Fitch Presentation

The Bear Stearns Companies Inc.
August 2007

BEAR STEARNS

Table of Contents

Liquidity Risk Management
Corporate Treasury

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Significant Risks – Funding & Liquidity

- Loss of Market Confidence
- Rollover risk / Maturity Concentration
- Lack of Usable Secured Funding Infrastructure
- Investor / Creditor Concentration
- Parent Company Funding Structure / Double Leverage
- Subsidiary Restricted Cash and Parent Company Liquidity
- Rating Agency Risk

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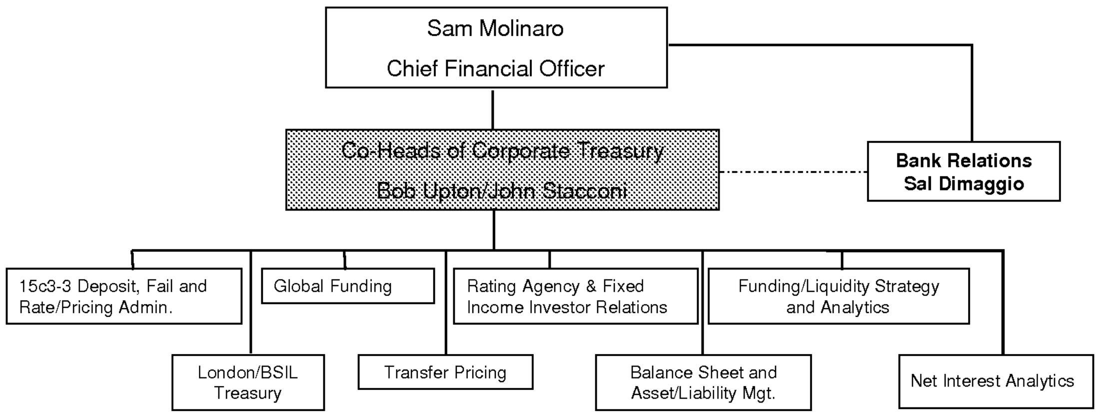
Organizational Chart



4

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BSC Approach to Liquidity Risk Management

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Alternative Liquidity - Tools and Analysis

- Analysis assumes:
  - Time horizon is a twelve month period
  - no liquidation of assets and
  - no access to additional unsecured funding
- Two primary analytical tools are used to measure/monitor the firm's ability to shift to secured funding
  - Cash Capital
  - Liquidity Ratio
- The size, availability and development of the firm's secured funding infrastructure is also an important component - need in place to affect transition AND benchmark conservative haircuts/advance rates

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Necessary and Sufficient Conditions to Shift to Secured Funding - Measure/Monitor

- Cash + the borrowing value of unencumbered securities must be > maturing unsecured debt (typically use 1 year)
- **Liquidity ratio** measures this condition
- Long-term funding must be > the sum of illiquid assets and firm wide haircuts on pledgeable assets
- **Net cash capital** quantifies the excess

7

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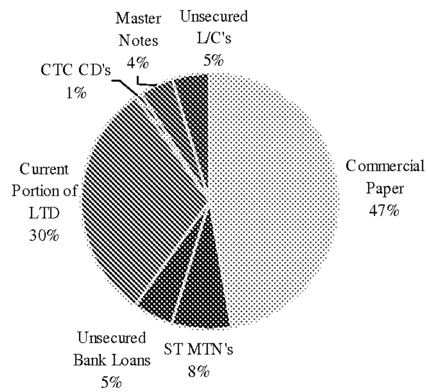
Unsecured Debt Maturing < 1 year

As of June 30, 2007 ($ in millions)



Commercial Paper	$ 11,982
Short MTNs	1,958
Unsecured Bank Loans	1,245
Master Notes	1,035
CTC CDs	242
Unsecured L/Cs	1,217
Unsecured ST Borrowings	**$ 17,679**
Current Portion of LTD	7,744
Total Unsecured ST Funding	**$ 25,423**

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Consolidated Liquidity Ratio

As of June 30, 2007 ($ in millions)

Guideline

Maintain cash and unhypothecated marketable securities with a borrowing value equal to at least 110% of unsecured borrowings maturing in the next 12 months.

Liquidity Available	PAIB Adjusted	Firm Only with Revolver	Firm Only without Revolver
Cash & Cash Equivalents	12,303	12,303	12,303
BV of Unencumbered Securities (1)	25,756	25,756	25,756
Unsecured Revolver	4,000	4,000	
BV of PAIB (2)	2,489		
Total Available	**44,548**	**42,058**	**38,058**
Liquidity Required			
Unsecured Short-term Debt	17,679	17,679	17,679
Current Portion of Long-term Debt	7,744	7,744	7,744
Total Required	**25,423**	**25,423**	**25,423**
Liquidity Ratio	**175%**	**165%**	**150%**

(1) Includes borrowing value of firm only unencumbered securities

(2) Represents only currently available portion of PAIB borrowing value

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Net Cash Capital

As of June 30, 2007 ($ in millions)

Cash Capital Available	
Stockholders' Equity (1)	13,769
Trust Preferred	263
Subordinated Debt	1,000
Long-term Debt > 1 year	51,305
Unfunded Note Capital	2,074
Total Available	**68,411**

Cash Capital Required	
Firm-wide Haircuts	55,540
Illiquid Assets	13,081
Total Required	**68,621**

Net Cash Capital	**(210)**

- Target: Positive Net Cash Capital > $2.0B

10

(1) Stockholders' Equity includes unallocated CAP/RSU.

