

APPENDIX A TO MEMORANDUM OF LAW IN SUPPORT OF
DEFENDANTS' OMNIBUS MOTION IN LIMINE TO EXCLUDE OR
LIMIT 14 CATEGORIES OF EVIDENCE

Tab	Date	Beginning Bates No.	End Bates No.	Pls. Exhibit No.
A-1	3/19/2003	FISCHEL 000455	FISCHEL 00458	1389
A-2	3/19/2003	HHS 03237842	HHS 03237853	823
A-3	3/16/2003	HHS-E 0012758.0001	HHS-E 0012763.0007	1027
A-4	3/00/2003	HI KPMG 017171.01	HI KPMG 017171.07	1214
A-5	3/00/2003	HI KPMG 019162.03	HI KPMG 019162.06	1216
A-6	3/19/2003	TEL000327	TEL000354	1266
A-7	3/18/2003	TEL002281	TEL002286	1303
B-1	8/27/2001	FDIC-0682	FDIC-0752	19
B-2	00/00/0000	HHS 01812255I	HHS 01812391I	134
B-3	7/17/2002 (7/1/2002) (8/2/2002)	HHS 02139838 (HHS 02140151) (HHS 02140174)	HHS 02139999 (HHS 02140153) (HHS 02140175)	235
B-4	10/9/2001	HHS 02140160	HHS 02140173	238
B-5	5/10/2001	HHS 02310114	HHS 02310119	268
B-6	10/30/2000	HHS 02847306	HHS 02847311	316
B-7	4/30/2001	HHS 02857032A	HHS 02857056A	323
B-8	9/23/2002	HHS 02857059	HHS 02857102	324
B-9	00/00/0000	HHS 02857103A	HHS 02857130A	325
B-10	7/1/2002	HHS 02857176	HHS 02857201	326
B-11	2/21/2002	HHS 02857230	HHS 02857238	327
B-12	8/30/2002	HHS 02857786A	HHS 02857810A	330

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B-13	5/11/2002	HHS 02858320	HHS 02858325	331
B-14	3/26/2002	HHS 02858841	HHS 02858843	334
B-15	0/0/0000	HHS 02868428	HHS 02868433	387
B-16	4/30/2001	HHS 02884421	HHS 02884424	428
B-17	6/18/2002	HHS 02897591	HHS 02897594	445
B-18	1/31/2002	HHS 02914636	HHS 02914638	508
B-19	1/14/2002	HHS 02940420	HHS 02940453	570
B-20	1/21/2002	HHS 02941718	HHS 02941719	571
B-21	5/22/2001	HHS 02943990	HHS 02943997	575
B-22	1/2/2002	HHS 02946875	HHS 02946888	585
B-23	3/6/2002	HHS 02952686	HHS 02952699	593
B-24	5/00/2001	HHS 02957043	HHS 02957097	601
B-25	9/11/2001	HHS 02957223	HHS 02957308	602
B-26	7/1/2002	HHS 02965723	HHS 02965780	616
B-27	12/10/2001	HHS 03049621	HHS 03049623	665
B-28	9/30/1999	HHS 03117381	HHS 03117392	711
B-29	10/19/1998	HHS 03117452	HHS 03117482	712
B-30	4/30/2002	HHS 03188389	HHS 03188454	785
B-31	3/12/2002	HHS 03241865	HHS 03241868	827
B-32	1/2/2002	HHS 03285217	HHS 03285217	868
B-33	12/17/2001	HHS 03349093A	HHS 03349095A	880
B-34	1/15/2002	HHS 03416605I	HHS 03416681I	895
B-35	1/15/2002	HHS 03416633	HHS 03416641	896

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B-36	5/26/2000	HHS 03439966	HHS 03439981	955
B-37	7/25/2002	HHS 03441182	HHS 03441205	956
B-38	10/19/2001	HHS 03441338	HHS 03441341	957
B-39	2/18/2002	HHS 03441670	HHS 03441678	959
B-40	6/17/2002	HHS 03441815	HHS 03441825	960
B-41	5/14/2002	HHS 03442147	HHS 03442189	961
B-42	5/9/2002	HHS 03442191	HHS 03442216	962
B-43	10/29/2001	HHS 03442398	HHS 03442421	963
B-44	4/23/2002	HHS 03442801	HHS 03442817	964
B-45	7/24/2001	HHS 03445084	HHS 03445088	966
B-46	4/26/2001	HHS 03445174	HHS 03445176	967
B-47	9/12/2002	HHS 03445366	HHS 03445368	968
B-48	4/26/2002	HHS 03445598	HHS 03445611	969
B-49	10/22/2002	HHS 03445965	HHS 03445986	971
B-50	4/17/2000	HHS 03446887	HHS 03446935	972
B-51	3/19/2002	HHS 03455573	HHS 03455574	984
B-52	0/0/0000	HHS-E 0001151I	HHS-E 0001151I	1014
B-53	7/14/2002	HHS-E 0022075.0001	HHS-E 0022075.0003	1045
B-54	10/1/2002	HHS-ED 001337	HHS-ED 001340	1086
B-55	7/2/2002	HHS-ED 001493	HHS-ED 001494	1087
B-56	8/27/2002	HHS-ED 579796B	HHS-ED 579798B	1159
B-57	4/2/2001	HHS-OTS 000002	HHS-OTS 000007	1202
B-58	3/28/2001	HHS-OTS 000008	HHS-OTS 000013	1203

Tab	Date	Beginning Bates No.	End Bates No.	Pls. Exhibit No.
B-59	8/27/2001	HHS-OTS 000039	HHS-OTS 000057	1204
B-60	1/16/2003	HHS-OTS 000058	HHS-OTS 000149	1205
B-61	5/8/2002	HI KPMG 025599	HI KPMG 025602	1219
B-62	6/27/2002	MSJ00797	MSJ00798	1384
B-63	2/14/2002	PFG 000733	PFG 000734	1251
B-64	00/00/0000	TEL 002397	TEL 002397	1317
B-65	00/00/0000	TEL 002434	TEL 002456	1326
B-66	3/14/2001	WA AG 023424	WA AG 023424	1333
B-67	11/30/2001	HHS 02859024	HHS 02859074	35
B-68	10/22/2002	HHS 02420863	HHS 02420891	281
B-69	4/1/2002	HHS 02857477	HHS 02857497	328
B-70	6/18/2002	HHS 02858737	HHS 02858744	333
B-71	11/30/2001	HHS 02859024	HHS 02859074	335
B-72	12/26/2000	HHS 02940055	HHS 02940077	568
B-73	8/21/2000	HHS 03445890A	HHS 03445916A	970
C-1	7/6/2001	H003659	H003859	38
C-2	1/9/2003	HHS 00468627	HHS 00468634	81
C-3	11/14/2001	HHS 02139150	HHS 02139176	234
C-4	9/25/2002	HHS 02141406	HHS 02141434	248
C-5	00/00/0000	HHS 02496574	HHS 02496617	287
C-6	12/19/2002	HHS 02498419	HHS 02498474	289
C-7	3/15/2002	HHS 02943139	HHS 02943139	573
C-8	00/00/0000	HHS 03241963	HHS 03241965	829

Tab	Date	Beginning Bates No.	End Bates No.	Pls. Exhibit No.
C-9	11/15/2001	HHS 03244016	HHS 03244016	841
C-10	11/13/2001	HHS 03244020	HHS 03244020	843
C-11	4/4/2002	HHS 03282625	HHS 03282626	865
C-12	8/12/2002	HHS 03453868	HHS 03453873	980
C-13	9/16/2002	HHS 03456354	HHS 03456358	988
C-14	8/12/2002	HHS 03459459	HHS 03459461	994
C-15	10/3/2002	HHS-ED 488030	HHS-ED 488030	1121
C-16	1/16/2003	HHS-OTS 000058	HHS-OTS 000149	1205
C-17	9/27/2000	TEL002384	TEL002392	1312
C-18	00/00/0000	WF 000781	WF 000785	1341
C-19	4/26/2002	WF 009327	WF 009331	1370
D-1	00/00/0000	AZAG 000000191	AZAG 000000232	9
D-2	4/12/2006	EXH00166	EXH00166	1380
D-3	1/9/2003	HHS 00468627	HHS 00468634	81
D-4	1/17/2003	HHS 00638713	HHS 00638714	82
D-5	10/9/2002	HHS 01611947	HHS 01611951	122
D-6	8/15/2002	HHS 02139838	HHS 02140399	235
D-7	9/26/2002	HHS 02140065	HHS 02140081	236
D-8	11/12/2000	HHS 02140385	HHS 02140389	240
D-9	9/25/2002	HHS 02141406	HHS 02141434	248
D-10	12/13/2002	HHS 02764437	HHS 02764444	300
D-11	1/22/2003	HHS 02764506	HHS 02764511	301
D-12	5/2/2002	HHS 02914790	HHS 02914791	510

