determined with reference to the date of default, the date judgment is rendered or some other date. New York statutory law provides, however, that a court shall render a judgment or decree in the foreign currency of the underlying obligation and that the judgment or decree shall be converted into US dollars at the exchange rate prevailing on the date of entry of the judgment. Therefore, the exchange rate on the date of the judgment could be more favorable than the exchange rate on the date that the judgment is paid.

S-3

Changes in the Value of Underlying Assets of Indexed Notes Could Result in a Substantial Loss to You.

An investment in currency indexed notes or other indexed notes entails significant risks not associated with similar investments in a conventional debt security. If the interest rate on a currency indexed note or an other indexed note is so indexed, it may result in payment of interest at a rate that is less than that payable on a conventional fixed rate debt security issued at the same time, including the possibility that no interest will be payable. If the principal amount is so indexed, the principal amount payable at maturity may be less than the original purchase price of the note (if permitted pursuant to the terms of the note), including the possibility that no principal will be paid.

The market prices for these notes will be affected by a number of factors independent of our creditworthiness and the value of the applicable currency, security, basket of securities, commodity or index, including:

the volatility of the indexed currency, security, basket of securities, commodity or index;

the time remaining until the maturity of the notes;

the outstanding principal amount of the notes; and

prevailing market interest rates.

The value of the indexed currency, security, basket of securities, commodity or index will depend on a number of interrelated factors, including economic, financial and political events, over which we have no control.

Additionally, if the formula used to determine the principal amount, premium, if any, or rate of interest, if any, payable with respect to these notes contains a multiple or leverage factor, the effect of any change in the indexed currency, security, basket of securities, commodity or index may be increased. The historical experience of the relevant currencies, securities, baskets of securities, commodities or indices should not be taken as an indication of future performance of such currencies, securities, baskets of securities, commodities or indices during the term of any note.

Please note, this prospectus supplement and the attached prospectus and pricing supplement do not describe all the risks of an investment in notes denominated in a specified currency other than US dollars, or the principal of or the premium and/or any interest on which are determined by reference to a currency or currency index or indices. You should consult your own financial and legal advisors as to the risks entailed by an investment in notes denominated in a specified currency other than US dollars, or as to which the principal, premium and/or any interest is determined by reference to a currency or currency index or indices. These notes are not an appropriate investment for investors who are unsophisticated with respect to foreign currency transactions.

Except as set forth under "Certain US Federal Income Tax Considerations," the information set forth in this prospectus supplement is directed to prospective purchasers who are US residents, and we disclaim any responsibility to advise prospective purchasers who are residents of countries other than the United States with respect to any matters that may affect the purchase, holding or receipt of payments of principal (and premium, if any) and any interest with respect to the notes. These persons should consult their own financial and legal advisors with regard to such matters.

S-4

There may not be any Trading Market for Your Notes; Many Factors Affect the Trading Market and Value of Your Notes.

We cannot assure you a trading market for your notes will ever develop or be maintained. In addition to our own creditworthiness, many other factors may affect the trading market value of, and trading market for, your notes. These factors include:

the complexity and volatility of the index or formula applicable to your notes;

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the method of calculating the principal, premium and interest in respect of your notes;

the time remaining to the maturity of your notes;

the outstanding amount of your notes;

any redemption features of your notes;

the amount of other securities linked to the index or formula applicable to your notes; and

the level, direction and volatility of market interest rates generally.

In addition, notes that are designed for specific investment objectives or strategies often experience a more limited trading market and more price volatility. There may be a limited number of buyers when you decide to sell your notes. This may affect the price you receive for your notes or your ability to sell your notes at all. You should not purchase notes unless you understand and know you can bear all of the investment risks related to your notes.

PRICING SUPPLEMENT

The pricing supplement for each offering of notes will contain the specific information and terms for that offering. The pricing supplement may also add, update or change information contained in this prospectus supplement and the prospectus. If any information in the pricing supplement, including any changes in the method of calculating interest on any note, is inconsistent with this prospectus supplement, you should rely on the information in the pricing supplement. It is important that you consider all of the information in the pricing supplement, this prospectus supplement and the prospectus when making your investment decision.