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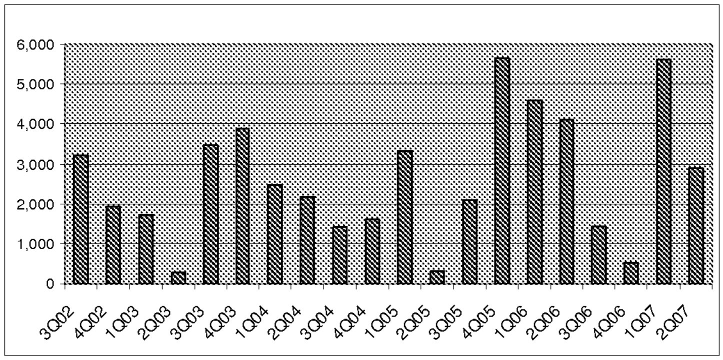
Net Cash Capital History

($ in millions)



Monthly Average - $1,675.0

11

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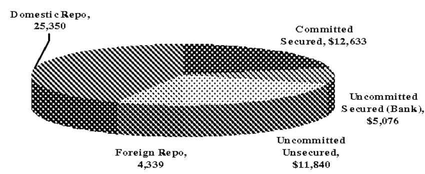
Credit Lines – Global Secured Funding Infrastructure

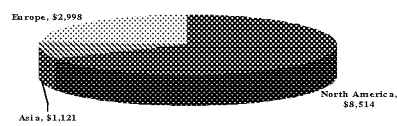
June 30, 2007 ($ in millions)

Unsecured Debt Maturing over next 12 months	$25.4B
Less Cash	(12.3)
Required Bank Funding	$13.1B

Total Lines = $56.2 Billion



Total Committed Secured = $12.6 Billion



Domestic and Foreign Repo lines include firm-owned inventory only, consisting of equity & corporate securities.

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Shift to Secured Funding

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Secured Funding – Shifting Landscape

- Short-Term Treasurers' Funding needs almost tripled in 18 months to July 2006 (from $10-$29B)
- This growth predominantly utilized unsecured sources of funding → decline in firm-wide Liquidity Ratio
- Material expansion in corporate securities and unsecuritized whole loans funded in unsecured markets
  - Structured Equity Products
  - Credit Trading/Credit Derivatives
  - Residential Mortgage Origination / Inventory
  - Commercial Mortgage Inventory
  - Prime Brokerage
- Initiated shift in funding framework – 3QFY06

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Short-Term Debt Usage and Required Bank Funding

	Jul-04	Jan-05	Jul-05	Jan-06	Jul-06	Nov-06	June-07
Debt Replacement Needs							
Commercial Paper	5,129	4,802	8,164	15,663	22,401	19,172	11,982
Other Short-Term Unsecured	2,109	1,649	1,638	8,980	6,043	6,671	5,697
Current Portion of LTD	6,065	6,379	5,867	5,988	4,751	6,142	7,744
Total Unsecured < 12 Months	13,303	12,830	15,669	30,631	33,195	31,985	25,423
Debt Replacement Sources							
Cash	5,042	3,630	2,748	5,622	3,654	2,707	12,303
Reliance on Bank Funding (1)	8,261	9,200	12,921	25,009	29,541	29,278	13,120
Total Sources	13,303	12,830	15,669	30,631	33,195	31,985	25,423
Access to Bank/Facility Funding							
Committed Secured Lines	8,830	8,026	8,486	8,473	10,354	10,724	11,533 (2)
Uncommitted Secured Lines	15,346	15,808	14,982	18,789	20,658	17,825	5,076
Surplus/(Shortfall) in Committed Secured Lines vs. Reliance on Bank Funding (3)	**569**	**(1,174)**	**(4,435)**	**(16,536)**	**(19,187)**	**(18,554)**	**(1,587)**
Firm-Wide Liquidity Ratio	175%	188%	149%	117%	126%	130%	165%

(1) Total Unsecured Debt Maturing in < 12 Months Less Cash
(2) Committed Secured Lines Net of Usage
(3) Committed Secured Lines Less Reliance on Bank Funding

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Secured Funding – Benefit

- Emphasis on / Initiative provides for stability & continuity of funding
- Diminish reliance on uncommitted bank lines
- Collateral out on ongoing basis
- Refine / Enhance / Develop infrastructure for integrated global funding platform
- Develop capability to fund balance sheet growth in secured markets
  - Secured markets = natural marginal source
  - Key to growth of business / balance sheet going forward

16

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Progress to Date (as of May 2007)

- New Products Committee approval for US Tri-Party Equity/Corporate Repo (November 2006)
- M&C review/presentation in January 2007
- Domestic: Tri-Party repo platform complete (growing counterparties)
- European progress: Euroclear in use and Equity Tri-Party agent selected
- Funding profile is changing (Treasurers' Short Term Funding) – See Data on funding breakdown on next page

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Treasurers' Short-Term Funding Composition

	June 30, 2007	May 31, 2007	June 30, 2006	m-o-m	y-o-y
Domestic Repo (1)	25,350	16,650	3,350	52%	657%
Foreign Repo (1)	4,339	2,802	1,187	55%	266%
Bank Loans - Secured	2,274	1,934	1,250	18%	82%
Subtotal Secured	**31,963**	**21,386**	**5,787**	**49%**	**452%**
Bank Loans - Unsecured	1,245	331	2,096	276%	-41%
CP & Short MTNs	13,940	12,846	22,501	9%	-38%
Other Unsecured	1,276	1,243	1,760	3%	-27%
Subtotal Unsecured	**16,461**	**14,420**	**26,357**	**14%**	**-38%**
Total Secured & Unsecured	**48,425**	**35,806**	**32,144**	**35%**	**51%**
Secured	66%	60%	18%		
Unsecured	34%	40%	82%		

(1) Includes only firm inventory financing, consisting of equity & corporate securities.