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D-13	7/1/2002	HHS 02915307	HHS 02915314	516
D-14	8/21/2002	HHS 02919825	HHS 02919831	528
D-15	00/00/0000	HHS 02934046	HHS 02934133	551
D-16	8/22/0000	HHS 02937607	HHS 02937611	552
D-17	00/00/0000	HHS 02937671	HHS 02937687	553
D-18	9/3/2002	HHS 02937699	HHS 02937699	554
D-19	6/14/2002	HHS 02938370	HHS 02938374	556
D-20	00/00/0000	HHS 02938780	HHS 02938781	559
D-21	6/24/2002	HHS 02945174	HHS 02945178	578
D-22	9/9/2002	HHS 02945349	HHS 02945350	579
D-23	7/3/2002	HHS 02945747	HHS 02945751	580
D-24	8/13/2002	HHS 02947584	HHS 02947589	588
D-25	6/29/2002	HHS 02979928	HHS 02979935	634
D-26	00/00/0000	HHS 02980439	HHS 02980441	637
D-27	9/27/2002	HHS 03070753	HHS 03070773	679
D-28	9/27/2002	HHS 03070774	HHS 03070776	680
D-29	7/15/2002	HHS 03070933	HHS 03070938	681
D-30	5/18/1999	HHS 03243586	HHS 03243589	836
D-31	7/3/2002	HHS 03249497	HHS 03249510	850
D-32	8/8/2002	HHS 03249543	HHS 03249548	854
D-33	2/28/2003	HHS 03315333	HHS 03315358	879
D-34	9/23/2002	HHS 03422324	HHS 03422330	920
D-35	7/15/2002	HHS 03426058	HHS 03426060	930

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D-36	4/23/2002	HHS 03442801	HHS 03442817	964
D-37	10/21/2002	HHS 03452216	HHS 03452221	977
D-38	8/12/2002	HHS 03453868	HHS 03453873	980
D-39	9/16/2002	HHS 03456354	HHS 03456358	988
D-40	8/12/2002	HHS 03459459	HHS 03459461	994
D-41	1/18/2003	HHS-E 0000287.0001	HHS-E 0000287.0003	1011
D-42	10/00/2002	HHS-E 0003253.0001	HHS-E 0003253.0007	1019
D-43	10/4/2002	HHS-E 0009504.0001	HHS-E 0009504.0001	1022
D-44	00/00/0000	HHS-E 0011887.0001	HHS-E 0011887.0035	1023
D-45	00/00/0000	HHS-E 0011896.0001	HHS-E 0011896.0036	1024
D-46	00/00/0000	HHS-E 0011934.0001	HHS-E 0011934.0035	1025
D-47	00/00/0000	HHS-E 0018104.0001	HHS-E 0018104.0040	1036
D-48	00/00/0000	HHS-E 0018151.0001	HHS-E 0018151.0036	1037
D-49	00/00/0000	HHS-E 0025506.0001	HHS-E 0025506.0035	1050
D-50	00/00/0000	HHS-E 0025509.0001	HHS-E 0025509.0032	1051
D-51	00/00/0000	HHS-E 0025519.0001	HHS-E 0025519.0036	1052
D-52	00/00/0000	HHS-E 0025521.0001	HHS-E 0025521.0041	1053
D-53	00/00/0000	HHS-E 0025551.0001	HHS-E 0025551.0035	1054
D-54	00/00/0000	HHS-E 0025554.0001	HHS-E 0025554.0043	1055
D-55	00/00/0000	HHS-E 0025558.0001	HHS-E 0025558.0008	1056
D-56	00/00/0000	HHS-E 0025562.0001	HHS-E 0025562.0028	1057
D-57	00/00/0000	HHS-E 0025564.0001	HHS-E 0025564.0033	1058
D-58	00/00/0000	HHS-E 0025570.0001	HHS-E 0025570.0035	1059

Tab	Date	Beginning Bates No.	End Bates No.	Pls. Exhibit No.
D-59	00/00/0000	HHS-E 0025573.0001	HHS-E 0025573.0036	1060
D-60	00/00/0000	HHS-E 0025611.0001	HHS-E 0025611.0036	1061
D-61	00/00/0000	HHS-E 0025614.0001	HHS-E 0025614.0038	1062
D-62	00/00/0000	HHS-E 0025620.0001	HHS-E 0025620.0036	1063
D-63	2/8/2002	HHS-E 0033406.0001	HHS-E 0033406.0002	1071
D-64	9/25/2002	HHS-ED 485789	HHS-ED 485789	1109
D-65	10/3/2002	HHS-ED 488030	HHS-ED 488030	1121
D-66	8/20/2002	HHS-ED 488280	HHS-ED 488280	1124
D-67	12/26/2001	HHS-ED 488458	HHS-ED 488462	1126
D-68	6/3/2002	HHS-ED 491318	HHS-ED 491319	1143
D-69	1/16/2003	HHS-OTS 000058	HHS-OTS 000149	1205
D-70	00/00/0000	HSBC 005284	HSBC 005317	1225
D-71	00/00/0000	PRFLAG 0000003	PRFLAG 0000058	1264
D-72	00/00/0000	TEL 002394	TEL 002394	1314
D-73	00/00/0000	TEL 002397	TEL 002397	1317
D-74	8/14/2002	WA AG 018784	WA AG 018805	1328
D-75	6/24/2002	WA AG 019412	WA AG 019421	1329
D-76	7/3/2002	WA AG 019961	WA AG 019963	1331
D-77	9/24/2002	WA AG 020527	WA AG 020536	1332
D-78	00/00/0000	WA AG 024453	WA AG 024497	1334
E-1	3/16/1999	HHS 02912001	HHS 02912004	488
E-2	8/13/2002	HHS 02947584	HHS 02947589	588
E-3	5/18/1999	HHS 03243586	HHS 03243589	836

Tab	Date	Beginning Bates No.	End Bates No.	Pls. Exhibit No.
E-4	11/13/2001	HHS 03244017	HHS 03244019	842
E-5	7/15/2002	HHS 03426058	HHS 03426060	930
E-6	10/21/2002	HHS 03452216	HHS 03452221	976
E-7	9/16/2002	HHS 03456354	HHS 03456358	988
E-8	1/16/2003	HHS-OTS 000058	HHS-OTS 000149	1205
F-1	00/00/0000	AZAG 000000191	AZAG 000000232	9
F-2	8/13/2002	HHS 02947584	HHS 02947589	588
F-3	10/21/2002	HHS 03452216	HHS 03452221	977
F-4	00/00/0000	HHS-E 0011887.0001	HHS-E 0011887.0035	1023
F-5	00/00/0000	HHS-E 0011896.0001	HHS-E 0011896.0036	1024
F-6	00/00/0000	HHS-E 0011934.0001	HHS-E 0011934.0035	1025
F-7	00/00/0000	HHS-E 0018104.0001	HHS-E 0018104.0040	1036
F-8	00/00/0000	HHS-E 0018151.0001	HHS-E 0018151.0036	1037
F-9	00/00/0000	HHS-E 0025506.0001	HHS-E 0025506.0035	1050
F-10	00/00/0000	HHS-E 0025509.0001	HHS-E 0025509.0032	1051
F-11	00/00/0000	HHS-E 0025519.0001	HHS-E 0025519.0036	1052
F-12	00/00/0000	HHS-E 0025521.0001	HHS-E 0025521.0041	1053
F-13	00/00/0000	HHS-E 0025551.0001	HHS-E 0025551.0035	1054
F-14	00/00/0000	HHS-E 0025554.0001	HHS-E 0025554.0043	1055
F-15	00/00/0000	HHS-E 0025558.0001	HHS-E 0025558.0008	1056
F-16	00/00/0000	HHS-E 0025562.0001	HHS-E 0025562.0028	1057
F-17	00/00/0000	HHS-E 0025564.0001	HHS-E 0025564.0033	1058
F-18	00/00/0000	HHS-E 0025570.0001	HHS-E 0025570.0035	1059

Tab	Date	Beginning Bates No.	End Bates No.	Pls. Exhibit No.
F-19	00/00/0000	HHS-E 0025573.0001	HHS-E 0025573.0036	1060
F-20	00/00/0000	HHS-E 0025611.0001	HHS-E 0025611.0036	1061
F-21	00/00/0000	HHS-E 0025614.0001	HHS-E 0025614.0038	1062
F-22	00/00/0000	HHS-E 0025620.0001	HHS-E 0025620.0036	1063
F-23	2/8/2002	HHS-E 0033406.0001	HHS-E 0033406.0002	1071
F-24	12/26/2001	HHS-ED 488458	HHS-ED 488462	1126
F-25	00/00/0000	HSBC 005284	HSBC 005317	1225
F-26	00/00/0000	PRFLAG 0000003	PRFLAG 0000058	1264
F-27	00/00/0000	WA AG 024453	WA AG 024497	1334
G-1	6/7/2001	H008084	H008087	39
G-2	8/16/2002	HHS 00660651	HHS 00660659	88
G-3	00/00/0000	HHS 01812255I	HHS 01812391I	134
G-4	2/11/2002	HHS 01974577	HHS 01974635	143
G-5	6/4/2002	HHS 02140144	HHS 02140149	237
G-6	3/22/2002	HHS 02140167	HHS 02140167	238
G-7	9/25/2002	HHS 02141406	HHS 02141434	248
G-8	1/14/2002	HHS 02379435	HHS 02379436	271
G-9	4/9/2002	HHS 02384860	HHS 02384921	273
G-10	3/25/2000	HHS 02384885	HHS 02384885	274
G-11	6/30/1999	HHS 02384896	HHS 02384896	275
G-12	2/20/2002	HHS 02405764	HHS 02405765	276
G-13	2/28/2002	HHS 02405844	HHS 02405845	277
G-14	2/28/2002	HHS 02406250	HHS 02406251	278

