BEAR STEARNS COMPANIES INC
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PRICING SUPPLEMENT NO.1
(To Prospectus Dated February 2, 2005 and
Prospectus Supplement Dated February 2, 2005)

The Bear Stearns Companies Inc.

$7,300,000 Strategic Upside Market Mitigating Index Term Securities Linked to the Dow Jones Industrial Average[SM] Due June 15, 2011 ("SUMMITS")

The Notes are principal protected only under certain circumstances and only if held to maturity. The Notes will be principal protected if, and only if, the index closing level never equals or falls below the barrier index level (65% of the initial index level), or if, at maturity, the final index level is equal to or greater than the initial index level.

If the index closing level never equals or falls below the barrier index level during the term of the Notes, or if, at maturity, the final index level is equal to or greater than the initial index level, we will pay you the principal amount of the Notes, plus the greater of zero and 120% of the percentage increase in the Index multiplied by the principal amount of the Notes (as described in this pricing supplement).

If the index closing level ever equals or falls below the barrier index level during the term of the Notes and at maturity the final index level is less than the initial index level, we will pay you an amount proportionally less than the initial offering price based upon the percentage decline in the Index. In this case, the principal amount of your investment is not protected and you will receive less, and possibly significantly less, than the initial public offering price of $1,000 per each $1,000 principal amount of Notes.

The CUSIP number for the Notes is 073928K93.

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

"Dow Jones[SM]" and "Dow Jones Industrial Average[SM]" are service marks of Dow Jones & Company, Inc. and have been licensed for use for certain purposes by The Bear Stearns Companies Inc. The Notes are not sponsored, endorsed, sold or promoted by Dow Jones, and Dow Jones makes no representation regarding the advisability of investing in the Notes.

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

	Per Note	Total
Initial public offering price	100.00%	$7,300,000
Agent's discount	3.00%	$219,000
Proceeds, before expenses, to us	97.00%	$7,081,000

We have granted Bear, Stearns & Co. Inc. a 30-day option from the date of this pricing supplement to purchase from us up to an additional $1,000,000 of Notes at the public offering price, less the agent's discount, to cover any over-allotments.

We expect that the Notes will be ready for delivery in book-entry form only through the book-entry facilities of The Depository Trust Company in New York, New York, on or about June 15, 2005, against payment in immediately available funds. The distribution of the Notes will conform to the requirements set forth in Rule 2720 of the National Association of Securities Dealers, Inc. Conduct Rules.

Bear, Stearns & Co. Inc.

June 10, 2005

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 Dow Jones Industrial Average^{SM} (the "Index"). You should carefully read this entire pricing supplement and the accompanying prospectus supplement and prospectus to fully understand the terms of the Notes, as well as 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 and the accompanying prospectus supplement and prospectus. If information in this pricing supplement is inconsistent with the prospectus or prospectus supplement, this pricing supplement will supercede those documents. In this pricing supplement, the terms "Company," "we," "us" and "our" refer only to The Bear Stearns Companies Inc. excluding its consolidated subsidiaries.

The Bear Stearns Companies Inc. Medium-Term Notes, Series B, Strategic Upside Market Mitigating Index Term Securities, Linked to the Dow Jones Industrial Average^{SM} Due June 15, 2011 ("SUMMITS") (the "Notes") are Notes whose return is tied or "linked" to the performance of the Index. When we refer to Notes in this pricing supplement, we mean $1,000 principal amount of Notes. Unlike typical bonds, no periodic interest payments are made on these Notes prior to maturity. Under certain circumstances and only if the Notes are held to maturity, the Notes may be principal protected and may offer potential upside leverage of 120%. If the Index closing level ever equals or falls below the barrier index level and at maturity the final index level is less than the initial index level, we will pay you an amount proportionally less than the initial offering price based upon the percentage decline in the Index. In such a case, the principal amount of your investment is not protected and you will receive less, and possibly significantly less, than the initial public offering price of $1,000 per Note.

Selected Investment Considerations

Growth potential The return on the Notes will be based upon the index closing levels before maturity and the percentage change in the value of the Index at maturity, which may be positive or negative.

Potential upside leverage The Notes may be an attractive investment for investors who have a bullish view of the Index. If held to maturity, the Notes provide potential leverage of 120% of the positive price performance of the Index if the final index level is equal to or greater than the initial index level.

Long-term, low minimum investment The Notes may be an attractive investment for investors who have a long-term and bullish view of the Index. The Notes can be purchased in increments of $1,000.

Diversification Since the Index is based on the stock prices of 30 blue-chip companies, the Notes may allow you to diversify an existing portfolio.

Possible principal protection At maturity, your principal is fully protected against any declines in the Index if, and only if, during the term of the Notes the index closing level never equals or falls below the barrier index level (never declines by more than 35% of the initial index level). The Notes will be principal protected if, and only if, the final index level is equal to or greater than the initial index level.

Taxes By purchasing a Note, you will agree to treat the Notes for all tax purposes as pre-paid cash settled forward contracts linked to the value of the Index. Under this treatment of the Notes, you should be required to recognize capital gain or loss to the extent that the cash you receive on the maturity date or upon a sale or exchange of the Notes prior to the maturity date differs from your tax basis on the Notes (which will generally be the amount you paid for the Notes).

Selected Risk Considerations

An investment in the Notes involves significant risks. You will be subject to significant risks not associated with conventional fixed-rate or floating-rate debt securities. These risks include the possibility that the Index will fluctuate. We have no control over a number of matters, including economic, financial, and political events, that are important in determining the existence, magnitude, and longevity of these risks and their impact on the value of, or payments made on, the Notes. You should refer to "Risk Factors" in this pricing supplement and "Risk Factors" in the accompanying prospectus supplement.