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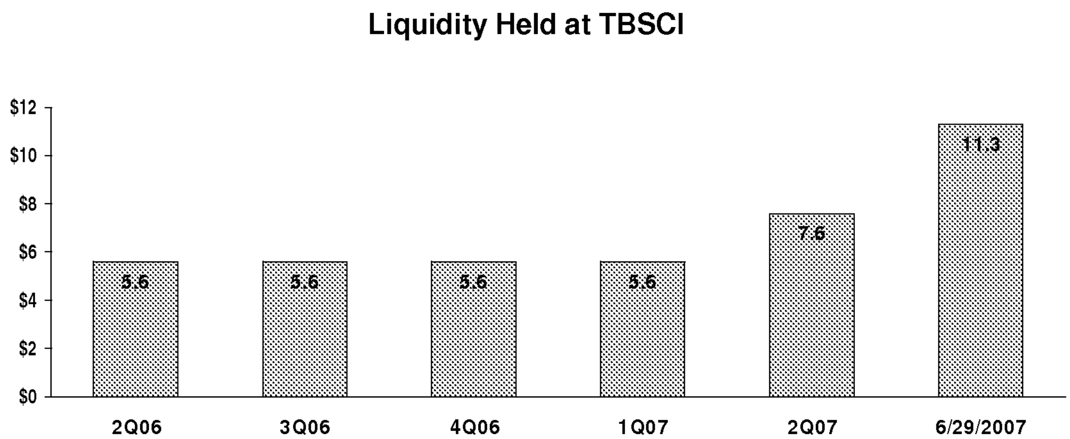
Parent Company Liquidity Pool

($ in billions)



- Growth in Parent Liquidity facilitated by shift to secured funding framework

19

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General Funding Model

- Fund significant portion of the box secured
- "Hard to Fund" stuff always out on term (or available to pledge in a term committed facility)
- Liquidity Ratio & Net Cash Capital calculations and targets remain intact and unchanged
- Modify cash capital haircuts over time & rationalize large syndicated bank facilities
- Collateral access & availability is key; integrate funding and operational platform to maximize efficient collateral utilization
- Increase funding flexibility, lessen CP reliance, optimize funding structure, stronger liquidity risk profile

20

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Balance Sheet & Leverage

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Consolidated Statements of Financial Condition

$ in Millions

	May 31, 2007	November 30, 2006	November 30, 2005	November 30, 2004	November 30, 2003	Major Cumulative % Changes
Assets:						
Cash and cash equivalents	$ 11,178	$ 4,595	$ 5,859	$ 4,173	$ 3,838	
Segregated cash and securities	4,653	8,804	5,270	4,423	8,657	
Securities purchased under agreements to resell	42,272	38,838	42,648	45,395	33,823	25%
Securities received as collateral	18,948	19,648	12,426	8,823	5,497	**245%**
Securities borrowed	92,050	80,523	62,915	69,793	73,318	26%
Customer receivables	41,344	29,482	31,273	32,114	19,647	**110%**
Receivables from brokers, dealers and others	4,485	6,119	3,545	2,934	3,730	
Interest and dividends receivables	1,156	745	433	316	268	
Financial instruments owned - at fair value	148,675	125,168	102,884	78,397	59,233	**151%**
Assets of VIEs & mortgage loan SPEs	49,985	30,303	15,152	4,837		
Fixed assets	547	480	451	381	381	
Other assets	8,011	5,727	4,437	4,362	3,777	
Total assets	$ 423,304	$ 350,433	$ 287,293	$ 255,950	$ 212,168	100%
Liabilities:						
Unsecured short-term borrowings	$ 17,424	$ 25,787	$ 20,016	$ 12,211	$ 13,388	30%
Other secured borrowings	9,115	3,275	-	-	-	
Securities sold under agreements to repurchase	103,029	69,750	66,132	58,604	47,464	**117%**
Obligation to return securities received as collateral	18,948	19,648	12,426	8,823	5,497	**245%**
Customer payables	84,604	72,989	69,871	79,384	68,667	23%
Payables from brokers, dealers and others	14,533	14,848	12,762	13,063	9,325	
Interest and dividends payables	1,337	1,123	797	569	568	
Financial instruments sold, but not yet purchased - at fair value	46,350	42,257	33,022	29,476	27,109	71%
Liabilities of VIEs & mortage loan SPEs	47,923	29,080	14,321	4,762		
Other	4,942	4,976	3,665	3,224	2,688	
	348,205	283,733	233,012	210,116	174,705	
Long-term borrowings (1)	61,790	54,570	43,490	36,843	29,993	**106%**
Stockholders' equity	13,308	12,129	10,791	8,991	7,470	78%
Total liabilities and stockholders' equity	$ 423,304	$ 350,433	$ 287,293	$ 255,950	$ 212,169	

22

(1) Outstanding trust preferred subordinated debt of $563MM and $263M in 2003 and 2004-present, respectively, is included in LTD.