Tab	Date	Beginning Bates No.	End Bates No.	Pls. Exhibit No.
G-15	3/21/2002	HHS 02406765	HHS 02406769	279
G-16	1/30/2002	HHS 02408649	HHS 02408650	280
G-17	00/00/0000	HHS 02496574	HHS 02496617	287
G-18	4/30/2002	HHS 02498625	HHS 02498697	290
G-19	5/24/2001	HHS 02770115	HHS 02770124	302
G-20	5/23/2001	HHS 02770121	HHS 02770124	303
G-21	6/7/2002	HHS 02856535	HHS 02856536	322
G-22	8/30/2002	HHS 02857786A	HHS 02857810A	330
G-23	5/30/2002	HHS 02868072	HHS 02868072	378
G-24	5/20/2002	HHS 02868074	HHS 02868094	379
G-25	00/00/0000	HHS 02868428	HHS 02868433	387
G-26	8/23/2002	HHS 02870405	HHS 02870407	393
G-27	8/22/2002	HHS 02870408	HHS 02870410	394
G-28	6/18/2002	HHS 02897591	HHS 02897594	445
G-29	6/6/2002	HHS 02908081	HHS 02908093	473
G-30	12/26/2001	HHS 02908725	HHS 02908729	476
G-31	12/15/2000	HHS 02911324	HHS 02911333	478
G-32	3/18/1999	HHS 02911974	HHS 02911987	487
G-33	5/2/2002	HHS 02914790	HHS 02914791	510
G-34	7/19/2001	HHS 02942246	HHS 02942252	572
G-35	5/22/2001; 5/17/2001	HHS 02943990	HHS 02943997	575
G-36	7/31/2001	HHS 02944058	HHS 02944119	577

Tab	Date	Beginning Bates No.	End Bates No.	Pls. Exhibit No.
G-37	3/4/2002	HHS 02947743	HHS 02947752	589
G-38	5/14/2001	HHS 02950802	HHS 02950803	592
G-39	2/6/2002	HHS 02952686	HHS 02952699	593
G-40	5/25/2001	HHS 02953093	HHS 02953100	594
G-41	3/22/2002	HHS 02953195	HHS 02953199	595
G-42	2/21/2002	HHS 03026518	HHS 03026530	657
G-43	5/31/2002	HHS 03220048	HHS 03220055	803
G-44	5/21/2001	HHS 03241869	HHS 03241880	828
G-45	00/00/0000	HHS 03241963	HHS 03241965	829
G-46	8/3/2002	HHS 03242181	HHS 03242187	830
G-47	5/18/1999	HHS 03243586	HHS 03243589	836
G-48	2/16/2001	HHS 03244371	HHS 03244373	844
G-49	4/30/2001	HHS 03244384	HHS 03244389	845
G-50	10/18/2001	HHS 03418104	HHS 03418106	905
G-51	11/15/2001	HHS 03418107	HHS 03418111	906
G-52	5/10/2002	HHS 03422701	HHS 03422711	923
G-53	4/3/2002	HHS 03422976	HHS 03422977	925
G-54	4/3/2002	HHS 03422979	HHS 03422981	926
G-55	3/13/2001	HHS 03451702	HHS 03451703	974
G-56	8/17/1999	HHS 03452113	HHS 03452115	975
G-57	8/12/2002	HHS 03453868	HHS 03453873	980
G-58	3/19/2002	HHS 03455573	HHS 03455574	984
G-59	00/00/0000	HHS 03459074	HHS 03459075	993

Tab	Date	Beginning Bates No.	End Bates No.	Pls. Exhibit No.
G-60	6/13/2002	HHS-E 0001689.0001	HHS-E 0001689.0003	1016
G-61	8/5/2002	HHS-E 0026904.0001	HHS-E 0026904.0001	1064
G-62	9/10/2002	HHS-ED 484446	HHS-ED 484452	1096
G-63	8/28/2002	HHS-N 004317.0001	HHS-N 004317.0386	1200
G-64	6/14/2002	HHS-N 004526.0001	HHS-N 004526.0018	1201
G-65	1/16/2003	HHS-OTS 000058	HHS-OTS 000149	1205
H-1	10/15/2002	EXH00073	EXH00073	1382
H-2	3/1/2003	HI KPMG 018941.01	HI KPMG 018941.11	1215
H-3	10/15/2002	MSJ00516	MSJ00516	1385
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K-6	7/25/1999	HHS 02923860	HHS 02923862	532
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K-10	5/8/1999	HHS 03243102	HHS 03243105	832
K-11	00/00/0000	HHS 03243124	HHS 03243125	833
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K-13	5/28/1999	HHS 03243158	HHS 03243163	835
K-14	9/7/2001	HHS 03349124	HHS 03349126	881
K-15	3/12/2001	HHS 03680479	HHS 03680480	1007
K-16	6/28/2002	HHS-E 0012555.0001	HHS-E 0012555.0001	1026
K-17	5/2/2002	MSJ00832	MSJ00837	1388
K-18	5/5/2002	TEL002365	TEL002370	1310
L-1	7/22/2002	HHS 01805713	HHS 01805743	133
L-2	6/19/2002	HHS 02167184	HHS 02167184	258
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L-8	4/1/2002	HHS 03473147	HHS 03473150	1001
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L-10	7/22/2002	HHS-E 0036719.0001	HHS-E 0036719.0031	1078
L-11	7/16/2002	HHS-ED 487956	HHS-ED 487956	1119
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L-13	10/28/2002	WF 000214	WF 000215	1350
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L-21	5/10/2002	WF 000459	WF 000460	1338
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L-26	5/15/2002	WF 000867	WF 000867	1343
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L-31	6/13/2002	WF 002041	WF 002041	1349
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L-36	00/00/0000	WF 006080	WF 006081	1361
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TAB A-1

RNS HSBC Holdings PLC HSBA Household International.
Mar 19 2003 10:55

RNS Number:9550I
HSBC Holdings PLC
19 March 2003

HOUSEHOLD INTERNATIONAL

The following is extracted from the text of a press release issued today by Household International:

Household Announces Mailing of Supplemental Proxy Materials to Shareholders; Enters into Consent Order with SEC Without Admitting or Denying Wrongdoing

Household International, Inc. announced today that it is commencing the distribution of supplemental proxy materials relating to the special meeting of Household shareholders to be held on March 28, 2003 to approve Household's merger with HSBC Holdings plc.

The supplemental proxy materials explain that, on March 18, 2003, Household agreed to the entry by the SEC of a consent order relating to prior public disclosures that describe certain of Household's restructuring and other account management policies. The SEC's findings in the order, which Household does not admit or deny, include findings that certain prior descriptions of Household's restructuring and other account management policies were incomplete or inaccurate in violation of provisions of the federal securities laws. Under the order, Household has agreed to cease and desist from any further violations of these provisions. The order does not require Household to pay fines or monetary damages. Household will not be restating any of its financial statements.

The Commission's investigation is continuing as to others. We can not predict the outcome of such investigation at this time. It is our understanding that this concludes the investigation as to the company.

To provide further clarity on these matters, the supplemental proxy materials being distributed to Household shareholders include a more detailed description of Household's restructuring and other account management policies.

"We have agreed to the entry of the consent order to resolve the SEC's disclosure concerns relating to Household," stated William F. Aldinger, Chairman and Chief Executive Officer of Household. "We continue to make significant progress towards completing our merger with HSBC, and we remain on track to be able to close the transaction shortly following the receipt of shareholder approvals at the meetings scheduled for 28 March 2003."

RNS

HSBC Holdings PLC
Mar 19 2003 10:55

HSBA Household International

HSBC, which has been kept informed by Household of the ongoing enquiries by the US Securities and Exchange Commission ("SEC"), is pleased that the consent order between Household International, Inc. and the SEC relating to Household's disclosures of its restructuring and other account management policies has been reached. The order does not require Household to pay fines or monetary damages. Household will not be restating any of its financial statements.

HSBC remains fully committed to completing the merger with Household subject to the terms and conditions contained in the merger agreement. The extraordinary general meeting of HSBC ordinary shareholders to vote with respect to the merger and related matters is scheduled for 28 March 2003.

Separately, Household had previously disclosed litigation by Household shareholders in relation to the proposed acquisition by way of merger. This litigation was referred to in the circular dated 26 February 2003 despatched to HSBC shareholders. Household has also disclosed in its supplemental proxy materials that the lawyers representing Household shareholders have agreed in principle to settle those shareholders' claims. Under the terms of the merger agreement in certain circumstances HSBC is entitled to a termination fee of US\$550 million if the transaction does not close. The settlement in principle provides for HSBC to waive the right to receive US\$55 million of that termination fee. The settlement will not result in any payments to Household shareholders. On approval by the court the settlement will preclude any further claims by Household shareholders in relation to the proposed acquisition by way of merger.