Possible loss of principal protection The Notes are principal protected only under certain circumstances and only if held to maturity. The Notes will be principal protected if, and only if, the index closing level never equals or falls below the barrier index level, or if, at maturity the final index level is equal to or greater than the initial index level. If the index closing level ever equals or falls below the barrier index level during the term of the Notes and at maturity the final index level is less than the initial index level, there will be no principal protection on the Notes and the cash settlement value will be proportionally less than the initial offering price based upon the percentage decline in the Index. You will receive less, and possibly significantly less, than the initial public offering price of $1,000 per Note.

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 Index, nor will such payments be included in the calculation of the cash settlement value you will receive at maturity. The yield on the Notes may be less than the overall return you would earn if you purchased a conventional debt security at the same time and with the same maturity.

Liquidity The Notes will not be listed on any securities exchange and we do not expect a trading market to develop, which may affect the price that you receive for your Notes upon any sale prior to maturity. You should be aware that we cannot ensure that a secondary market in the Notes will develop and, if such market were to develop, it may not be liquid. If you sell your Notes prior to maturity, you may receive less than the amount you originally invested. Our subsidiary, Bear, Stearns & Co. Inc. ("Bear Stearns") has advised us that they intend under ordinary market conditions to indicate prices for the Notes on request. However, we cannot guarantee that bids for outstanding Notes will be made in the future, nor can we predict the price at which those bids will be made. In any event, Notes will cease trading as of the close of business on the maturity date.

KEY TERMS

Issuer: The Bear Stearns Companies Inc.

Index: Dow Jones Industrial Average^{SM} (the "Index"), as published by Dow Jones & Company, Inc. The Index is maintained and reviewed by the editors of The Wall Street Journal.

Face amount: Each Note will be issued in minimum denomination of $1,000. The aggregate principal amount of the Notes being offered is $7,300,000. When we refer to Note in this pricing supplement, we mean $1,000 principal amount of Notes.

Cash settlement value: At maturity, we will pay you the cash settlement value, an amount in cash depending on the relation of the final index level to the initial index level and whether the index closing level ever equals or falls below the barrier index level:

(i) If the index closing level never equals or falls below the barrier index level during the term of the Notes, or if, at maturity, the final index level is equal to or greater than the initial index level, the cash settlement value will equal:

(ii) If the index closing level ever equals or falls below the barrier index level during the term of the Notes and at maturity the final index level is less than the initial index level, the cash settlement value will equal:

Index closing level: The closing value of the Index on each index business day.

Initial index level: Equals 10,512.63, the closing value of the Index on June 10, 2005, the date the Notes were priced for initial sale to the public.

Barrier index level: Equals 6,833.21, 65% of the initial index level.

Final index level: Will be determined by the calculation agent and will equal the closing value of the Index on June 10, 2011, the calculation date, or, if that day is not an index business day, on the next index business day.

Maturity date: The Notes will mature on June 15, 2011.

Interest: The Notes will not bear interest.

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

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

What are the Notes?

The Notes are a series of our senior debt securities whose value is linked to the performance of the Index. The Notes will not bear interest and no other payments will be made prior to maturity. See the section "Risk Factors."

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 February 28, 2005:

- we had outstanding (on an unconsolidated basis) approximately $47.2 billion of debt and other obligations, including approximately $41.9 billion of unsecured senior debt and $4.8 billion of unsecured inter-company debt; and

- our subsidiaries had outstanding (after elimination of inter-company items) approximately $216.5 billion of debt and other obligations (including $56.3 billion related to securities sold under repurchase agreements, $82.5 billion related to payables to customers, $28.9 billion related to financial instruments sold, but not yet purchased, and $48.8 billion of other liabilities, including $25.8 billion of debt).

The Notes will mature on June 15, 2011. The Notes do not provide for earlier maturity. When we refer to Notes in this pricing supplement, we mean $1,000 principal amount of Notes. You should refer to the section "Description of the Notes."

Are the Notes equity or debt securities?

The Notes are our unsecured debt securities. However, the Notes differ from traditional debt securities in that under certain circumstances and only if the Notes are held to maturity, the Notes may be principal protected and may offer potential leverage of 120% of the positive price performance of the Index. At maturity, you will receive an amount of cash equivalent to the cash settlement value. The cash settlement value you will receive at maturity will be based upon the index closing levels and the percentage change in the value of the Index at maturity. We describe below how this amount is determined.

What will I receive at maturity of the Notes?

Your investment may result in a loss since the Notes are principal protected only under certain circumstances and only if the Notes are held to maturity. If the index closing level ever equals or falls below the barrier index level during the term of the Notes and at maturity the final index level is less than the initial index level, there will be no principal protection on the Notes and the cash settlement value will be proportionally less than the initial offering price based upon the percentage decline in the Index. In such a case, the principal amount of your investment is not protected and you will receive less, and possibly significantly less, than the initial public offering price of $1,000 per Note.

Upon maturity of the Notes, you will receive a payment equal to the "cash settlement value." The cash settlement value depends on the relation of the final index level to the initial index level and whether the index closing level ever equals or falls below the barrier index level:

(i) If the index closing level never equals or falls below the barrier index level during the term of the Notes, or if, at maturity, the final index level is equal to or greater than the initial index level, the cash settlement value will equal:

(ii) If the index closing level ever equals or falls below the barrier index level during the term of the Notes and at maturity the final index level is less than the initial index level, the cash settlement value will equal:

The "index closing level" equals the closing value of the Index on each index business day.

The "initial index level" equals 10,512.63, the closing value of the Index on June 10, 2005, the date the Notes were priced for initial sale to the public.