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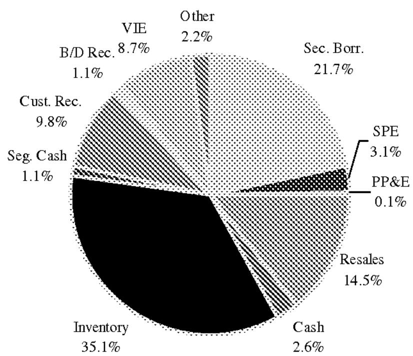
Asset Composition – Highly Liquid

As of May 31, 2007 ($ in millions)



Securities Borrowed	$ 92,050
Inventory	148,675
Resales	61,220
Customer Receivables	41,345
Cash & Cash Equivalents	11,178
Segregated Cash	4,653
B/D Receivables	4,484
Assets of SPE	12,962
Assets of VIE	37,023
Fixed Assets	547
Other Assets	9,167
Total Assets	$ 423,304

Cash, securities inventory and collateralized receivables over 96% of the balance sheet, when excluding "zero risk" balance sheet assets.

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Financial Instruments

$ in Millions

	May 31, 2007	November 30, 2006	November 30, 2005	November 30, 2004
Assets:				
Financial instruments owned - at fair value:				
U.S. government and agency	$ 5,473	$ 6,136	$ 9,915	$ 6,043
Other sovereign governments	3,374	1,372	1,159	1,316
Corporate equity and convertible debt	38,369	28,893	18,601	15,789
Corporate debt and other	38,029	33,924	21,572	14,858
Mortgages, mortgage- and asset-backed	52,164	43,227	40,297	27,680
Derivative financial instruments	11,266	11,617	11,340	12,712
Total Financial instruments owned - at fair value	**$ 148,675**	**$ 125,168**	**$ 102,884**	**$ 78,397**
Liabilities				
Financial instruments sold, but not yet purchased - at fair value:				
U.S. government and agency	$ 9,726	$ 11,724	$ 10,115	$ 8,851
Other sovereign governments	2,466	1,275	1,618	1,241
Corporate equity and convertible debt	15,845	12,623	6,900	6,386
Corporate debt and other	5,309	4,714	3,274	2,896
Mortgages, mortgage- and asset-backed	188	55	140	429
Derivative financial instruments	12,816	11,865	10,975	9,672
Total Financial instruments sold, but not yet purchased - at fair value	**$ 46,350**	**$ 42,257**	**$ 33,022**	**$ 29,476**

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Leverage Ratios

(in millions, except ratios)	*May 31, 2007*	*November 30, 2006*
Total assets	$ 423,304	$ 350,433
Deduct:		
Cash and securities deposited with clearing organizations or segregated in compliance with federal regulations	4,653	8,804
Securities purchased under agreements to resell	42,272	38,838
Securities received as collateral	18,948	19,648
Securities borrowed	92,050	80,523
Receivables from customers	41,344	29,482
Assets of variable interest entities and Mortgage loan special purpose entities, net	47,923	29,080
Goodwill & intangible assets	93	383
Subtotal	176,021	143,675
Add:		
Financial instruments sold, but not yet purchased	46,350	42,256
Deduct:		
Derivative financial instruments	12,816	11,865
Net adjusted assets	$ 209,555	$ 174,066
Stockholders' equity		
Common equity	$ 12,949	$ 11,770
Preferred stock	359	359
Stock-based compensation	-	816 (1)
Total stockholders' equity	13,308	12,945
Add:		
Trust preferred equity	263	263
Subtotal – leverage equity	13,571	13,208
Deduct:		
Goodwill & intangible assets	93	383
Tangible equity capital	$ 13,478	$ 12,825
Gross leverage	31.2x	26.5x
Net adjusted leverage	15.5x	13.6x

(1) Represents stock-based compensation associated with fiscal 2006 awards that was reflected in equity as of the grant date in December 2006, in accordance with SFAS No. 123(R), "Share-based Payment." Excluding this adjustment for stock-based compensation, gross leverage and net adjusted leverage at November 30, 2006 would have been 28.3 and 14.5, respectively.

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Balance Sheet Leverage

	Jun-96	Jun-97	Jun-98	Jun-99	Nov-00	Nov-01	Nov-02	Nov-03	Nov-04	Nov-05	Nov-06	May-07
Total Assets	92,085.2	121,433.5	154,495.9	153,894.3	171,270.5	185,530.2	184,854.4	212,168.1	255,949.9	287,292.6	350,432.6	423,303.7
Deduct:												
Securities received as collateral			2,041.5	1,735.3	587.5	3,038.0	5,669.8	5,496.8	8,823.1	12,426.4	19,648.2	18,948.2
Assets of VIE and SPE, Net										14,321.0	29,080.0	47,923.2
Net Adjusted Assets	92,085.2	121,433.5	152,454.3	152,159.0	170,683.0	182,492.3	179,184.6	206,671.3	247,126.8	260,545.3	301,704.4	356,432.3
Stockholders' Equity												
Common Equity	2,403.3	2,579.8	3,595.0	4,258.9	4,957.7	4,931.9	5,792.7	6,931.7	8,542.7	10,419.1	11,770.2	12,973.2
Preferred Equity	342.1	696.6	696.6	696.6	696.6	696.6	589.4	538.4	448.1	372.3	359.2	359.2
Total Shareholder's Equity	2,745.4	3,276.4	4,291.5	4,955.5	5,654.3	5,628.5	6,382.1	7,470.1	8,990.9	10,791.4	12,129.4	13,332.3
Add:												
Trust Preferred	150.0	350.0	350.0	500.0	500.0	762.5	562.5	562.5	262.5	262.5	262.5	262.5
Tangible Equity Capital	2,895.4	3,626.4	4,641.5	5,455.5	6,154.3	6,391.0	6,944.6	8,032.6	9,253.4	11,053.9	12,391.9	13,594.8
Gross Leverage	31.80	33.49	33.29	28.21	27.83	29.03	26.62	26.41	27.66	25.99	28.28	31.14
Net Adjusted Leverage	31.80	33.49	32.85	27.89	27.73	28.55	25.80	25.73	26.71	23.57	24.35	26.22