The supplemental proxy materials are being filed with the SEC. The supplemental proxy materials give information on both the SEC consent order and the settlement in principle of the litigation by shareholders in relation to the proposed acquisition by way of merger. Copies of this document will be available on the SEC's website, www.sec.gov/edgar.shtml. Copies will also be available on HSBC's and Household's websites, www.hsbc.com and www.household.com respectively.

Notes to editors:

HSBC Holdings plc

With over 8,000 offices in 80 countries and territories in Europe, the Asia-Pacific region, the Americas, the Middle East and Africa, and assets of US\$759 billion at 31 December 2002, the HSBC Group is one of the world's largest banking and financial services organisations.

This information is provided by RNS
The company news service from the London Stock Exchange

RNS HSBC Holdings PLC
 Mar 19 2003 10:55

HSBA Household International

END

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-0- Mar/19/2003 15:55 GMT

TAB A-2

HOUSEHOLD

Household International, Inc.
2700 Sanders Road
Prospect Heights, IL 60070
(847) 564-5000

March 19, 2003

Dear Stockholder:

As you know, we are holding a special meeting of stockholders of Household International, Inc. on March 28, 2003, at Household International, Inc., 2700 Sanders Road, Prospect Heights, Illinois, at 10:00 a.m. local time. At the meeting, holders of Household capital stock entitled to vote will be asked to adopt a merger agreement that Household has entered into with HSBC Holdings plc. In the merger, Household will be merged with and into a wholly owned subsidiary of HSBC, and as a result HSBC will acquire Household.

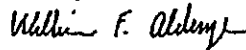
On February 26, 2003, we mailed to you a detailed document that contains a description of the proposed merger and other important information for you to consider in connection with the proposed merger. The attached supplement contains additional supplemental information. I urge you to read this supplemental information carefully together with the other materials we have sent you regarding the merger.

In particular, this supplemental information contains a description of a cease and desist order that Household has recently consented to, without admitting or denying any wrongdoing, relating to certain prior disclosures of Household in our prior SEC filings describing our account management policies. The Securities and Exchange Commission has found that certain aspects of the description of our reaging and forbearance policies contained in certain of our prior SEC filings were incomplete or inaccurate constituting a violation of Sections 10(b) and 13(a) of the Securities Exchange Act of 1934, as amended, and certain related SEC rules. Household has agreed to cease and desist from further such violations of the federal securities laws. In order to provide further clarity with respect to our reaging and forbearance policies and practices, we have set forth a detailed description of these policies and practices in this supplement for your review.

Household and HSBC each remains fully committed to completing the merger subject to the terms and conditions of the merger agreement. The strategic rationale and anticipated financial rewards for both companies remain as strong as ever. We have made substantial progress in our merger and integration planning and we anticipate being in a position to close our merger shortly following the receipt of the requisite approval by Household stockholders and HSBC shareholders and the receipt of all required regulatory approvals.

Your vote on the merger is very important. A proxy card and return envelope are also included with this document, and the document includes information about how to vote by telephone or on the Internet. There is no need to return the proxy card or grant your proxy by telephone or the Internet if you have already done so; however, if you wish to, you can revoke any proxy you previously submitted, or change your vote, at any time before your proxy is submitted at the special meeting by submitting another proper proxy by mail, telephone or on the Internet.

Sincerely,



WILLIAM F. ALDINGER
Chairman and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the HSBC ordinary shares or HSBC American depository shares to be issued in the merger or determined if this document is truthful or complete. Any representation to the contrary is a criminal offense.

This document is dated March 19, 2003 and is first being mailed to stockholders on or about March 19, 2003.

CONFIDENTIAL

ROBIN
DEP. EXH. # 92
Date: 12/7/02

HHS 03237842

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BACKGROUND

Household is subject to ongoing regulation by the Securities and Exchange Commission, or SEC, the Office of the Comptroller of the Currency and other US (federal and state) and foreign regulatory agencies, which agencies have broad oversight, supervisory and enforcement powers. Within the scope of these powers, requests have been made, to which Household has responded, for factual material surrounding our consumer protection settlement with a multi-state working group of state attorneys general and regulatory agencies, our 2002 restatement and certain other matters.

On March 18, 2003, without admitting or denying any wrongdoing, Household consented to the entry of an order by the SEC pursuant to Section 21C of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The order contains findings by the SEC relating to the sufficiency of certain disclosures in reports Household filed with the SEC during 2002. The SEC found that Household's disclosures regarding its restructure policies fail to present an accurate description of the minimum payment requirements applicable under the various policies or to disclose Household's policy of automatically restructuring numerous loans and are therefore false and misleading. The SEC also found misleading Household's failure to disclose its policy of excluding forbearance arrangements in certain of its businesses from its 60+ days contractual delinquency statistics. The SEC noted that the 60+ days contractual delinquency rate and restructuring statistics are key measures of Household's financial performance because they positively correlate to charge-off rates and loan loss reserves. The SEC findings state that these disclosures violated Sections 10(b) and 13(a) of the Exchange Act, and Rules 10b-5, 12b-20, 13a-1 and 13a-13 under the Exchange Act. A copy of the consent order has been filed publicly with the SEC on a Current Report on Form 8-K and is available from us upon request. See "Where You Can Find More Information" below.

The consent order requires Household to cease and desist from committing or causing any violations or future violations of the provisions of and rules under the Exchange Act cited above. The order does not require Household to pay any fines or monetary damages. The SEC's order does not require any restatement of Household's financial results. Household has agreed to the entry of the consent order, without admitting or denying the SEC's findings.

This document contains a revised and more detailed description of Household's account management policies and practices, including its restructuring and forbearance policies. We will also be filing an amendment to our Annual Report on Form 10-K/A for the year ended December 31, 2001 with a revised description of our account management policies and practices, which will be incorporated by reference into this document. The existing disclosures about our restructure policies will be replaced with the following language:

Our account management policies and practices for consumer receivables include collection strategies that permit us to reset the contractual delinquency status of an account to current in certain circumstances. We are amending our disclosures of our restructure policies to include the following disclosures: (1) in numerous instances Household accepts one or zero payments prior to resetting the delinquency status, and (2) in many instances, we restructure delinquent accounts automatically. In the case of automatic restructures, no prior contact is required with the customer to determine if the cause of delinquency has been cured. These account management policies and practices vary from product to product and are continually being tested and refined and may change from time to time and period to period. The account management policies and practices include, but are not limited to, restructure or reaging of accounts, forbearance agreements, extended payment plans, modification arrangements, consumer credit counseling accommodations, loan rewrites and deferments.

Please refer to "Where You Can Find More Information."

ACCOUNT MANAGEMENT POLICIES AND PRACTICES

Our policies and practices for the collection of consumer receivables, including our restructuring policies, permit us to reset the contractual delinquency status of an account to current, based on indicia or criteria which, in our judgment, evidence continued payment probability. Such restructuring policies and practices vary by product and are designed to manage customer relationships, maximize collections and avoid foreclosure or repossession if reasonably possible. Approximately two-thirds of all restructured receivables are secured products which may have less loss severity exposure because of the underlying collateral. Credit loss reserves take into account whether a loan has been restructured, rewritten or is subject to a forbearance, credit counseling accommodation, modification, extension or deferment. Such reserves also take into consideration the loss severity expected based on the underlying collateral, if any, for the loan.

The following information generally summarizes the main criteria for our restructuring policies and practices by product area. The fact that the restructuring criteria may be met for a particular account does not require us to restructure that account, and the extent to which we restructure accounts that are eligible under the criteria will vary depending upon our view of prevailing economic conditions and other factors which may change from period to period. In addition, for some products, accounts may be restructured without receipt of a payment in certain special circumstances (e.g., upon reaffirmation of a debt owed to us in connection with a Chapter 7 bankruptcy proceeding). As indicated, our account management policies and practices are designed to manage customer relationships and to help maximize collection opportunities. We use account restructuring as an account and customer management tool in an effort to increase the value of our account relationships and, accordingly, the application of this tool is subject to complexities, variations and changes from time to time. These policies and practices are continually under review and assessment to assure that they meet the goals outlined above and, accordingly, we modify or permit exceptions to these general policies and practices from time to time. You should take this into account when comparing restructuring statistics from different periods. Further, to the best of our knowledge, most of our other competitors do not disclose account restructuring, reaging, loan rewriting, forbearance, modification, deferment or extended payment information comparable to the information we have disclosed, and the lack of such disclosure by other lenders may limit your ability to draw meaningful conclusions about us and our business based solely on data or information regarding account restructuring statistics or policies.

Product

Summary of Restructuring Policies and Practices^{(1),(3)}

Real estate secured

Real Estate — Overall

- An account may be restructured if we receive two payments within 60 days; we may restructure accounts with hardship, disaster or strike with one payment or no payments
- Accounts that have filed for Chapter 7 bankruptcy protection may be restructured upon receipt of a signed reaffirmation agreement
- Accounts that have had a Chapter 13 plan filed with a bankruptcy court generally require one payment to be restructured
- Except for bankruptcy reaffirmation and Chapter 13 plans, agreed automatic withdrawal or hardship/disaster/strike, accounts are usually limited to one restructure every 12 months
- Accounts generally are not eligible for restructure until on books for at least six months

Real Estate — Consumer Lending²

- Accounts that signed up for payment by automatic withdrawal are generally restructured with one payment.