S-5

DESCRIPTION OF NOTES

General

The following terms apply to each note unless otherwise specified in the applicable pricing supplement and the note. The applicable pricing supplement will describe the terms for the notes, including:

interest rate;

remarketing provisions;

our right to redeem notes;

your right to tender notes you have purchased; and

any other provisions.

We will issue notes under an indenture, dated as of May 31, 1991, as amended, between us and JPMorgan Chase Bank (formerly, The Chase Manhattan Bank), as Trustee, that is more fully described in the accompanying prospectus. The notes are part of a single series of our debt

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securities that are issuable under the indenture. For a description of the rights attaching to the debt securities under the indenture, see "Description of Debt Securities" in the accompanying prospectus. This description and the description under "Description of Debt Securities" in the accompanying prospectus are summaries and do not restate the indenture. We urge you to read the indenture and its supplements which we have filed with the SEC because they, and not this description or the one in the accompanying prospectus, define your rights as a holder of notes. See "Where You Can Find More Information" in the accompanying prospectus on how to locate the indenture and its supplements.

The notes are limited in amount as described on the cover page of this prospectus supplement, less an amount equal to the aggregate initial public offering price of any other securities we may issue in the future, including any other series of medium-term notes. We may increase this limit if we wish to sell additional notes in the future. Under the indenture, we may issue debt securities over the amount authorized on the date of this prospectus supplement without obtaining your consent or the consent of holders of other debt securities. Each series of notes or other debt securities may differ as to their terms. For current information on our outstanding debt, see our most recent Forms 10-K and 10-Q. See "Where You Can Find More Information" in the accompanying prospectus.

We will offer the notes on a continuous basis at various times. The notes will mature at face value nine months or more from the date they are issued and before maturity may be subject to redemption at our option or repayment at your option, as specified in the applicable pricing supplement. Each note will be denominated in either US dollars or in another currency that will be specified both on the face of the note and in the applicable pricing supplement.

You will be required to pay for any notes you purchase by delivery of the requisite amount of the specified currency to an agent, unless other arrangements have been made. Payments should be made in the specified currency in the country issuing the specified currency, provided that, at your election and, in certain circumstances, at our option, payments on notes denominated in other than US dollars may be made in US dollars. See "Risk Factors The Unavailability of Currencies Could Result in a Substantial Loss to You" and "Payment of Principal and Interest."

US dollar-denominated notes will be issued in minimum denominations of \$25,000, increased in multiples of \$1,000. Non-US dollar-denominated notes will be issued in the amount of the specified currency equal to US \$25,000 or any integral multiple of the equivalent of US \$1,000, as determined by reference to the noon buying rate in New York City for cable transfers in that specified currency as certified for customs purposes by the Federal Reserve Bank of New York for that specified currency on the Business Day before the date of issuance or, if that exchange rate is not available, then on the basis

S-6

of the most recently available exchange rate for the specified currency. We may specify other authorized denominations in the applicable pricing supplement.

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 with respect to their assets. At August 31, 2003:

we had outstanding (on an unconsolidated basis) approximately \$35.2 billion of debt and other obligations, including approximately \$32.1 billion of unsecured senior debt and \$2.8 billion of unsecured inter-company debt; and

our subsidiaries had outstanding (after elimination of inter-company items) approximately \$170.4 billion of debt and other obligations (including \$46.7 billion related to securities sold under repurchase agreements, \$65.6 billion related to payables to customers, \$28.9 billion related to financial instruments sold, but not yet purchased, and \$29.2 billion of other liabilities, including \$16.7 billion of debt).

The notes will not have a sinking fund unless otherwise specified in the pricing supplement.

Unless otherwise set forth in the applicable pricing supplement, each note will be issued in "book-entry" form represented by a permanent global security registered in the name of The Depository Trust Company or its nominee. As long as DTC or its nominee is the registered owner of a global security, DTC or its nominee will be considered the sole owner or holder of the book-entry note(s) represented by that global security under the indenture. See "Book-Entry Notes Registration, Transfer and Payments."