Average Gross Leverage	29.15
Average Adjusted Leverage	27.89

- Balance sheet and Gross Leverage significantly impacted by accounting requirements
- VIE/SPE and Borrow/Pledge are “zero risk” balance sheet assets
- Adjusting for this distortion yields a leverage reading of 26.2x, up modestly versus FYE06 but below long-term average

26

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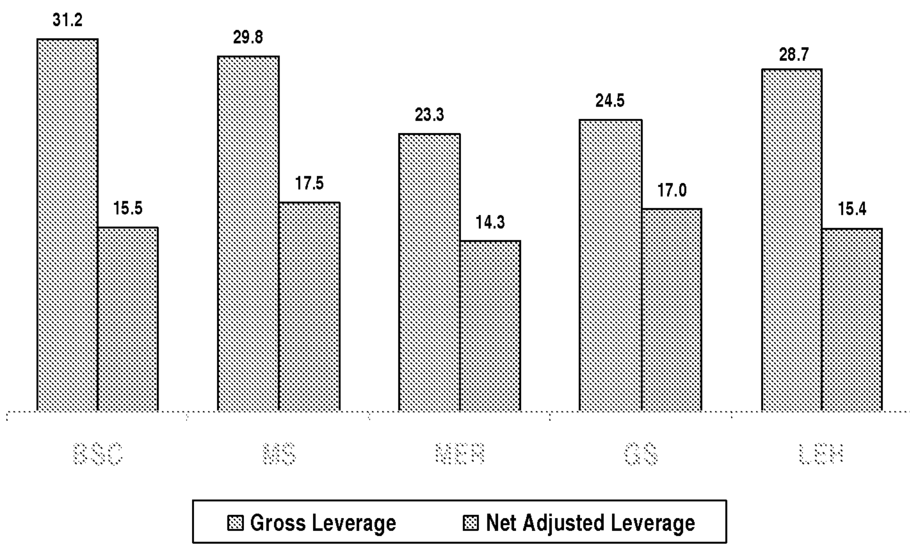
Leverage Ratios – 2Q07



Ratios are shown as reported in each firm's respective financial statements.

27

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Leverage Ratios

Gross Leverage (Assets/Equity) (X)

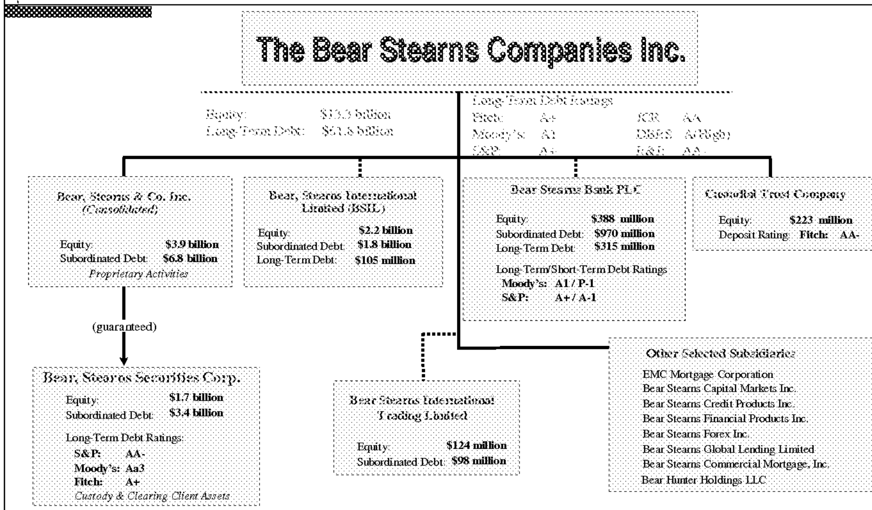
	2Q07	2006	2005	2004	2003	2002	2001
Bear Stearns	31.2	26.5	26.0	27.7	26.4	26.6	33.0
Goldman Sachs	24.5	23.4	25.2	21.2	24.3	18.7	17.1
Lehman Brothers Holdings	28.7	26.2	24.4	23.9	28.6	27.0	27.0
Merrill Lynch	23.3	19.9	17.9	18.5	18.6	17.6	19.2
Morgan Stanley	29.8	30.4	30.5	25.9	23.0	22.9	22.0
2Q07 Average	27.5						

Net Adjusted Leverage

	2Q07	2006	2005	2004	2003	2002	2001
Bear Stearns	15.5	13.6	13.1	12.9	12.4	12.9	13.9
Goldman Sachs	17.0	16.1	17.9	15.1	14.9	10.3	10.1
Lehman Brothers Holdings	15.4	14.5	13.6	13.9	12.9	12.1	12.1
Merrill Lynch	14.3	13.8	13.5	16.7	13.8	12.9	13.6
Morgan Stanley	17.5	17.7	16.4	14.2	13.1	13.4	13.4
2Q07 Average	15.9						

Ratios are shown as reported in each firm's respective financial statements.

Parent Company



All figures are as of May 31, 2007. Dotted lines indicate indirect subsidiaries of The Bear Stearns Companies Inc.