Real Estate — Mortgage Services

- Accounts that have made at least six payments during the life of the loan and that agree to pay by automatic withdrawal are generally restructured with one payment

<u>Product</u>	<u>Summary of Restructuring Policies and Practices^{(1),(3)}</u>
Auto finance	<ul style="list-style-type: none"> • Accounts may be extended if we receive one payment within 60 days • Accounts may be extended no more than three months at a time and by no more than three months in any 12-month period • Extensions are limited to up to six months over the contractual life
MasterCard and Visa	<ul style="list-style-type: none"> • Typically, accounts qualify for restructuring if two or three payments are received • Generally, restructuring may occur no earlier than once every six months, but accounts in early stage delinquency that meet certain credit characteristics may generally be restructured based on one payment
Private Label ⁽⁴⁾	<ul style="list-style-type: none"> • If we receive one payment, an account may generally be restructured to current • Limited to once every six months (or longer, depending on the merchant) for revolving accounts and once every 12 months for closed-end accounts
Personal non-credit card	<ul style="list-style-type: none"> • Account may be restructured if we receive one payment within 60 days; may restructure hardship/disaster/strike accounts with one or no payments • Certain previously acquired accounts may be restructured up to four times per year • If an account is never more than 90 days delinquent, it may generally be restructured up to three times per year • If an account is ever more than 90 days delinquent, it may not be restructured with one payment more than four times over its life; however, generally the account may thereafter be restructured if two payments are received • Accounts subject to programs for hardship or strike may require only the receipt of reduced payments in order to be restructured; disaster is restructured with no payments

¹ We employ account restructuring and other account management policies and practices as flexible account management tools. In addition to variances in criteria by product, criteria may also vary within a product line (for example, in our private label credit card business, criteria may vary from merchant to merchant). Also, we continually review our product lines and assess restructuring criteria and they are subject to modification or exceptions from time to time. Accordingly, the description of our account restructuring policies or practices provided in this table should be taken only as overall guidance to the restructuring approach taken within each product line, and not as an assurance that accounts not meeting these criteria will never be restructured, that every account meeting these criteria will in fact be restructured or that these criteria will not change or that exceptions will not be made in individual cases.

² During the first half of 2002, certain previously acquired real estate secured accounts required one payment to be restructured and were generally limited to one restructuring every nine months.

³ For our United Kingdom business, an account may be restructured if we receive two payments within 60 days; limited to one restructure every 12 months, with a lifetime limit of three times.

⁴ For our Canada business, private label is limited to one restructure every four months (six months for new accounts in 2003).

The tables below summarize restructuring statistics in our managed basis domestic portfolio as of December 31, 2002 and 2001.

Total Restructured by Restructure Period -- Domestic Portfolio(1)
(Managed Basis)

	At December 31,	
	2002	2001
Never restructured	84.4%	83.1%
Restructured:		
Restructured in the last 6 months	6.5	9.0
Restructured in the last 7-12 months	4.1	3.6
Previously restructured beyond 12 months	5.0	4.3
Total ever restructured(2)	15.6	16.9
Total	100.0%	100.0%

Total Restructured by Product -- Domestic Portfolio(1)
(Managed Basis)

	At December 31,			
	2002		2001	
Real estate secured	\$ 8,473.2	19.0%	\$ 8,667.1	20.0%
Auto finance	1,242.9	16.7	959.3	15.0
MasterCard/Visa	540.8	3.2	512.5	3.2
Private label	1,255.4	9.7	1,332.4	11.1
Personal non-credit card	3,768.1	23.0	4,191.5	27.2
Total(2)	\$15,280.4	15.6%	\$15,662.8	16.9%

(1) Excludes commercial and other. Amounts also include accounts as to which the delinquency status has been reset to current for reasons other than restructuring (e.g., correcting the misapplication of a timely payment).

(2) Total including foreign businesses was 14.8 percent at December 31, 2002 and 16.2 percent at December 31, 2001.

In addition to our restructuring policies and practices, we employ other account management techniques, which we typically use on a more limited basis, that are similarly designed to manage customer relationships and maximize collections. These can include, at our discretion, actions such as extended payment arrangements, Credit Card Services consumer credit counseling accommodations, forbearance, modifications, loan rewrites and/or deferment pending a change in circumstances. We typically enter into forbearance agreements, extended payment and modification arrangements or deferments with individual borrowers in transitional situations, usually involving borrower hardship circumstances or temporary setbacks that are expected to affect the borrower's ability to pay the contractually specified amount for some period of time. These actions vary by product and are under continual review and assessment to determine if they are meeting their intended goals. For example, under a forbearance agreement, we may agree not to take certain collection or credit agency reporting actions with respect to missed payments, often in return for the borrower's agreeing to pay us an extra amount in connection with making future payments. In some cases, a forbearance agreement as well as extended payment or modification arrangements, deferments, consumer credit counseling accommodations or loan rewrites may involve us agreeing to lower the contractual payment amount or reduce the periodic interest rate. In most cases, the delinquency status of an account is considered to be current if the borrower immediately begins payment under the new account terms, although if the agreed terms are not adhered to by the customer the account status may be reversed to delinquent and collection action resumed. When we use one of these account management techniques, we may treat the account as being contractually current and will not reflect it as a delinquent account in our delinquency statistics. Household generally considers loan rewrites to involve an extension of a new loan, and such new loans are not reflected in our delinquency or restructuring statistics. The amount of managed receivables in forbearance, modification,

Credit Card Services consumer credit counseling accommodations, rewrites or other account management techniques for which we have reset delinquency and that is not included in the restructured statistics above was approximately \$900 million or .84% of managed receivables at December 31, 2002 compared with approximately \$534 million or .53% of managed receivables at December 31, 2001.

LITIGATION RELATING TO THE MERGER

Several lawsuits have been filed alleging violations of law with respect to the pending merger with HSBC. While the lawsuits are in their preliminary stages, we believe that the claims lack merit and the defendants deny the substantive allegations of the lawsuits. These lawsuits are described below.

Two of the lawsuits are pending in the Circuit Court of Cook County, Illinois, Chancery Division One, *McLaughlin v. Aldinger et al.*, No. 02 CH 20683 (filed on November 15, 2002), asserts claims on behalf of a purported class of holders of Household common stock against Household and certain of its officers and directors for breach of fiduciary duty in connection with the pending merger with HSBC on the grounds that the defendants allegedly failed to take appropriate steps to maximize the value of a merger transaction for holders of Household common stock. While the complaint contends that plaintiffs will suffer irreparable harm unless the pending merger with HSBC is enjoined, it seeks only unspecified damages. The other, *Pace v. Aldinger et al.*, No. 02 CH 19270 (filed on October 24, 2002 and amended on November 15, 2002), is both a purported derivative lawsuit on behalf of Household and a purported class action on behalf of holders of Household common stock. This lawsuit was filed prior to the announcement of the pending merger with HSBC and originally asserted claims relating to the restatement of our consolidated financial statements, the preliminary agreement with a multi-state working group of state attorneys general, and other accounting matters. It has since been amended to allege that Household and certain of its officers and directors breached their fiduciary duties in connection with the pending merger with HSBC and seeks to enjoin the pending merger with HSBC, as well as unspecified damages allegedly stemming both from the pending merger and the original claims described above. On March 11, 2003, plaintiff in the *Pace* action moved the Court for expedited discovery and to set a hearing date for a preliminary injunction motion seeking to enjoin the pending merger with HSBC. On March 13, 2003, the Court denied the motion without prejudice.

A third lawsuit relating to the pending merger with HSBC, *Williamson v. Aldinger et al.*, No. 03 C00331 (filed on January 15, 2003) is pending in the United States District Court for the Northern District of Illinois. This derivative lawsuit on behalf of Household claims that certain of Household's officers and directors breached their fiduciary duties and committed corporate waste by agreeing to the pending merger with HSBC and allegedly failing to take appropriate steps to maximize the value of a merger transaction. The complaint seeks to enjoin the pending merger with HSBC. As to each case described above, the appropriate insurance carrier has been placed on notice.

Plaintiffs in the actions have asserted that the proxy materials provided to the Household stockholders are deficient in failing to disclose or sufficiently emphasize the following, which plaintiffs consider important to the stockholders' decision with respect to the pending merger with HSBC, including: that Household or its financial advisor failed to obtain internal projections of HSBC of its expected future performance; that, as has been alleged, Household failed to take adequate steps to "shop" the company before agreeing to the merger agreement with HSBC and that the magnitude of the termination fee payable to HSBC under the merger agreement in certain circumstances constitutes an unreasonable impediment to a competing transaction; and that, also as has been alleged, the senior management of Household and its Board of Directors were motivated to approve and recommend the merger with HSBC allegedly in order to insulate themselves from personal liability for claims arising out of the restatement of Household's consolidated financial statements, the preliminary agreement with a multi-state working group of state attorneys general, and other accounting matters. Plaintiffs believe that these matters should be carefully considered by the stockholders in determining whether to vote to approve the merger.