We may issue the notes as exchangeable notes that are exchangeable at your option for:

the securities, or cash representing the value of securities, of an entity unaffiliated with us;

a basket of these securities;

an index or indices of these securities; or

any combination of the above options, as is described in the applicable pricing supplement.

Exchangeable notes may bear interest or be issued with original issue discount or at a premium, all as specified in the applicable pricing supplement. See "Exchangeable Notes."

We may issue the notes as currency indexed notes, the principal amount of which is payable at or before maturity and the interest on which and any premium payable with respect to which will be determined by the difference between the currency in which the notes are denominated and another currency or composite currency or by reference to any other currency index or indices, as set forth in the applicable pricing supplement. See "Currency Indexed Notes."

We may also issue the notes as indexed notes, the principal amount of which is payable at or before maturity and the interest on which and any premium payable with respect to which will be determined by reference to the difference in the price of a specified security or basket of securities, commodity or index on certain specified dates, or by some other index, indices or formulas. See "Other Indexed Notes."

Under the terms of the indenture, we may defease the notes. See "Description of Debt Securities - Defeasance" in the accompanying prospectus.

In the following discussion, any time we refer to paying principal on the notes, we mean at maturity or upon redemption or repayment. All times are New York City time unless otherwise noted.

S-7

The following terms may apply to each note as specified in the applicable pricing supplement. We have provided the definitions of certain capitalized terms used in this prospectus supplement in the Glossary.

Interest Rate

General

We have provided a Glossary at the end of this prospectus supplement to define certain capitalized words used in discussing the interest rate payable on the notes.

The interest rate on the notes will be either fixed or floating. The interest paid will include interest accrued from the date of original issue to, but excluding, the relevant interest payment date, maturity date, redemption date or repayment date and will be payable on each interest payment date and upon maturity, redemption or repayment. Interest will be paid to the person in whose name the note is registered at the close of business on the record date before each interest payment date, which in the case of global securities representing book-entry notes will be the depositary or its nominee. However, interest payable upon maturity, redemption or repayment will be payable to the person to whom principal is payable, which in the case of global securities representing book-entry notes will be the depositary or its nominee. The first interest payment on any note issued between a record date and an interest payment date will be made on the interest payment date after the next record date.

Fixed Rate Notes

The applicable pricing supplement will designate the fixed rate of interest payable on a fixed rate note. The fixed rate of interest may be zero in the case of a fixed rate note issued with original issue discount. Each fixed rate note will bear interest from its date of original issue at the rate per year stated on its face until the principal is paid or made available for payment. Interest will be paid semiannually or otherwise on the dates specified in the applicable pricing supplement and at maturity, or on redemption or optional repayment.

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The record dates for fixed rate notes will be 15 calendar days before the interest payment date, whether or not that date is a Business Day, unless otherwise specified in the applicable pricing supplement. Interest will be computed using a 360-day year of twelve 30-day months. In the event that any interest payment date, maturity date, redemption date or repayment date of a fixed rate note is not a Business Day, the related payment of principal, premium, if any, or interest will be made on the next succeeding Business Day and, unless otherwise specified by the applicable pricing supplement, no interest shall accrue for the period from and after that interest payment date, maturity date, redemption date or repayment date, as the case may be, to the next Business Day.

Floating Rate Notes

General

The interest rate on a floating rate note will be calculated by reference to the specified interest rate formula, plus or minus a spread, if any, as specified in the applicable pricing supplement. The spread is the number of basis points specified in the applicable pricing supplement as applicable to the interest rate for the floating rate note and may be a fixed amount or an amount that increases or decreases over time. The formula may be based on any of the following rates:

the Commercial Paper Rate;

LIBOR;

the Federal Funds Rate;

the Treasury Rate;

S-8

the Prime Rate;

the CMT Rate; or

another interest rate formula.

In addition to any spread, the applicable pricing supplement will also indicate any applicable maximum or minimum interest rate limitations.