The "barrier index level" equals 6,833.21, 65% of the initial index level.

The "final index level" will be determined by the calculation agent and will equal the closing value of the Index on June 10, 2011, the "calculation date," or, if that day is not an index business day, on the next index business day.

The "maturity date" of the Notes is June 15, 2011.

An "index business day" will be a day, as determined by the calculation agent, on which the Index or any successor index is calculated and published and on which securities comprising more than 80% of the value of the Index on such day are capable of being traded on their relevant exchanges. 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.

For more specific information about the cash settlement value and for illustrative examples, you should refer to the section "Description of the Notes."

What does "possible principal protection" mean?

"Possible principal protection" means that under certain circumstances and only if the Notes are held to maturity, your principal investment in the Notes may not be at risk due to a decline in the Index. If the index closing level ever equals or falls below the barrier index level during the term of the Notes and at maturity the final index level is less than the initial index level, the cash settlement value you will receive will be proportionally less than the initial offering price based upon the percentage decline in the Index. There will be no principal protection on the Notes and your investment will result in a loss.

Will I receive interest on the Notes?

You will not receive any interest payments on the Notes, but will instead receive the cash settlement value upon maturity of the Notes. We have designed the Notes for investors who are willing to forgo periodic market payments on the Notes in exchange for the ability to participate in changes in the value of the Index over the term of the Notes.

What is the Index?

The Index is a price-weighted index published by Dow Jones & Company, Inc. ("Dow Jones"), which means a component stock's weight in the Index is based on its price per share rather than the total market capitalization of the issuer of that component stock. The Index is designed to provide an indication of the composite price performance of the common stock of 30 corporations representing a broad cross-section of U.S. industry. The component stocks of the Index are selected by the editors of *The Wall Street Journal*. The corporations represented in the Index tend to be market leaders in their respective industries and their stocks are typically widely held by individuals and institutional investors. The corporations currently represented in the Index are incorporated in the U.S. and its territories and their stocks are traded on the New York Stock Exchange (the "NYSE") and The Nasdaq Stock Market (the "Nasdaq"). As of May 31, 2005, the market capitalization of the stocks in the Index ranged from approximately $14.6 billion to $386 billion, with the average market capitalization being approximately $118 billion.

The value of the Index is the sum of the primary exchange prices of each of the 30 common stocks included in the Index, divided by a divisor that is designed to provide a meaningful continuity in the value of the Index. Because the Index is price-weighted, stock splits or changes in the component stocks could result in distortions in the Index value. In order to prevent these distortions related to extrinsic factors, the divisor may be changed in accordance with a mathematical formula that reflects adjusted proportions within the Index. The current divisor of the Index is published daily in *The Wall Street Journal* and other publications. In addition, other statistics based on the Index may be found in a variety of publicly available sources. See the section "Description of the Index."

Please note that an investment in the Notes does not entitle you to any ownership interest in the stocks of the companies included in the Index.

How has the Index performed historically?

We have provided a table showing the monthly performance of the Index from January 1993 through May 2005. You can find these tables in the section "Description of the Index Historical Data on the Index" in this pricing supplement. We have provided this historical information to help you evaluate the behavior of the Index in various economic environments; however, past performance is not necessarily indicative of how the Index will perform in the future. You should refer to the section "Risk Factors The historical performance of the Index is not an indication of the future performance of the Index."

Will the Notes be listed on a securities exchange?

The Notes will not be listed on any securities exchange and we do not expect a trading market to develop, which may affect the price that you receive for your Notes upon any sale prior to maturity. Bear Stearns has advised us that they intend under ordinary market conditions to indicate prices for the Notes on request. However, we cannot guarantee that bids for outstanding Notes will be made in the future, nor can we predict the price at which those bids will be made. In any event, Notes will cease trading as of the close of business on the maturity date. You should refer to the section "Risk Factors."

What is the role of Bear Stearns?

Bear Stearns will be our agent for the offering and sale of the Notes. After the initial offering, Bear Stearns intends 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 cash settlement value. Under certain circumstances, these duties could result in a conflict of interest between Bear Stearns' status as our subsidiary, and its responsibilities as calculation agent. You should refer to the section "Risk Factors The calculation agent is one of our affiliates, which could result in a conflict of interest."

Can you tell me more about The Bear Stearns Companies Inc.?

We are a holding company that, through our broker-dealer and international bank subsidiaries, principally Bear Stearns, Bear, Stearns Securities Corp., Bear, Stearns International Limited ("BSIL") and Bear Stearns Bank plc, is a leading investment banking, securities and derivatives trading, clearance and brokerage firm serving corporations, governments, institutional and individual investors worldwide. For more information about us, please refer to the section 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.

Who should consider purchasing the Notes?

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

- have a bullish view of the Index;
- believe that the Index will not decrease by 35% or more and are willing to take the risk that the Index may decrease in value in return for potential upside leverage; and
- are willing to forgo dividend payments on the stocks underlying the Index in return for possible principal protection and potential upside leverage.

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

The U.S. federal income tax consequences of an investment in the Notes are complex and uncertain. By purchasing the Notes, you will agree to treat the Notes for all tax purposes as prepaid cash-settled forward contracts linked to the value of the Index. Under this treatment of the Notes, you should be required to recognize capital gain or loss to the extent that the cash you receive on the maturity date or upon a sale or exchange of the Notes prior to the maturity date differs from your tax basis on the Notes (which will generally be the amount you paid for the Notes). You should review the discussion under the section entitled "Certain U.S. Federal Income Tax Considerations."

Does ERISA impose any limitations on purchases of the Notes?