On March 18, 2003, plaintiffs in the three actions (together with the plaintiff in another related action pending in the Circuit Court of Cook County, Illinois, Chancery Division (*Bailey v. Aldinger et al.*, No. 02 CH 16476 (filed August 27, 2002)) have agreed in principle to a settlement of the actions based on, among

other things, the additional disclosures above relating to their allegations and HSBC's agreement to waive \$55 million of the termination fee otherwise payable to HSBC from Household under the merger agreement in certain circumstances. That agreement in principle is subject to customary conditions including definitive documentation of the settlement, additional confirmatory discovery by the plaintiffs and approval by the Courts following notice to the stockholders and a hearing. A hearing will be scheduled at which the Court will consider the fairness, reasonableness and adequacy of the settlement which, if finally approved by the Court, will resolve all of the claims that were or could have been brought in the actions being settled, including all claims relating to the merger.

HOW TO VOTE OR CHANGE YOUR VOTE

For those stockholders entitled to vote on the merger at the special meeting, a new proxy card and return envelope have been included with this document. There is no need to return the proxy card or grant your proxy by telephone or the Internet if you have already done so; however, if you wish to, you can revoke any proxy you previously submitted, or change your vote, at any time before your proxy is submitted at the special meeting by submitting another proper proxy by mail, telephone or on the Internet. For the convenience of stockholders, we set out below instructions on how to vote or change your vote as well as details of the special meeting.

Your vote is very important. Whether or not you expect to vote in person at the special meeting, if you have not yet voted or if you wish to change your vote, please complete, sign and date the enclosed proxy card and return it in the enclosed envelope as soon as possible. You may also grant your proxy by telephone or on the Internet as described below and on the enclosed proxy card. Giving your proxy now will not affect your right to vote in person if you wish to attend the special meeting and vote personally.

Time, Place and Purpose of the Special Meeting

The special meeting will be held at Household International, Inc., 2700 Sanders Road, Prospect Heights, Illinois, on March 28, 2003, at 10:00 a.m. local time. The purpose of the special meeting is to consider and vote on the proposal to adopt the merger agreement and to consider any other matters that may properly come before the Household special meeting.

Household's board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Household and its stockholders, unanimously approved the merger agreement and the transactions contemplated by the merger agreement and unanimously recommends that Household stockholders vote "FOR" adoption of the merger agreement.

Who Can Vote at the Special Meeting

The holders of record of Household common stock and Household voting preferred stock as of the close of business on February 21, 2003, which is the record date for the special meeting, are entitled to receive notice of and to vote, together as a single class, at the special meeting. Holders of Household non-voting preferred stock are entitled to notice of, but are not entitled to vote at, the special meeting.

If you own shares that are registered in someone else's name, for example, in the name of a broker, you need to direct that person to vote those shares or obtain an authorization from that person and vote those shares yourself at the meeting. On the record date, there were 473,664,080 shares of Household common stock outstanding held by approximately 65,995 stockholders of record, as well as 407,718 shares of 5% cumulative preferred stock, 103,976 shares of \$4.50 cumulative preferred stock and 836,585 shares of \$4.30 cumulative preferred stock outstanding held by approximately 1,103,208 and 464 stockholders of record, respectively. The approximate number of holders of Household common stock was determined by adding the number of record holders to the estimated number of proxies to be sent to street name holders.

Vote Required

The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Household common stock and Household voting preferred stock entitled to vote on the merger, voting together as a single class. Each holder of a share of Household common stock and voting preferred stock is entitled to one vote per share. Failure to grant your proxy by telephone or on the Internet, to return a properly executed proxy card or to vote in person will have the same effect as a vote "AGAINST" adoption of the merger agreement (except that shares of Household common stock credited to an account under the Household International Tax Reduction Investment Plan, or TRIP, for which voting instructions are not received will be voted by the plan's trustee in the same way as the majority of the shares held under the plan for which voting instructions are received).

Under the rules of the NYSE, brokers who hold shares of stock in street names for customers have the authority to vote those shares in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, brokers are precluded from exercising their voting discretion with respect to the approval of non-routine matters such as adoption of the merger agreement and, as a result, absent specific instructions from the beneficial owner of such shares, brokers are not empowered to vote those shares. Shares of stock held by brokers for customers who have not provided such voting instructions on a matter are referred to generally as "broker non-votes." Abstentions and properly executed broker non-votes will be treated as shares of stock that are present and entitled to vote at the special meeting for purposes of determining whether a quorum exists and will have the same effect as votes "AGAINST" adoption of the merger agreement.

The holders of a majority of the outstanding shares of Household common stock and voting preferred stock, taken together as a single class, entitled to be cast as of the record date, represented in person or by proxy, will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting.

How You Can Vote

Each holder of shares of Household common stock and voting preferred stock outstanding on February 21, 2003 is entitled to one vote per share, voting together as a single class, at the special meeting. Because the vote on the merger agreement is based on the number of shares outstanding rather than on the number of votes cast, failure to vote your shares is effectively a vote "AGAINST" adoption of the merger agreement (except as described below with respect to shares of Household common stock held in TRIP accounts). If you are the record holder of shares of Household common stock or voting preferred stock, you can vote your shares in any of four ways:

- *Granting Your Proxy by Mail.* If you choose to grant your proxy by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided. Proxies submitted by mail must be received by 10:00 a.m., central time, on March 28, 2003.
- *Granting Your Proxy by Telephone.* You can grant your proxy by telephone by calling the toll-free telephone number on your proxy card. You may grant your proxy by telephone 24 hours a day. Proxies submitted by telephone must be received by 12:00 midnight, central time, on March 27, 2003.
- *Granting Your Proxy on the Internet.* You can also grant your proxy on the Internet. The web site where you can grant your proxy is on your proxy card and is available 24 hours a day. Proxies submitted on the Internet must be received by 12:00 midnight, central time, on March 27, 2003.
- *Voting in Person.* You can also vote in person at the special meeting.

If you grant your proxy by telephone or on the Internet, you should not return your proxy card. Instructions on how to grant your proxy by telephone or on the Internet are given on the proxy card included with this document. If you own shares that are registered in someone else's name, for example, a broker, you need to direct that person to vote those shares or obtain an authorization from them and vote those shares yourself at the meeting.

Your proxy represents any shares of Household common stock and/or voting preferred stock registered in your name, as well as any full or fractional shares of Household common stock held in your name under the Household Dividend Reinvestment and Common Stock Purchase Plan, Household Employee Stock Purchase Plan, Household International Tax Reduction Investment Plan or Household Financial Corporation Limited Match and Save Plan. If you participate in TRIP, to vote your shares of Household common stock held in your TRIP account you must return your completed proxy/voting instruction card to Computershare Investor Services LLC in the envelope provided or grant your proxy by telephone or on the Internet as outlined on the proxy card by March 25, 2003. Vanguard Fiduciary Trust Company, the TRIP trustee, will act as your proxy and will vote the shares of Household common stock held in your TRIP account. If Computershare does not receive your voting instructions for shares held in your TRIP account by March 25, 2003, your shares will be voted by Vanguard in the same way as the majority of the TRIP held shares for which voting instructions are received.

If your shares are held in the name of a bank, broker, trustee or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote in person at the special meeting.

If you vote your shares by submitting a proxy, your shares will be voted at the special meeting as you indicated on your proxy card, telephone proxy or Internet proxy. If no instructions are indicated on your signed proxy card (including with respect to proxy cards received for shares held in your TRIP account), all of your shares will be voted "FOR" the adoption of the merger agreement.

As of the record date, the directors and executive officers of Household owned, in the aggregate, 1,658,303 outstanding shares of Household common stock, or collectively approximately 0.003% of the outstanding shares of Household common stock on that date, and no shares of voting preferred stock.

Household will pay the costs of soliciting proxies for the special meeting. Officers, directors and employees of Household may solicit proxies by telephone, mail, the Internet or in person. However, they will not be paid for soliciting proxies. Household hired Georgeson Shareholder Communications, Inc. to solicit proxies, for which they will be paid \$20,000 plus reimbursement of out-of-pocket expenses. Upon request, Household will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding solicitation material to beneficial owners of shares of stock entitled to vote on the merger agreement.

How to Revoke or Change Your Vote

You can revoke your proxy at any time before it is voted at the special meeting by:

- giving written notice of revocation to the Corporate Secretary of Household at Household International, Inc., 2700 Sanders Road, Prospect Heights, Illinois, 60070, Attention: Corporate Secretary;
- submitting another proper proxy by mail, by telephone or on the Internet; or
- attending the special meeting and voting by paper ballot in person.

WHERE YOU CAN FIND MORE INFORMATION

HSBC files annual and special reports and other information and Household files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information on file at the SEC's public reference room located at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0300 for further information on the availability of the public reference room. Household's and HSBC's SEC filings are available to the public from commercial document retrieval services and at the Internet world wide web site maintained by the SEC at www.sec.gov.

HSBC has filed a registration statement on Form F-4 to register with the SEC the HSBC ordinary shares that Household stockholders will receive in the merger. This document is a part of the registration statement

on Form F-4 and constitutes a prospectus of HSBC, as well as being a proxy statement for Household for its special meeting.

The SEC permits HSBC and Household to "incorporate by reference" information into this document. This means that HSBC and Household can disclose important information to you by referring to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this document, except for any information superseded by information contained directly in this document.

This document incorporates by reference the documents set forth below that have been previously filed with or furnished to the SEC. These documents contain important information about HSBC and Household and their respective financial conditions.