The applicable pricing supplement also will define or specify the following terms, if applicable:

Calculation Date;

initial interest rate;

interest payment period;

interest payment dates;

record date;

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Index Maturity;

Interest Determination Date;

Interest Reset Period;

Interest Reset Date; and

sinking fund, if any.

On your request, the Calculation Agent will provide you with the current interest rate and the interest rate which will become effective on the next interest reset date. See " *How Interest Is Calculated.*"

Date Interest Rate Changes

The interest rate on floating rate notes may be reset daily, weekly, monthly, quarterly, semiannually or annually, as provided in the applicable pricing supplement. Unless otherwise set forth in the applicable pricing supplement, the Interest Reset Date will be:

for notes which reset daily, each Business Day;

for notes (other than Treasury Rate notes) which reset weekly, the Wednesday of each week;

for Treasury Rate notes which reset weekly, the Tuesday of each week;

for notes which reset monthly, the third Wednesday of each month;

for notes which reset quarterly, the third Wednesday of March, June, September and December;

for notes which reset semiannually, the third Wednesday of the two months specified in the note and/or the applicable pricing supplement; and

for notes which reset annually, the third Wednesday of the month specified in the note and/or the applicable pricing supplement.

The initial interest rate or interest rate formula effective until the first Interest Reset Date will be indicated in the applicable pricing supplement.

After the first Interest Reset Date, the interest rate will be the rate determined on the next Interest Determination Date as explained below. Each time a new interest rate is determined it will become effective on the next Interest Reset Date. Except for notes which reset daily or weekly, no

S-9

changes will be made in the interest rate during the 10 days before the date of maturity, redemption or repayment. Unless otherwise specified in the applicable pricing supplement, the interest rate for notes with daily interest reset dates may be changed until the Business Day immediately before the maturity date. Unless otherwise specified in the applicable pricing supplement, the interest rate for notes with weekly reset dates may be changed until the Interest Reset Date immediately before the maturity date. If any Interest Reset Date is not a Business Day, then the Interest Reset Date will be postponed to the next Business Day. However, in the case of a LIBOR note, if the next Business Day is in the next calendar

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month, the Interest Reset Date will be the preceding Business Day.

In the case of weekly reset Treasury Rate notes, if an auction of Treasury bills falls on a day that is an Interest Reset Date for Treasury Rate notes, the Interest Reset Date will be the following day that is a Business Day.

When Interest Rate Is Determined

The "Interest Determination Date" is as follows:

for the Commercial Paper Rate and Federal Funds (Effective) Rate, the Business Day before the Interest Reset Date;

for LIBOR, the second London Banking Day before the Interest Reset Date;

for the Treasury Rate, the day of the week in which the Interest Reset Date falls on which Treasury bills would normally be auctioned. Treasury bills are usually sold at auction on Monday of each week, unless that day is a legal holiday, in which case the auction is usually held on the following Tuesday, unless the auction may be held on the preceding Friday. If the auction is held on the preceding Friday, that Friday will be the Interest Determination Date pertaining to the Interest Reset Date occurring in the next week;

for the Prime Rate and Federal Funds (Open) Rate, the same day as the Interest Reset Date; and

for a CMT Rate Note, the tenth Business Day before the Interest Reset Date.

When Interest Is Paid

Unless otherwise specified in the applicable pricing supplement, interest is paid as follows:

for notes which reset daily, weekly or monthly, on the third Wednesday of each month or on the third Wednesday of March, June, September and December of each year, as specified in the note or the applicable pricing supplement;

for notes which reset quarterly, on the third Wednesday of March, June, September and December of each year;

for notes which reset semiannually, on the third Wednesday of the two months of each year specified in the note or the applicable pricing supplement;

for notes which reset annually, on the third Wednesday of the month specified in the note or the applicable pricing supplement; and

at maturity, redemption or optional repayment.

If any interest payment date, maturity date, redemption date or repayment date of a floating rate note is not a Business Day, the related payment of principal, premium, if any, or interest will be postponed to the next Business Day and, unless otherwise specified in the applicable pricing supplement, no additional interest shall accrue for the period from and after that interest payment date, maturity date, redemption date or repayment date, as the case may be, to the next Business Day. However, for LIBOR notes, if the next Business Day is in the next calendar month, principal, premium, if any, or interest will be paid on the preceding Business Day, provided that any such Business Day is also a London Banking Day.