An employee benefit plan subject to the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974 ("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 the section "Risk Factors" in this pricing supplement and "Risk Factors" in the accompanying prospectus supplement.

RISK FACTORS

Your investment in the Notes involves a degree of risk similar to investing in the Index. You will be subject to significant risks not associated with conventional fixed-rate or floating-rate debt securities. Prospective purchasers of the Notes should recognize the possibility of a substantial loss with respect to their investment in the Notes. Prospective purchasers of the Notes should understand the risks of investing in the Notes and should reach an investment decision only after careful consideration, with their advisers, of the suitability of the Notes in light of their particular financial circumstances, the following risk factors and the other information set forth in this pricing supplement and the accompanying prospectus supplement and prospectus. These risks include the possibility that the Index will fluctuate, and the possibility that you will receive a substantially lower amount of principal. We have no control over a number of matters, including economic, financial, regulatory, geographical, judicial, and political events, that are important in determining the existence, magnitude, and longevity of these risks and their impact on the value of, or the payment made on, the Notes.

Your investment may result in a loss; there is no guaranteed return of principal.

The Notes are principal protected only under certain circumstances and only if held to maturity. If the index closing level ever equals or falls below the barrier index level during the term of the Notes and at maturity the final index level is less than the initial index level, there will be no principal protection on the Notes. In such a case, the cash settlement value will be proportionally less than the initial offering price based upon the percentage decline in the Index. As a result, the principal amount of your investment is not protected and you will receive less, and possibly significantly less, than the initial public offering price of $1,000 per Note. For more specific information about the cash settlement value and for illustrative examples, you should refer to the section "Description of the Notes."

You will not receive any interest payments on the Notes.

You will not receive any periodic payments of interest or any other periodic payments on the Notes until maturity. On the maturity date, you will receive a payment per Note equal to the cash settlement value. However, the overall 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.

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

The Index does not reflect the payment of dividends on the stocks underlying it. Therefore, the yield based on the Index to the maturity of the Notes will not produce the same yield as if you had purchased such underlying stocks and held them for a similar period. As of May 31, 2005, the yield on the payment of dividends on the stocks underlying the Index was approximately 228 basis points. You should refer to the section "Description of the Notes."

Your yield may be below market interest rates on the calculation date.

You may receive a cash settlement value that is below what we would pay as principal and interest based on the initial index level if we had issued non-callable senior debt securities with a similar maturity to that of the Notes. The possible return of principal at maturity and any payment of the cash settlement value may not reflect the full opportunity costs implied by inflation or other factors relating to the time value of money.

Because the treatment of the Notes is uncertain, the material U.S. federal income tax consequences of an investment in the Notes are uncertain.

Even though you agree to treat the Notes for all tax purposes as pre-paid cash settled forward contracts linked to the Index, there is no direct legal authority as to the proper tax treatment of the Notes, and therefore significant aspects of the tax treatment of the Notes are uncertain. In particular, it is possible that you will be required to recognize income for U.S. federal tax purposes with respect to the Notes prior to the sale, exchange or maturity of the Notes, and it is possible that any gain or income recognized with respect to the Notes will be treated as ordinary income rather than capital gain. Please read carefully the section entitled "Certain U.S. Federal Income Tax Considerations."

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

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

If you wish to liquidate your investment in the Notes prior to maturity, your only alternative would be to sell them. At that time, there may be an illiquid market for Notes or no market at all. Even if you were able to sell your Notes, there are many factors outside of our control that may affect their trading value. We believe that the value of your Notes will be affected by the value and volatility of the Index, whether or not the index closing level ever equals or falls below the barrier index level, whether or not the final index level is equal to or greater than the initial index level, changes in U.S. interest rates, the supply of and demand for the Notes and a number of other factors. Some of these factors are interrelated in complex ways; as a result, the effect of any one factor may be offset or magnified by the effect of another factor. The price, if any, at which you will be able to sell your Notes prior to maturity may be substantially less than the amount you originally invested if, at such time, the value of the Index is less than, equal to or not sufficiently above the value of the Index on the date you purchased the Notes. The following paragraphs describe what we expect to be the impact on the trading value of the Notes with a change in a specific factor, assuming all other conditions remain constant.

Barrier index level. The trading value of the Notes will be affected if the index closing level declines and if it ever equals or falls below the barrier index level. Such an occurrence will mean that the principal amount of your investment is not protected and you may receive less, and possibly significantly less, than the initial public offering price of $1,000 per Note.

Value of the Index. We expect that the trading value of the Notes will depend substantially on the amount, if any, by which the index closing level at any given point in time exceeds the initial index level. If you decide to sell your Notes when the index closing level exceeds the initial index level, you may nonetheless receive substantially less than the amount that would be payable at maturity based on that index closing level because of expectations that the index closing level will continue to fluctuate until the calculation date. Economic, financial, regulatory, geographical, judicial, or other developments that affect the common stocks in the Index may also affect the index closing level and, thus, the value of the Notes.

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

Interest rates. We expect that the trading value of the Notes will be affected by changes in U.S. interest rates. The interest rate changes will have different effects on the trading value of the Notes depending on the term to maturity. During the first half of the term of the Notes, an upward parallel shift in the yield curve (meaning that short-and long-term rates increase by the same amount) may cause an increase in the trading value of the Notes and a downward parallel shift in the yield curve may cause a decrease in the value of the Notes. Conversely, during the remaining term of the Notes, an upward parallel shift in the yield curve may cause a decrease in the trading value of the Notes and a downward parallel shift in the yield curve may cause an increase in the value of the Notes.

