**CAPITAL ACCUMULATION PLAN**

THE BEAR STEARNS COMPANIES INC.

 AMENDMENTS TO THE CAPITAL ACCUMULATION PLAN

 RESOLVED, that The Bear Stearns Companies Inc. Capital Accumulation Plan

for Senior Managing Directors, as amended and restated (the "Plan"), be, and

hereby is, amended as follows:

 1. Section 5.3 shall be amended to read as follows:

 "5.3 Quarterly Credits in Respect of Cash Balances. If there shall

 exist a Cash Balance in the Cash Balance Account of any Participant

 on the last day of any fiscal quarter of the Company, including the

 last day of a Plan Year (a "Quarter End Date"), the Company shall

 credit the Capital Accumulation Account of each such Participant, as

 of such Quarter End Date, with a number of additional CAP Units

 determined by dividing such Cash Balance by the Average Cost Per

 Share of the Available Shares acquired by the Company and designated

 by the Board Committee as being allocated to such period. If the

 aggregate number of CAP Units required to be credited to the Capital

 Accumulation Accounts of all such Participants pursuant to the

 preceding sentence would exceed the number of Available Shares, then

 the aggregate number of CAP Units to be credited shall be limited to

 the number of Available Shares and such CAP Units shall be allocated

 on a pro rata basis, based on the respective Cash Balances of each

 Participant. In connection with any crediting of CAP Units pursuant

 to this Section 5.3, the Cash Balance of each such Participant shall

 be reduced by debiting to his Cash Balance Account an amount equal

 to the product of the number of CAP Units credited to his Capital

 Accumulation Account and the Average Cost Per Share of the Available

 Shares acquired by the Company during the annual or quarterly period

 specified by the Board Committee."

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 2. The definition of "Available Shares" shall be amended to read as

 follows:

 "`Available Shares' means, with respect to any Fiscal Year or

 portion thereof, the sum of (a) the number of shares of Common Stock

 purchased by the Company in the open market or in private

 transactions or otherwise during such period that have not been

 previously allocated under the Plan and designated by the Board

 Committee at the time of purchase as having been purchased for

 issuance under the Plan with respect to the Fiscal Year or portion

 thereof specified by the Board Committee and (b) shares of Common

 Stock purchased prior to such period that were designated as

 Available Shares but were not allocated under the Plan which the

 Company makes available to the Plan subsequent to the period in

 which such shares were purchased and the Board Committee thereafter

 designates as Available Shares for issuance under the Plan with

 respect to the Fiscal Year or portion thereof specified by the Board

 Committee."

 3. Section 5.5 shall be amended to read as follows:

 "5.5 Book Value Adjustment. For purposes of calculating the Net

 Earnings Adjustment with respect to any Deferral Year pursuant to

 Section 5.10, the Book Value Adjustment shall equal the sum of (1)

 the amount maintained in the Book Value Adjustment Carry Forward

 Account pursuant to Section 5.10(a), if any, and (2) the product of

 (a) the total number of CAP Units credited to the Capital

 Accumulation Account of each Participant as of the last day of such

 Deferral Year but without including any CAP Units credited on such

 date pursuant to Sections 5.1, 5.3 and 5.10 multiplied by (b) the

 difference between Adjusted Book Value Per Share as of the last day

 of the Deferral Year and Adjusted Book Value Per Share as of the

 last day of the preceding Deferral Year."

 4. Section 5.4(g) shall be amended to read as follows:

 "(g) finally, (i) if the sum (or net amount) of the amounts

 determined for a Participant in

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 subparagraphs (a), (b) and (c) above is a positive number and such

 sum (or net amount) exceeds the aggregate of the charges, if any,

 determined for such Participant pursuant to subparagraphs (d), (e)

 and (f) above, then the Earnings Adjustment shall equal such sum (or

 net amount), as determined for purposes of this Section 5.4, or (ii)

 if the net amount of the amounts determined for a Participant in

 subparagraphs (a), (b) and (c) less the aggregate of the charges, if

 any, determined pursuant to subparagraphs (d), (e) and (f) is a

 negative number (an "Earnings Charge") and such Participant has a

 positive Cash Balance, then (A) such Cash Balance first shall be

 reduced by an amount equal to such Earnings Charge (provided that no

 such reduction shall be made to the extent the Earnings Charge

 relates to a negative result from sub-paragraph (b) or (c)) and (B)

 if, after reducing such Cash Balance to zero, any amount determined

 in accordance with the preceding clause (ii) (A) remains unapplied,

 or if such Participant has no Cash Balance, then the Earnings

 Adjustment shall be zero."

 5. Section 5.10(a) shall be amended to read as follows:

 "(a) After making any credits to the Capital Accumulation Accounts

 of the Participants in respect of the fourth fiscal quarter of such

 Deferral Year pursuant to Section 5.3, each Participant's Account

 shall be adjusted, effective as of the last day of such Deferral

 Year, as provided in this Section 5.10(a). The Company shall credit

 the Capital Accumulation Account of each Participant with an

 additional number of CAP Units (a "Net Earnings Adjustment") equal

 to the quotient of (i) the difference between the Earnings

 Adjustment calculated in accordance with Section 5.4 and the Book

 Value Adjustment calculated in accordance with Section 5.5 for such

 Deferral Year, divided by (ii) the Average Cost Per Share of the

 Available Shares acquired by the Company and designated by the Board

 Committee as being allocated to such period. Notwithstanding the

 foregoing, however, if (i) the Earnings Adjustment is a negative

 number or (ii) the Book Value Adjustment exceeds the Earnings

 Adjustment

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 then no CAP Units shall be credited to the Accounts of any

 Participants and the amounts of each of such Book Value Adjustment

 and Earnings Adjustment shall be disregarded and shall not be taken

 into account for purposes of the Plan in any subsequent Deferral

 Year."