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For floating rate notes, the record date will be 15 calendar days before each interest payment date, whether or not that date is a Business Day, unless otherwise specified in the applicable pricing supplement.

How Interest Is Calculated

Unless otherwise specified in the applicable pricing supplement, interest payments will be the amount of interest accrued from, and including, the prior interest payment date in respect of which interest has been paid (or from, and including, the date of original issue if no interest has been paid), to, but excluding, the interest payment date. If the interest payment date is also a day that principal is due, the interest payable will include interest accrued to, but excluding, the date of maturity, redemption or optional repayment.

Accrued interest from the date of original issue or from the last date to which interest has been paid is calculated by multiplying the face amount of the floating rate note by an accrued interest factor. The accrued interest factor is computed by adding the interest factors calculated for each day from the date of issue, or from the last date to which interest has been paid, to the date for which accrued interest is being calculated. The interest factor (expressed as a decimal calculated to seven decimal places without rounding) for each such day is computed by dividing the interest rate applicable to that day by 360, in the case of Commercial Paper Rate notes, Federal Funds Rate notes, LIBOR notes and Prime Rate notes, or by the actual number of days in the year, in the case of Treasury Rate notes. With respect to CMT Rate notes, interest is calculated on the basis of twelve 30-day months and a 360-day year.

All percentages resulting from any calculation on floating rate notes will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with five one-millionths of a percentage point rounded upward (e.g., 6.876545% (or .06876545) being rounded to 6.87655% (or .0687655) and 6.876544% (or .06876544) being rounded to 6.87654% (or .0687654)), and all dollar amounts used in or resulting from such calculation will be rounded to the nearest cent (with one-half cent being rounded upward).

The Calculation Date relating to an Interest Determination Date will be the earlier of (a) the tenth calendar day after the Interest Determination Date or, if that day is not a Business Day, the next Business Day or (b) the Business Day before the applicable interest payment date, maturity date, redemption date or repayment date. JPMorgan Chase Bank (formerly, The Chase Manhattan Bank) will be the Calculation Agent with respect to the floating rate notes. On your request, the Calculation Agent will provide you with the interest rate then in effect, and, if different, the interest rate that will become effective as a result of a determination made on the most recent Interest Reset Date with respect to your floating rate note.

Legal Maximum Interest Rate

In addition to any maximum interest rate for any floating rate note, the interest rate on the floating rate notes will not be higher than the maximum rate permitted by New York law, as modified by federal law. Current New York law provides a maximum interest rate of 25% per annum. This limit does not apply to notes with principal amounts of more than \$2,500,000.

Commercial Paper Rate Notes

Each Commercial Paper Rate note will bear interest at the rate (calculated with reference to the Commercial Paper Rate and any spread) specified in the Commercial Paper Rate note and in the applicable pricing supplement.

Unless otherwise specified in the applicable pricing supplement, the Commercial Paper Rate means, with respect to any Interest Determination Date, the Money Market Yield (as set forth and

S-11

calculated in the Glossary section of this prospectus supplement) on such date of the rate for commercial paper having the Index Maturity specified in the applicable pricing supplement as published in H.15(519) under the heading "Commercial Paper Nonfinancial." If the rate is not published in H.15(519) on the Calculation Date, the Money Market Yield will be calculated based on the rate on the Interest Determination Date as published in H.15 Daily Update or any other recognized electronic source used for displaying that rate under the heading "Commercial Paper Nonfinancial."

If neither of the rates described above is published on the Calculation Date, then the Commercial Paper Rate will be the Money Market Yield of the arithmetic mean of the offered rates, as of 11:00 a.m. on the Interest Determination Date, of three leading dealers of commercial paper in New York City selected by the Calculation Agent for commercial paper of the specified Index Maturity placed for an industrial issuer whose bond rating is "AA," or the equivalent, from a nationally recognized rating agency.