Our credit ratings, financial condition and results of operations. Actual or anticipated changes in our current credit ratings, A1 by Moody's Investor Service, Inc. and A by Standard & Poor's Rating Services, as well as our financial condition or results of operations may significantly affect the trading value of the Notes. However, because the return on the Notes is dependent upon factors in addition to our ability to pay our obligations under the Notes, such as the Index, an improvement in our credit ratings, financial condition or results of operations will not reduce the other risks related to the Notes.

Time remaining to maturity. As the time remaining to maturity of the Notes decreases, the "time premium" associated with the Notes will decrease. A "time premium" results from expectations concerning the value of the Index during the period prior to the maturity of the Notes. As the time remaining to the maturity of the Notes decreases, this time premium will likely decrease, potentially adversely affecting the trading value of the Notes.

Dividend yield. The value of the Notes may also be affected by the dividend yields on the stocks in the Index. In general, higher dividend yields will likely reduce the trading value of the Notes because the Index does not incorporate the value of dividend payments. Conversely, lower dividend yields will likely increase the trading value of the Notes.

Events involving the companies comprising the Index. General economic conditions and earnings results of the companies whose stocks comprise the Index, and real or anticipated changes in those conditions or results, may affect the trading value of the Notes. Some of the stocks included in the Index may be affected by mergers and acquisitions, which can contribute to volatility of the Index. As a result of a merger or acquisition, one or more stocks in the Index may be replaced with a surviving or acquiring entity's securities. The surviving or acquiring entity's securities may not have the same characteristics as the stock originally included in the Index.

Size and liquidity of the trading market. The Notes will not be listed on any securities exchange and we do not expect a trading market to develop. There may not be a secondary market in the Notes, which may affect the price that you receive for your Notes upon any sale prior to maturity. If a trading market does develop, there can be no assurance that there will be liquidity in the trading market. If the trading market for the Notes is limited, there may be a limited number of buyers for your Notes if you do not wish to hold your investment until maturity. This may affect the price you receive upon any sale of the Notes prior to maturity.

Bear Stearns has advised us that they intend under ordinary market conditions to indicate prices for the Notes on request. However, we cannot guarantee that bids for outstanding Notes will be made in the future, nor can we predict the price at which those bids will be made.

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 Index.

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 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 Index.

State law may limit interest paid.

New York State law governs the Indenture under which the Notes will be issued. New York has certain usury laws that limit the amount of interest that can be charged and paid on loans, 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 index closing levels, or deciding whether a market disruption event has occurred. You should refer to the sections "Description of the Notes Discontinuance of the Index," " Adjustments to the Index" and " Market Disruption Events." 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. 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 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 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 the section "Use of Proceeds and Hedging." Accordingly, under certain circumstances, conflicts of interest may arise between Bear Stearns' responsibilities as calculation agent with respect to the Notes and BSIL's obligations under our hedge.

We cannot control actions by the companies whose stocks are included in the Index.

Actions by any company whose stock is part of the Index may have an adverse effect on the price of its stock, the index closing level and the trading value of the Notes. These companies are not involved in this offering and have no obligations with respect to the Notes, including any obligation to take our or your interests into consideration for any reason. These companies will not receive any of the proceeds of this offering and are not responsible for, and have not participated in, the determination of the timing of, prices for, or quantities of, the Notes to be issued. These companies are not involved with the administration, marketing or trading of the Notes and have no obligations with respect to the amount to be paid to you on the maturity date.

We are not affiliated with any Index company and are not responsible for any disclosure by any such company. However, we may currently, or in the future, engage in business with such companies. Neither we nor any of our affiliates, including Bear Stearns, assumes any responsibility for the adequacy or accuracy of any publicly available information about the Index or any Index company. You should make your own investigation into the Index and the Index companies.

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

The policies of Dow Jones concerning the calculation of the Index will affect the value of the Index and, therefore, will affect the trading value of the Notes and the cash settlement value. If Dow Jones discontinues or suspends calculation or publication of the Index, it may become difficult to determine the trading value of the Notes or the cash settlement value. If this occurs, the calculation agent will determine the value of the Notes in its sole discretion. As a result, the calculation agent's determination of the value of the Notes will affect the cash settlement value you will receive at maturity. In addition, if Dow Jones discontinues or suspends calculation of the Index at any time prior to the maturity date and a successor index is not available or is not acceptable to the calculation agent in its sole discretion, then the calculation agent will determine the amount payable on the maturity date by reference to a group of stocks and a computation methodology that the calculation agent determines in its sole discretion will as closely as reasonably possible replicate the Index. The value of the Index is only one of the factors that will affect this determination and the value of the Notes prior to maturity. See the sections "Description of the Notes Discontinuance of the Index" and "Description of the Index."

Trading and other transactions by us or our affiliates could affect the prices of the stocks underlying the Index, the level of the Index, the trading value of the Notes or the amount you may receive at maturity.

We and our affiliates may from time to time buy or sell shares of the stocks underlying the Index or derivative instruments related to those stocks for our own accounts in connection with our normal business practices or in connection with hedging our obligations under the Notes. These trading activities may present a conflict of interest between your interest in the Notes and the interests we and our affiliates may have in our proprietary accounts, in facilitating transactions, including block trades, for our other customers and in accounts under our management. The transactions could affect the prices of those stocks or the level of the Index in a manner that would be adverse to your investment in the Notes. See the section "Use of Proceeds and Hedging."