30

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Parent Company Only Balance Sheet

($ in thousands)

	May 31, 2007	November 30, 2006
ASSETS		
Cash and cash equivalents	$ 7,603,804	$ 2,006,871
Securities purchased under agreements to resell	65,951	97,389
Receivables from subsidiaries	61,299,875	67,185,207
Subordinated loans receivable from subsidiaries	10,946,418	9,962,724
Investment in subsidiaries, at equity	8,862,503	7,868,006
Assets of variable interest entities	717,724	575,123
Other assets	3,740,443	3,579,524
Total Assets	$ 93,236,720	$ 91,274,844
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term borrowings	$ 12,174,052	$ 19,467,424
Payables to subsidiaries	7,211,130	6,572,500
Liabilities of variable interest entities	220,396	220,118
Other liabilities	1,504,583	995,408
	21,110,160	27,255,450
Long-term borrowings	57,559,739	50,631,457
Subordinated borrowings	996,216	996,053
Long-term borrowings from subsidiaries	262,500	262,500
STOCKHOLDERS' EQUITY		
Preferred Stock	359,156	359,156
Common stock, $1.00 par value; 500,000,000 shares authorized as of February 28, 2007 & November 30, 2006 respectively; 184,805,848 shares issued February 28, 2007 & November 30, 2006	184,806	184,806
Paid-in capital	4,936,889	4,578,972
Retained earnings	10,211,317	9,384,857
Employee Stock Compensation Plans	2,701,312	2,221,736
Unearned Compensation	(197,202)	(155,596)
Treasury stock, at cost:		
Common stock; 67,192,031 shares and 67,396,876 shares at February 28, 2007 & November 30, 2006, respectively	(4,888,172)	(4,444,546)
Total Stockholders' Equity	13,308,105	12,129,385
Total Liabilities and Stockholders' Equity	$ 93,236,720	$ 91,274,844

31

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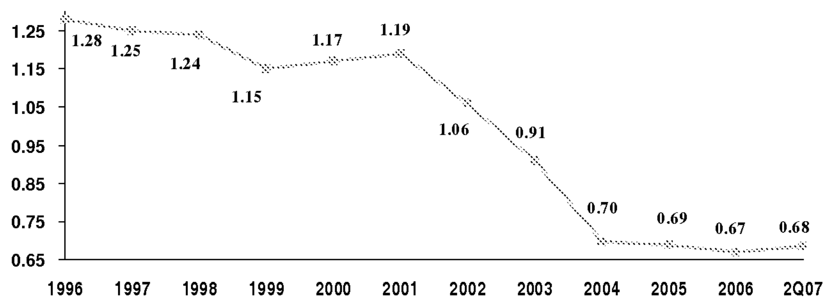
Equity Double Leverage (Common Only)

Equity Investment in Subsidiaries/Parent Equity



Fiscal years ended 6/30 and 11/30 for 1995 - 1999 and 2000 - present, respectively.

32

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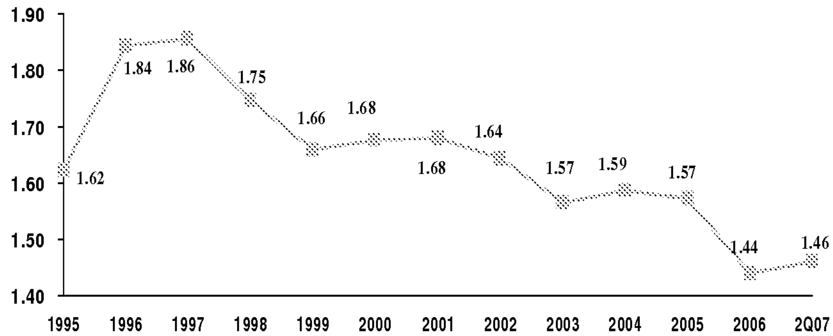
Secondary Double Leverage

Equity in and Subordinated Debt to Subsidiaries/Parent Equity



Fiscal years ended 6/30 and 11/30 for 1995 - 1999 and 2000 - present, respectively.

33

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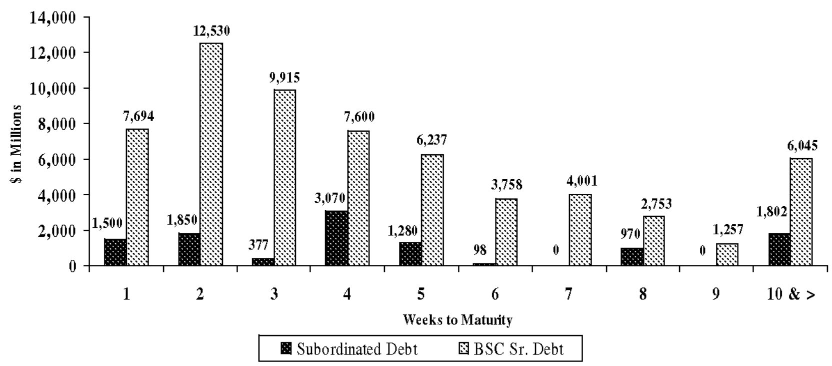
Parent Company Funding Structure

Matched Funding of Subsidiary Subordinated Debt @ 5/31/07



Cumulative excess of senior debt versus subsidiary subordinated debt advances is $50.8 billion.