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If the three dealers selected are not quoting as mentioned above, the Commercial Paper Rate will remain the Commercial Paper Rate then in effect on such Interest Determination Date.

LIBOR Notes

Each LIBOR note will bear interest at the rate (calculated with reference to LIBOR and any spread) specified in the LIBOR note and in the applicable pricing supplement. LIBOR will be determined by the Calculation Agent as follows, unless otherwise specified in the applicable pricing supplement:

With respect to any Interest Determination Date, either:

- (a) the arithmetic mean, as determined by the Calculation Agent, of the offered rates for deposits in US dollars for the Index Maturity specified in the applicable pricing supplement, beginning on the second London Banking Day after that date, which appear on the Reuters Screen LIBO Page as of 11:00 a.m., London time, on that date, if at least two such offered rates appear on the Reuters Screen LIBO Page; or
- (b) the offered rate for deposits in US dollars having the specified Index Maturity, beginning on the second London Banking Day after that date, which appears on the Telerate Page 3750 as of 11:00 a.m., London time, on that date.

If neither the Reuters Screen LIBO Page nor Telerate Page 3750 is specified in the applicable pricing supplement, LIBOR will be determined as if Telerate Page 3750 had been specified.

In the case where (a) above applies, if fewer than two offered rates appear on the Reuters Screen LIBO Page, or, in the case where (b) above applies, if no rate appears on the Telerate Page 3750, LIBOR will be determined based on the rates at approximately 11:00 a.m., London time, on that LIBOR Interest Determination Date at which deposits in US dollars having the specified Index Maturity are offered by four major banks in the London interbank market selected by the Calculation Agent to prime banks in the London interbank market beginning on the second London Banking Day after that date and in a principal amount of not less than US \$1,000,000 that is representative of a single transaction in such market at such time (a "representative amount").

The Calculation Agent will request the principal London office of each such bank to provide a quotation of its rate. If at least two such quotations are provided, LIBOR for that date will be the arithmetic mean of such quotations.

If fewer than two quotations are provided, LIBOR for that date will be the arithmetic mean of the rates quoted at approximately 11:00 a.m. on such date by three major banks in New York City selected by the Calculation Agent for loans in US dollars to leading European banks having the specified Index Maturity beginning on the second London Banking Day after that date and in a principal amount of not less than a representative amount.

Finally, if the three banks are not quoting as mentioned above, LIBOR will remain LIBOR then in effect on such Interest Determination Date.

S-12

Federal Funds Rate Notes

Each Federal Funds Rate note will bear interest at the rate (calculated with reference to the Federal Funds Rate and any spread) specified in the Federal Funds Rate note and in the applicable pricing supplement. The Federal Funds Rate may be either of the Federal Funds (Effective) Rate or the Federal Funds (Open) Rate.

Unless otherwise specified in the applicable pricing supplement, the Federal Funds (Effective) Rate means, with respect to any Interest Determination Date, the rate on that day for Federal Funds as published in H.15(519) under the heading "Federal funds (effective)" on Telerate page 120 or any successor service or page or, if not so published on the Calculation Date relating to that Interest Determination Date, the Federal Funds (Effective) Rate will be the rate on that Interest Determination Date that is published in H.15 Daily Update or any other recognized electronic source used for displaying that rate under the heading "Federal Funds/Effective Rate."

Unless otherwise specified in the applicable pricing supplement, the Federal Funds (Open) Rate means, with respect to any Interest Determination Date, the rate on that day for Federal Funds as reported on Telerate page 5 under the heading "Federal Funds/Open."

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If (1) the applicable Federal Funds (Effective) Rate described above or (2) the Federal Funds (Open) Rate described above is not published by 3:00 p.m. on the relevant Calculation Date, then the Federal Funds (Effective) Rate and the Federal Funds (Open) Rate, as applicable, will be calculated by the Calculation Agent as the arithmetic mean of the rates for the last transaction in overnight Federal Funds arranged by three leading brokers of Federal Funds transactions in New York City selected by the Calculation Agent as of 11:00 a.m., on that Int