Hedging activities we or our affiliates may engage in may affect the level of the Index and, accordingly, increase or decrease the trading value of the Notes prior to maturity and the cash settlement value you would receive at maturity. To the extent that we or any of our affiliates has a long hedge position in any of the stocks that comprise the Index, or derivative or synthetic instruments related to those stocks or the Index, we or any of our affiliates may liquidate a portion of such holdings at or about the time of the maturity of the Notes or at or about the time of a change in the stocks that underlie the Index. Depending on, among other things, future market conditions, the aggregate amount and the composition of the positions are likely to vary over time. Profits or losses from any of those positions cannot be ascertained until the position is closed out and any offsetting position or positions are taken into account. Although we have no reason to believe that any of those activities will have a material impact on the level of the Index, we cannot assure you that these activities will not affect such level and the trading value of the Notes prior to maturity or the cash settlement value payable at maturity.

In addition, we or any of our affiliates may purchase or otherwise acquire a long or short position in the Notes. We or any of our affiliates may hold or resell the Notes. We or any of our affiliates may also take positions in other types of appropriate financial instruments that may become available in the future.

We or any of our affiliates may also issue, underwrite or assist unaffiliated entities in the issuance or underwriting of other securities or financial instruments with returns indexed to the Index. By introducing competing products into the marketplace in this manner, we or our affiliates could adversely affect the value of the Notes.

We and our affiliates, at present or in the future, may engage in business with the companies included in the Index, including making loans to, equity investments in, or providing investment banking, asset management or other advisory services to those companies and their competitors. In connection with these activities, we may receive information about those companies that we will not divulge to you or other third parties. One or more of our affiliates have published, and may in the future publish, research reports on one or more of the Index companies. This research is modified from time to time without notice and may express opinions or provide recommendations that are inconsistent with purchasing, holding or selling the Notes. Any of these activities may affect the trading value of the Notes.

The cash settlement value you receive on the Notes may be delayed or reduced upon the occurrence of a market disruption event, or an event of default.

If the calculation agent determines that, on the calculation date, a market disruption event has occurred or is continuing, the determination of the value of the Index by the calculation agent may be deferred. You should refer to the section "Description of the Notes Market Disruption Events."

If the calculation agent determines that an event of default (as defined below) has occurred, a holder of the Notes will only receive an amount equal to the trading value of the Notes on the date of such event of default, adjusted by an amount equal to any losses, expenses and costs to us of unwinding any underlying hedging or funding arrangements, all as determined by the calculation agent in its sole and absolute discretion. You should refer to the section "Description of the Notes Event of Default and Acceleration."

You should decide to purchase the Notes only after carefully considering the suitability of the Notes in light of your particular financial circumstances. You should also carefully consider the tax consequences of investing in the Notes. You should refer to the section "Certain U.S. Federal Income Tax Considerations" and discuss the tax implications with your own tax advisor.

DESCRIPTION OF THE NOTES

The following description of the Notes (referred to in the accompanying prospectus supplement as the "Other Indexed Notes") supplements the description of the Notes in the accompanying prospectus supplement and prospectus. This is a summary, and is not complete. You should read the indenture, dated as of May 31, 1991, as amended (the "Indenture"), between us and JPMorgan Chase Bank, N.A. (formerly, The Chase Manhattan Bank), as trustee (the "Trustee"). A copy of the Indenture is available as set forth under the section of the prospectus 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 February 28, 2005:

- we had outstanding (on an unconsolidated basis) approximately $47.2 billion of debt and other obligations, including approximately $41.9 billion of unsecured senior debt and $4.8 billion of unsecured inter-company debt; and

- our subsidiaries had outstanding (after elimination of inter-company items) approximately $216.5 billion of debt and other obligations (including $56.3 billion related to securities sold under repurchase agreements, $82.5 billion related to payables to customers, $28.9 billion related to financial instruments sold, but not yet purchased, and $48.8 billion of other liabilities, including $25.8 billion of debt).

The aggregate principal amount of the Notes will be $7,300,000. The Notes will mature on June 15, 2011. 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. When we refer to Notes in this pricing supplement, we mean $1,000 principal amount of Notes. The Notes will not be listed on any securities exchange.

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

Interest

We will not make any periodic payments of interest on the Notes or any other payments on the Notes, until maturity.

Payment at Maturity

On the maturity date, you will receive a payment equal to the "cash settlement value," as provided below.

The cash settlement value to which you will be entitled depends on the relation of the final index level to the initial index level and whether the index closing level ever equals or falls below the barrier index level:

(i) If the index closing level never equals or falls below the barrier index level during the term of the Notes, or if, at maturity, the final index level is equal to or greater than the initial index level, the cash settlement value will equal:

(ii) If the index closing level ever equals or falls below the barrier index level during the term of the Notes and at maturity the final index level is less than the initial index level, the cash settlement value will equal:

The "index closing level" equals the closing value of the Index on each index business day.

The "initial index level" equals 10,512.63, the closing value of the Index on June 10, 2005, the date the Notes were priced for initial sale to the public.

The "barrier index level" equals 6,833.21, 65% of the initial index level.

The "final index level" will be determined by the calculation agent and will equal the closing value of the Index on June 10, 2011, the "calculation date," or, if that day is not an index business day, on the next index business day.

The "maturity date" of the Notes is June 15, 2011.

An "index business day" will be a day, as determined by the calculation agent, on which the Index or any successor index is calculated and published and on which securities comprising more than 80% of the value of the Index on such day are capable of being traded on their relevant exchanges. 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.

Illustrative Examples:

The following are illustrative examples demonstrating the hypothetical cash settlement value of a Note based on the assumptions outlined below.

Assumptions:

Investor purchases $1,000 principal amount of Notes at the initial offering price of $1,000.

Investor does not sell the Notes and holds the Notes to maturity.

The initial index level is 10,512.63.

The barrier index level is 6,833.21.

All returns are based on a 6-year (72 month) term; pre-tax basis.