HSBC SEC Filings (Commission file no. 1-14930;
CIK no. 00011089113)

Annual Reports on Form 20-F and Form
20-F/A

Reports on Form 6-K

Household SEC Filings (Commission file no. 1-8198;
CIK no. 0000354964)

Annual Report on Form 10-K/A

Quarterly Reports on Form 10-Q and
10-Q/A

Current Reports on Form 8-K

Period

Year ended December 31, 2001, filed on March 4, 2002
and March 13, 2002

Year ended December 31, 2002, filed on March 6, 2003

Furnished on February 25, 2002, April 5, 2002, April 8,
2002, April 10, 2002, May 10, 2002, June 20, 2002,
August 5, 2002, August 9, 2002, August 19, 2002,
September 3, 2002, September 4, 2002, September 10,
2002, September 13, 2002, October 8, 2002, November 1,
2002 (two reports), November 4, 2002, November 7, 2002
(two reports), November 20, 2002, November 25, 2002,
December 11, 2002, December 12, 2002, December 13,
2002, December 17, 2002 (two reports), December 20,
2002 (two reports), December 23, 2002, December 24,
2002, January 21, 2003, February 3, 2003 (two reports),
February 6, 2003, February 12, 2003, February 13, 2003,
February 14, 2003, February 18, 2003, February 20, 2003,
February 26, 2003 (three reports), February 28, 2003,
March 3, 2003 (two reports), March 4, 2003, March 5,
2003 (four reports), March 6, 2003 (three reports),
March 7, 2003 (three reports), March 10, 2003 (two
reports) and March 12, 2003

Period

Year ended December 31, 2001, filed on August 27, 2002

Quarter ended March 31, 2002, filed on August 14, 2002
and August 15, 2002

Quarter ended June 30, 2002; filed on August 14, 2002 and
August 15, 2002

Quarter ended September 30, 2002, filed on October 24,
2002

Filed on January 16, 2002, January 28, 2002, March 13,
2002, March 21, 2002, April 8, 2002, April 9, 2002,
April 17, 2002, July 17, 2002, August 14, 2002,
September 16, 2002, October 15, 2002, October 16, 2002,
October 29, 2002, October 30, 2002, November 6, 2002,
November 18, 2002, January 16, 2003, January 21, 2003
and March 19, 2003

HSBC and Household also incorporate by reference into this document additional documents that they may file with the SEC from the date of this document to the date of the Household special meeting. These include reports such as annual reports on Form 10-K of Household and Form 20-F of HSBC, quarterly reports on Form 10-Q of Household, current reports on Form 8-K of Household, any reports on Form 6-K of HSBC specifically identified as being incorporated by reference into this document and proxy statements of Household.

The HSBC ordinary shares to be issued in the merger (including the HSBC ordinary shares underlying the HSBC ADSs to be issued in the merger) will be admitted to the Official List of the U.K. Listing Authority and to trading on the LSE and will be listed on the SEHK, Euronext Paris and the NYSE. The HSBC ADSs to be issued in the merger will be listed on the NYSE.

If you are an HSBC shareholder or a Household stockholder, you may have been sent some of the documents incorporated by reference, but you can obtain any of them through HSBC, Household or the SEC as described above. Documents incorporated by reference are available without charge, excluding all exhibits unless an exhibit has been specifically incorporated by reference into this document. Stockholders may obtain documents incorporated by reference into this document by requesting them in writing, by telephone, by e-mail or on the Internet from the appropriate company at the following addresses:

Household International, Inc.
2700 Sanders Road
Prospect Heights, Illinois 60070
USA
Tel. No.: (847) 564-5000
Website: www.household.com
e-mail:
investorrelations@household.com

HSBC Holdings plc
8 Canada Square
London E14 5HQ
England
Tel. No.: (011-44-20)7991-8888
Website: www.hsbc.com
e-mail:
shareholder@hsbc.com

If you would like to request documents from HSBC or Household, please do so by March 24, 2003 in order to receive them before the Household special meeting.

TAB A-3

FILED UNDER SEAL PURSUANT TO COURT ORDER

RESTRICTED DOCUMENT PURSUANT TO L.R 26.2

PURSUANT TO THE PROTECTIVE ORDER DATED NOVEMBER 5, 2004 AND THE

MINUTE ORDER DATED OCTOBER 10, 2006

TAB A-4

FILED UNDER SEAL PURSUANT TO COURT ORDER

RESTRICTED DOCUMENT PURSUANT TO L.R 26.2

PURSUANT TO THE PROTECTIVE ORDER DATED NOVEMBER 5, 2004 AND THE

MINUTE ORDER DATED OCTOBER 10, 2006

TAB A-5

FILED UNDER SEAL PURSUANT TO COURT ORDER

RESTRICTED DOCUMENT PURSUANT TO L.R 26.2

PURSUANT TO THE PROTECTIVE ORDER DATED NOVEMBER 5, 2004 AND THE

MINUTE ORDER DATED OCTOBER 10, 2006

TAB A-6

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-12

Household International, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

{HOUSEHOLD LOGO}

Household International, Inc.
2700 Sanders Road
Prospect Heights, IL 60070
(847) 564-5000

March 19, 2003

Dear Stockholder:

As you know, we are holding a special meeting of stockholders of Household International, Inc. on March 28, 2003, at Household International, Inc., 2700 Sanders Road, Prospect Heights, Illinois, at 10:00 a.m. local time. At the meeting, holders of Household capital stock entitled to vote will be asked to adopt a merger agreement that Household has entered into with HSBC Holdings plc. In the merger, Household will be merged with and into a wholly owned subsidiary of HSBC, and as a result HSBC will acquire Household.

On February 26, 2003, we mailed to you a detailed document that contains a description of the proposed merger and other important information for you to consider in connection with the proposed merger. The attached supplement contains additional supplemental information. I urge you to read this supplemental information carefully together with the other materials we have sent you regarding the merger.

In particular, this supplemental information contains a description of a cease and desist order that Household has recently consented to, without admitting or denying any wrongdoing, relating to certain prior disclosures of Household in our prior SEC filings describing our account management policies. The Securities and Exchange Commission has found that certain aspects of the description of our reaging and forbearance policies contained in certain of our prior SEC filings were incomplete or inaccurate constituting a violation of Sections 10(b) and 13(a) of the Securities Exchange Act of 1934, as amended, and certain related SEC rules. Household has agreed to cease and desist from further such violations of the federal securities laws. In order to provide further clarity with respect to our reaging and forbearance policies and practices, we have set forth a detailed description of these policies and practices in this supplement for your review.

Household and HSBC each remains fully committed to completing the merger subject to the terms and conditions of the merger agreement. The strategic rationale and anticipated financial rewards for both companies remain as strong as ever. We have made substantial progress in our merger and integration planning and we anticipate being in a position to close our merger shortly following the receipt of the requisite approval by Household stockholders and HSBC shareholders and the receipt of all required regulatory approvals.

Your vote on the merger is very important. A proxy card and return envelope are also included with this document, and the document includes information about how to vote by telephone or on the Internet. There is no need to return the proxy card or grant your proxy by telephone or the Internet if you have already done so; however, if you wish to, you can revoke any proxy you previously submitted, or change your vote, at any time before your proxy is submitted at the special meeting by submitting another proper proxy by mail, telephone or on the Internet.

Sincerely,

/s/ William F. Aldinger

WILLIAM F. ALDINGER
Chairman and Chief Executive Officer

NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED THE HSBC ORDINARY SHARES OR HSBC AMERICAN DEPOSITARY SHARES TO BE ISSUED IN THE MERGER OR DETERMINED IF THIS DOCUMENT IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This document is dated March 19, 2003 and is first being mailed to stockholders on or about March 19, 2003.

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BACKGROUND

Household is subject to ongoing regulation by the Securities and Exchange Commission, or SEC, the Office of the Comptroller of the Currency and other US (federal and state) and foreign regulatory agencies, which agencies have broad oversight, supervisory and enforcement powers. Within the scope of these powers, requests have been made, to which Household has responded, for factual material surrounding our consumer protection settlement with a multi-state working group of state attorneys general and regulatory agencies, our 2002 restatement and certain other matters.

On March 18, 2003, without admitting or denying any wrongdoing, Household consented to the entry of an order by the SEC pursuant to Section 21C of the Securities Exchange Act of 1934, as amended, or the Exchange Act. The order contains findings by the SEC relating to the sufficiency of certain disclosures in reports Household filed with the SEC during 2002. The SEC found that Household's disclosures regarding its restructure policies fail to present an accurate description of the minimum payment requirements applicable under the various policies or to disclose Household's policy of automatically restructuring numerous loans and are therefore false and misleading. The SEC also found misleading Household's failure to disclose its policy of excluding forbearance arrangements in certain of its businesses from its 60+ days contractual delinquency statistics. The SEC noted that the 60+ days contractual delinquency rate and restructuring statistics are key measures of Household's financial performance because they positively correlate to charge-off rates and loan loss reserves. The SEC findings state that these disclosures violated Sections 10(b) and 13(a) of the Exchange Act, and Rules 10b-5, 12b-20, 13a-1 and 13a-13 under the Exchange Act. A copy of the consent order has been filed publicly with the SEC on a Current Report on Form 8-K and is available from us upon request. See "Where You Can Find More Information" below.