34

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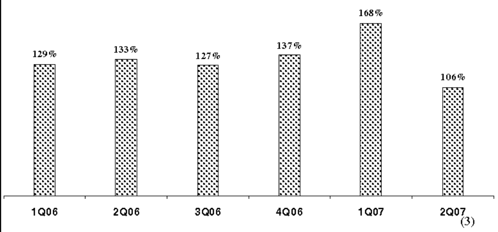
Parent Company Only Liquidity Ratio

Target > 105%

This ratio takes into account legal entity restrictions that could prevent parent access to liquidity in regulated subsidiaries.



As of June 30, 2007	($ in millions)
TBSCI or BSSC Excess Cash (1)	972.6
Parent Company Liquidity Pool	12,475.0
BV Non-Regulated Unencumbered (2)	8,362.9
Unsecured Revolver	4,000.0
Liquidity Available	**25,810.4**
Short-Term Debt	14,975.0
CPLTD	7,743.6
Liquidity Needs (12 mos.)	**22,718.7**
PCO Liquidity Ratio (%)	**113.6%**
PCO Excess ($)	**3,091.8**

(1) Excess cash at BSSC only included to the extent that it is less than the inter-company payable.
(2) Excludes any borrowing value from regulated subsidiary's unencumbered collateral, pending establishment of formal collateral pledge mechanism to TBSCI securing the inter-company payable.
(3) Calculation Methodology changed to exclude reliance on regulated Broker Dealers beginning in May 2007.

35

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Additional Features to Consider in Liquidity Risk Management

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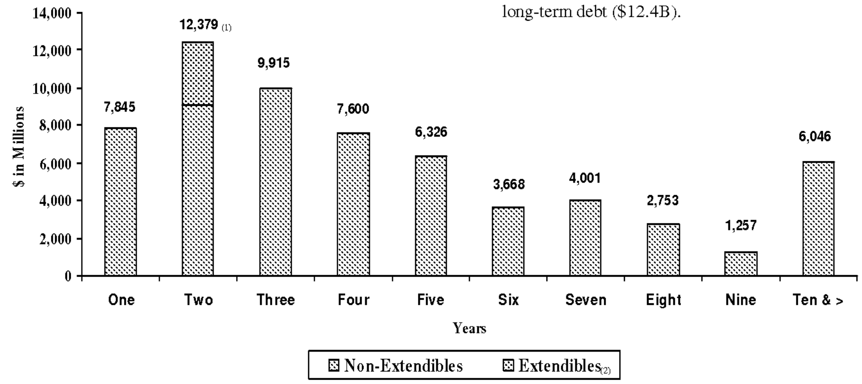
Long-term Debt Maturity Profile

As of May 31, 2007 ($ in millions)

Guideline
No single year materially greater than 20% of total long-term debt ($12.4B).



Represents debt maturing in the indicated number of years as of May 31, 2007.
(1) Long-term debt totals $9.1B in Year 2 excluding extendibles.
(2) Extendibles are debt instruments with an extendible maturity date and are included in long-term debt if the earliest maturity date is greater than one year. Unless debt holders instruct The Company to redeem their debt, the earliest maturity date of these instruments is automatically extended. Based on past experience, the majority of The Company's extendibles are expected to remain outstanding beyond their earliest maturity date.

37

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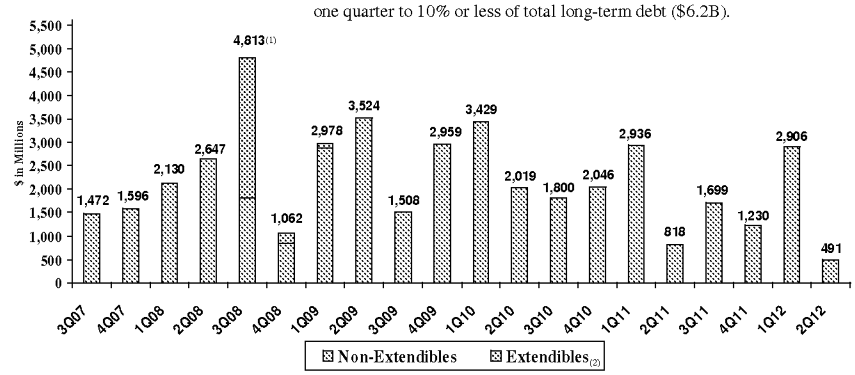
Long-term Debt Maturity Profile

As of May 31, 2007 ($ in millions)

Guideline

Maturity structure designed to attempt to keep maturities in any one quarter to 10% or less of total long-term debt ($6.2B).



Represents debt maturing in the indicated number of years as of May 31, 2007.

(1) Long-term debt totals $1.8B, $862MM, and $2.9B in 3Q08, 4Q08, and 1Q09, respectively, excluding extendibles.

(2) Extendibles are debt instruments with an extendible maturity date and are included in long-term debt if the earliest maturity date is greater than one year. Unless debt holders instruct The Company to redeem their debt, the earliest maturity date of these instruments is automatically extended. Based on past experience, the majority of The Company's extendibles are expected to remain outstanding beyond their earliest maturity date. 38

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As of May 31, 2007

Investor Diversification

Top Ten CP Holders ($ in millions)

Investor	Holdings
Morgan Stanley	1,220
BONY	1,000
Black Rock	850
Chase	800
Charles Schwab	737
Citibank	525
GSAM	444
Wells Capital Mgmt.	425
Public Financial Mgmt.	405
State of California	350

Total Authorized @ 5/31/07: $900MM (Approximately 5% of CP Outstanding & Unsecured Master Notes)

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Committed Secured Credit Facilities