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

Example 1: The index closing level never equals or falls below the barrier index level and at maturity the final index level is greater than the initial index level.

In this example, the Index generally rises over the term of the Note and the index closing level never equals or falls below the barrier index level. On the calculation date, the final index level is 14,487.46, representing a 37.81% gain from the initial index level. In this example, using the formula below, the cash settlement value will equal $1,453.72.

Example 2: The index closing level never equals or falls below the barrier index level and at maturity the final index level is less than the initial index level.

In this example, the Index generally declines over the term of the Note and the index closing level never equals or falls below the barrier index level. On the calculation date, the final index level is 7,036.10, representing a 33.07% loss in the value of the Index from the initial index level. Although the Index lost 33.07%, the barrier index level was never reached. In this example, using the formula below, the Notes are principal protected and the cash settlement value will equal $1,000.00.

Example 3: The index closing level equals or falls below the barrier index level and at maturity the final index level is less than the initial index level.

In this example, the Index generally declines over the term of the Note and the index closing level equals or falls below the barrier index level. On the calculation date, the final index level is 7,223.23, representing a 31.29% loss in the value of the Index from the initial index level. Since the index closing level equaled or fell below the barrier index level, the Notes are not principal protected and the cash settlement value reflects the proportional decline in the Index. In this example, using the formula below, the Notes are not principal protected and the cash settlement value will equal $687.10.

Example 4: The index closing level equals or falls below the barrier index level and at maturity the final index level is greater than the initial index level.

In this example, the Index initially declines and the index closing level equals or falls below the barrier index level. Before maturity, the Index increases and on the calculation date, the final index level is 11,990.71, representing a 14.06% gain in the value of the Index from the initial index level. Notice that while the index closing level equaled or fell below the barrier index level, the final index level was greater than the initial index level. The cash settlement value, using the formula below, will equal $1,168.72.

Summary of Examples 1 Through 4
Reflecting the Cash Settlement Value

	Example 1	Example 2	Example 3	Example 4
Initial index level	10,512.63	10,512.63	10,512.63	10,512.63
Hypothetical final index level	14,487.46	7,036.10	7,223.23	11,990.71
Index closing level ever equal or fall below barrier index level?	No	No	Yes	Yes
Value of final index level relative to the initial index level	Higher	Lower	Lower	Higher
Principal protected?	Yes	Yes	No	Yes
Cash settlement value per Note	$1,453.72	$1,000.00	$687.10	$1,168.72

Discontinuance of the Index

If Dow Jones discontinues publication of the Index and Dow Jones or another entity publishes a successor or substitute index that the calculation agent determines, in its sole discretion, to be comparable to the discontinued Index (the new index being referred to as a "successor index"), then the index closing level will be determined by reference to the successor index at the close of trading on the relevant exchange or market for the successor index on the date that the index closing level is to be determined.

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

If Dow Jones discontinues publication of the Index prior to, and such discontinuance is continuing on, the date that the index closing level is to be determined and the calculation agent determines that no successor index is available at such time, then, on such date, the calculation agent will notify us and the Trustee, and will calculate the appropriate closing levels. The index closing level will be computed by the calculation agent in accordance with the formula for and method of calculating the Index last in effect prior to such discontinuance, using the closing level (or, if trading in the relevant securities has been materially suspended or materially limited, its good faith estimate of the closing level that would have prevailed but for such suspension or limitation) at the close of the principal trading session on such date of each security most recently comprising the Index on the primary organized U.S. exchange or trading system on which such securities trade. "Closing level" means, with respect to any security on any date, the last reported sales price regular way on such date or, in case no such reported sale takes place on such date, the average of the reported closing bid and asked price regular way on such date, in either case on the primary organized U.S. exchange or trading system on which such security is then listed or admitted to trading.

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

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

Adjustments to the Index

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

Market Disruption Events

If there is a market disruption event on the calculation date, the calculation date will be 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 two index business days following the original date that, but for the market disruption event, would have been the calculation date. In that case, the second index business day will be deemed to be the calculation date, notwithstanding the market disruption event and the calculation agent will determine the level of the Index on that second index business day in accordance with the formula for and method of calculating the Index in effect prior to the market disruption event using the exchange traded price of each security in the 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 second index business day.

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

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

- a breakdown or failure in the price and trade reporting systems of any relevant exchange as a result of which the reported trading prices for stocks then constituting 20% or more of the level of the Index, or any successor index, during the last one hour preceding the close of the principal trading session on such relevant exchange are materially inaccurate; or

- the occurrence or existence of a suspension, absence or material limitation of trading, in each case, on any major U.S. exchange for more than two hours of trading, or during the one-half hour period preceding the close of the principal trading session on such market, whether by reason of movements in price otherwise exceeding levels permitted by the relevant exchange or otherwise, in option or futures contracts or exchange traded funds related to the Index, or any successor index.

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

(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 cash settlement value as though the date of early repayment were the maturity date of the Notes, adjusted by an amount equal to any losses, expenses and costs to us of unwinding any underlying or related hedging or funding arrangements, all as determined by the calculation agent in its sole and absolute discretion. If a bankruptcy proceeding is commenced in respect of us, the claims of the holder of a Note may be limited under Title 11 of the United States Code.

Same-Day Settlement and Payment

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

Calculation Agent

The calculation agent for the Notes will be Bear Stearns. All determinations made by the calculation agent will be at the sole discretion of the calculation agent and will, in the absence of manifest error, be conclusive for all purposes and binding on you and us. Because the calculation agent is an affiliate of ours, potential conflicts of interest may exist between you and the calculation agent, including with respect to certain determinations and judgments that the calculation agent must make in determining the cash settlement value. Bear Stearns is obligated to carry out its duties and functions as calculation agent in good faith and using its reasonable judgment.

DESCRIPTION OF THE INDEX

General

We obtained all information regarding the Index contained in this pricing supplement, including its make-up, method of calculation and changes in its components, from publicly available information. That information reflects the policies of, and is subject to change by, Dow Jones. Dow Jones has no obligation to continue to publish, and may discontinue publication of, the Index. The consequences of Dow Jones' discontinuing publication of the Index are described in the section entitled "Description of the Notes Discontinuance of the Index." We do not assume any responsibility for the accuracy or completeness of any information relating to the Index.

The Index is widely used as an indicator of the pattern of the price movement of United States equities. The calculation of the value of the Index, discussed below in further detail, is a price-weighted average of the stocks of 30 blue-chip companies that are generally the leaders in their industry. As of June 13, 2005, the component companies of the Index were as follows:

3M Company	Honeywell International Inc.
Alcoa Inc.	Intel Corporation
Altria Group, Inc.	International Business Machines Corporation
American Express Company	J.P. Morgan Chase & Co.
American International Group, Inc.	Johnson & Johnson
The Boeing Company	McDonald's Corporation
Caterpillar Inc.	Merck & Co., Inc.
Citigroup Inc.	Microsoft Corporation
The Coca-Cola Company	Pfizer Inc.
E.I. du Pont de Nemours and Company	The Proctor & Gamble Company
Exxon Mobil Corporation	SBC Communications Inc.
General Electric Company	United Technologies Corporation
General Motors Corporation	Verizon Communications Inc.
Hewlett-Packard Company	Wal-Mart Stores, Inc.
The Home Depot, Inc.	The Walt Disney Company

As of June 13, 2005, twenty-eight of the Index component companies are primarily traded on the NYSE, and the other two companies are traded on the Nasdaq. The composition of the Index is not limited to traditionally defined industrial stocks. Instead, the companies are chosen from sectors of the economy most representative of the country's economic health. The Index serves as a measure of the entire United States market, covering such diverse industries as financial services, technology, retail, entertainment and consumer goods. The editors of *The Wall Street Journal* maintain and review the Index and may from time to time, in their sole discretion, add companies to, or delete companies from, the Index to achieve the objectives stated above. Composition changes are rare, however, and generally occur only after events such as corporate acquisitions or other dramatic shifts in a component's core business. When such an event causes one component to be replaced, the entire Index is reviewed, and therefore, multiple component changes are often implemented simultaneously. A stock typically is added only if it has an excellent reputation, demonstrates sustained growth, is of interest to a large number of investors, and accurately represents the sector(s) covered by the Index.

The Index is price-weighted rather than market capitalization-weighted, which means that weightings are based only on changes in the stocks' prices, rather than by both price changes and changes in the number of shares outstanding. The divisor used to calculate the price-weighted average of the Index is not simply the number of component stocks; rather, the divisor is adjusted to smooth out the effects of stock splits and other corporate actions. While this methodology reflects current practice in calculating the Index, no assurance can be given that Dow Jones will not modify or change this methodology in a manner that may affect the amounts payable on the Notes at maturity. Neither us nor any of our affiliates accepts any responsibility for the calculation, maintenance, or publication of, or for any error, omission, or disruption in, the Index or any successor Index. Dow Jones does not guarantee the accuracy or the completeness of the Index or any data included in the Index. Dow Jones assumes no liability for any errors, omissions, or disruption in the calculation and dissemination of the Index. Dow Jones disclaims all responsibility for any errors or omissions in the calculation and dissemination of the Index as applied in determining the amount payable at maturity.

THE INDEX DOES NOT REFLECT THE PAYMENT OF DIVIDENDS ON THE STOCKS UNDERLYING IT AND THEREFORE THE 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.

Historical Data on the Index

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

The following table sets forth the high, low and end-of-month index closing levels for each month from January 1993 through May 2005. We obtained the index closing levels listed below from public sources and believe such information to be accurate. The results shown should not be considered as a representation of the income, yield or capital gain or loss that may be generated by the Index in the future. The actual price performance of the Index over the life of the notes may bear little relation to the historical terms shown below.

	High	**Low**	**Closing Level at Month-End**
1993			
January	3,310.03	3,241.95	3,310.03
February	3,442.14	3,302.19	3,370.81
March	3,478.34	3,355.41	3,435.11
April	3,478.61	3,370.81	3,427.55
May	3,554.83	3,437.19	3,527.43
June	3,553.45	3,466.81	3,516.08
July	3,567.70	3,449.93	3,539.47
August	3,652.09	3,548.97	3,651.25
September	3,645.10	3,537.24	3,555.12
October	3,687.86	3,577.76	3,680.59
November	3,710.77	3,624.98	3,683.95
December	3,794.33	3,697.08	3,754.09

1994			
January	3,978.36	3,756.60	3,978.36
February	3,975.54	3,832.02	3,832.02
March	3,895.65	3,626.75	3,635.96
April	3,705.78	3,593.35	3,681.69
May	3,766.35	3,629.04	3,758.37
June	3,814.83	3,624.96	3,624.96
July	3,764.50	3,646.65	3,764.50
August	3,917.30	3,747.02	3,913.42
September	3,953.88	3,831.75	3,843.19
October	3,936.04	3,775.56	3,908.12
November	3,863.37	3,674.63	3,739.23
December	3,861.69	3,685.73	3,834.44
1995			
January	3,932.34	3,832.08	3,843.86
February	4,011.74	3,847.56	4,011.05
March	4,172.56	3,962.63	4,157.69
April	4,321.27		