Top 15 Banks by Facility Size

($Millions) Bank Name	Committed Facility Amount	True Funding Risk Exposure*	% of $12.7B Committed Facilities
DANSKE BANK A/S	4,253	4,228	33.4%
CALYON	2,740	2,740	21.6%
BNP PARIBAS	1,221	1,175	9.3%
CITIBANK	1,036	955	7.5%
BANK OF NOVA SCOTIA	855	800	6.3%
BANK OF AMERICA	721	675	5.3%
JP MORGAN	660	585	4.6%
ABN AMRO	604	525	4.1%
MIZUHO	494	494	3.9%
NATIONAL AUSTRALIA BANK	415	415	3.3%
ROYAL BANK OF CANADA	380	380	3.0%
HSH NORDBANK	347	347	2.7%
BANK OF TOKYO-MITSUBISHI	314	289	2.3%
LLOYDS BANK	260	260	2.1%
BANK OF MONTREAL	225	225	1.8%

*- Excludes committed liquidity for synthetic lease.

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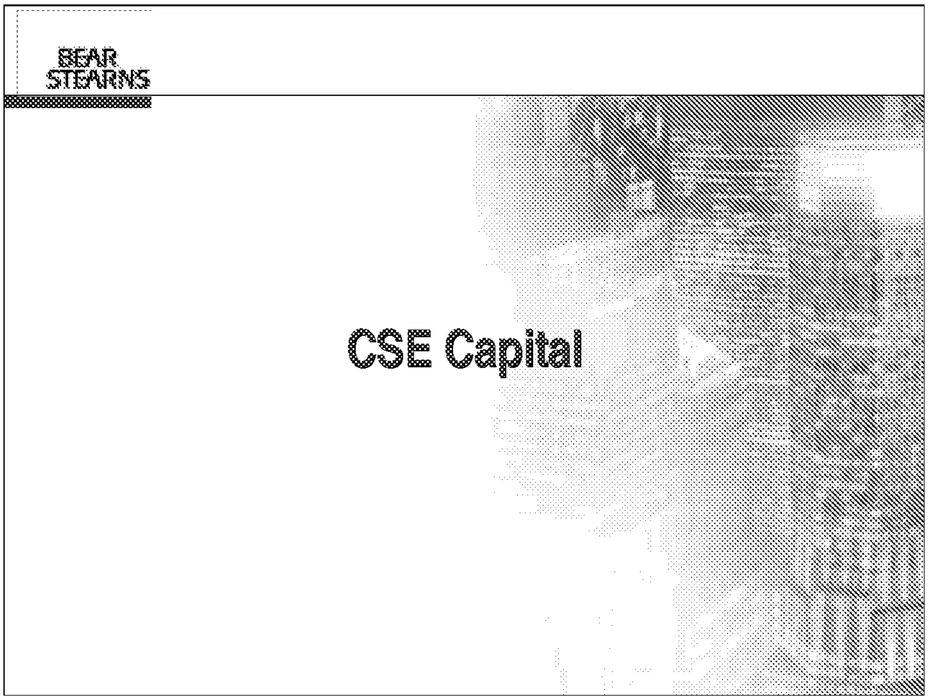
Automatic Liquidity Stabilizer

- General Securities Industry Constrained Funding Environment Typically Includes:
  - Falling Equity Markets
  - Widening Credit Spreads
  - Reduced Investor Risk Appetite
- Significant Margin Debt & Stock Borrow assets drive increased liquidity in this scenario
  - Stock Borrow MTM and Margin Calls
  - Hedge Fund Deleveraging
  - Generates cash versus longer term maturity profile
- ALS – TBSCI / BSC naturally becomes more liquid during typical periods of securities industry funding constraint.

Date	Excess Cash	Market Event
9/21/01	$7.5B	9/11
7/15/02	$7.7B	Worldcom
10/15/03	$6.6B	Still Weak Market

41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CSE Capital

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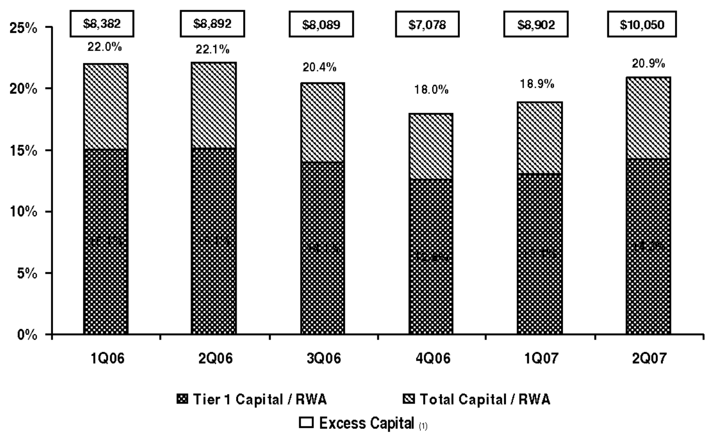
Monthly CSE Calculation

Tier 1 and Total Capital Ratios



(1) Excess $ capital over 10% minimum requirement.

43

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Quarterly CSE Calculation

Tier 1 & Tier 2 Capital

	Nov 30, 2005	Nov 30, 2006	May 31, 2007
Total Assets	292,961	350,433	423,304
Risk Weighted Assets	66,025	88,647	92,520
Risk Weights Assets/Total Assets	23%	25%	22%
Tier 1 Capital	10,140	11,131	13,272
Total Capital (1)	14,854	15,943	19,302
Tier 1 Capital / Risk Weighted Assets	15.4%	12.6%	14.3%
Total Capital / Risk Weighted Assets	22.5%	18.0%	20.9%

(1) Includes grandfathered senior debt.