The consent order requires Household to cease and desist from committing or causing any violations or future violations of the provisions of and rules under the Exchange Act cited above. The order does not require Household to pay any fines or monetary damages. The SEC's order does not require any restatement of Household's financial results. Household has agreed to the entry of the consent order, without admitting or denying the SEC's findings.

This document contains a revised and more detailed description of Household's account management policies and practices, including its restructuring and forbearance policies. We will also be filing an amendment to our Annual Report on Form 10-K/A for the year ended December 31, 2001 with a revised description of our account management policies and practices, which will be incorporated by reference into this document. The existing disclosures about our restructure policies will be replaced with the following language:

Our account management policies and practices for consumer receivables include collection strategies that permit us to reset the contractual delinquency status of an account to current in certain circumstances. We are amending our disclosures of our restructure policies to include the following disclosures: (1) in numerous instances Household accepts one or zero payments prior to resetting the delinquency status, and (2) in many instances, we restructure delinquent accounts automatically. In the case of automatic restructures, no prior contact is required with the customer to determine if the cause of delinquency has been cured. These account management policies and practices vary from product to product and are continually being tested and refined and may change from time to time and period to period. The account management policies and practices include, but are not limited to, restructure or reaging of accounts, forbearance agreements, extended payment plans, modification arrangements, consumer credit counseling accommodations, loan rewrites and deferments.

Please refer to "Where You Can Find More Information."

ACCOUNT MANAGEMENT POLICIES AND PRACTICES

Our policies and practices for the collection of consumer receivables, including our restructuring policies, permit us to reset the contractual delinquency status of an account to current, based on indicia or criteria which, in our judgment, evidence continued payment probability. Such restructuring policies and practices vary by product and are designed to manage customer relationships, maximize collections and avoid foreclosure or repossession if reasonably possible. Approximately two-thirds of all restructured receivables are secured products which may have less loss severity exposure because of the underlying collateral. Credit loss reserves take into account whether a loan has been restructured, rewritten or is subject to a forbearance, credit counseling accommodation, modification, extension or deferment. Such reserves also take into consideration the loss severity expected based on the underlying collateral, if any, for the loan.

The following information generally summarizes the main criteria for our restructuring policies and practices by product area. The fact that the restructuring criteria may be met for a particular account does not require us to restructure that account, and the extent to which we restructure accounts that are eligible under the criteria will vary depending upon our view of prevailing economic conditions and other factors which may change from period to period. In addition, for some products, accounts may be restructured without receipt of a payment in certain special circumstances (e.g., upon reaffirmation of a debt owed to us in connection with a Chapter 7 bankruptcy proceeding). As indicated, our account management policies and practices are designed to manage customer relationships and to help maximize collection opportunities. We use account restructuring as an account and customer management tool in an effort to increase the value of our account relationships and, accordingly, the application of this tool is subject to complexities, variations and changes from time to time. These policies and practices are continually under review and assessment to assure that they meet the goals outlined above and, accordingly, we modify or permit exceptions to these general policies and practices from time to time. You should take this into account when comparing restructuring statistics from different periods. Further, to the best of our knowledge, most of our other competitors do not disclose account restructuring, reaging, loan rewriting, forbearance, modification, deferment or extended payment information comparable to the information we have disclosed, and the lack of such disclosure by other lenders may limit your ability to draw meaningful conclusions about us and our business based solely on data or information regarding account restructuring statistics or policies.

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PRODUCT

SUMMARY OF RESTRUCTURING POLICIES AND PRACTICES(1), (3)

REAL ESTATE SECURED

Real Estate -- Overall

- An account may be restructured if we receive two payments within 60 days; we may restructure accounts with hardship, disaster or strike with one payment or no payments
- Accounts that have filed for Chapter 7 bankruptcy protection may be restructured upon receipt of a signed reaffirmation agreement
- Accounts that have had a Chapter 13 plan filed with a bankruptcy court generally require one payment to be restructured
- Except for bankruptcy reaffirmation and Chapter 13 plans, agreed automatic withdrawal or hardship/disaster/strike, accounts are usually limited to one restructure every 12 months
- Accounts generally are not eligible for restructure until on books for at least six months

Real Estate -- Consumer Lending(2)

- Accounts that signed up for payment by automatic withdrawal are generally restructured with one payment
Real Estate -- Mortgage Services
- Accounts that have made at least six payments during the life of the loan and that agree to pay by automatic withdrawal are generally restructured with one payment

</Table>

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PRODUCT

SUMMARY OF RESTRUCTURING POLICIES AND PRACTICES(1), (3)

AUTO FINANCE	<ul style="list-style-type: none"> - Accounts may be extended if we receive one payment within 60 days - Accounts may be extended no more than three months at a time and by no more than three months in any 12-month period - Extensions are limited to up to six months over the contractual life
MASTERCARD AND VISA	<ul style="list-style-type: none"> - Typically, accounts qualify for restructuring if two or three payments are received - Generally, restructuring may occur no earlier than once every six months, but accounts in early stage delinquency that meet certain credit characteristics may generally be restructured based on one payment
PRIVATE LABEL(4)	<ul style="list-style-type: none"> - If we receive one payment, an account may generally be restructured to current - Limited to once every six months (or longer, depending on the merchant) for revolving accounts and once every 12 months for closed-end accounts
PERSONAL NON-CREDIT CARD	<ul style="list-style-type: none"> - Account may be restructured if we receive one payment within 60 days; may restructure hardship/disaster/strike accounts with one or no payments - Certain previously acquired accounts may be restructured up to four times per year - If an account is never more than 90 days delinquent, it may generally be restructured up to three times per year - If an account is ever more than 90 days delinquent, it may not be restructured with one payment more than four times over its life; however, generally the account may thereafter be restructured if two payments are received - Accounts subject to programs for hardship or strike may require only the receipt of reduced payments in order to be restructured; disaster is restructured with no payments

</Table>

-
- (1) We employ account restructuring and other account management policies and practices as flexible account management tools. In addition to variances in criteria by product, criteria may also vary within a product line (for example, in our private label credit card business, criteria may vary from merchant to merchant). Also, we continually review our product lines and assess restructuring criteria and they are subject to modification or exceptions from time to time. Accordingly, the description of our account restructuring policies or practices provided in this table should be taken only as overall guidance to the restructuring approach taken within each product line, and not as an assurance that accounts not meeting these criteria will never be restructured, that every account meeting these criteria will in fact be restructured or that these criteria will not change or that exceptions will not be made in individual cases.
 - (2) During the first half of 2002, certain previously acquired real estate secured accounts required one payment to be restructured and were generally limited to one restructuring every nine months.
 - (3) For our United Kingdom business, an account may be restructured if we receive two payments within 60 days; limited to one restructure every 12 months, with a lifetime limit of three times.

(4) For our Canada business, private label is limited to one restructure every four months (six months for new accounts in 2003).

The tables below summarize restructuring statistics in our managed basis domestic portfolio as of December 31, 2002 and 2001.

3

TOTAL RESTRUCTURED BY RESTRUCTURE PERIOD -- DOMESTIC PORTFOLIO(1)
(MANAGED BASIS)<Table>
<Caption>

	AT DECEMBER 31,	
	2002	2001
Never restructured.....	84.4%	83.1%
Restructured:		
Restructured in the last 6 months.....	6.5	9.0
Restructured in the last 7-12 months.....	4.1	3.6
Previously restructured beyond 12 months.....	5.0	4.3
Total ever restructured(2).....	15.6	16.9
Total.....	100.0%	100.0%

</Table>

TOTAL RESTRUCTURED BY PRODUCT -- DOMESTIC PORTFOLIO(1)
(MANAGED BASIS)<Table>
<Caption>

	AT DECEMBER 31,			
	2002		2001	
Real estate secured.....	\$ 8,473.2	19.0%	\$ 8,667.1	20.0%
Auto finance.....	1,242.9	16.7	959.3	15.0
MasterCard/Visa.....	540.8	3.2	512.5	3.2
Private label.....	1,255.4	9.7	1,332.4	11.1
Personal non-credit card.....	3,768.1	23.0	4,191.5	27.2
Total(2).....	\$15,280.4	15.6%	\$15,662.8	16.9%

</Table>

(1) Excludes commercial and other. Amounts also include accounts as to which the delinquency status has been reset to current for reasons other than restructuring (e.g., correcting the misapplication of a timely payment).

(2) Total including foreign businesses was 14.8 percent at December 31, 2002 and 16.2 percent at December 31, 2001.

In addition to our restructuring policies and practices, we employ other account management techniques, which we typically use on a more limited basis, that are similarly designed to manage customer relationships and maximize collections. These can include, at our discretion, actions such as extended payment arrangements, Credit Card Services consumer credit counseling accommodations, forbearance, modifications, loan rewrites and/or deferment pending a change in circumstances. We typically enter into forbearance agreements, extended payment and modification arrangements or deferments with individual borrowers in transitional situations, usually involving borrower hardship circumstances or temporary setbacks that are expected to affect the borrower's ability to pay the contractually specified amount for some period of time. These actions vary by product and are under continual review and assessment to determine if they are meeting their intended goals. For example,

under a forbearance agreement, we may agree not to take certain collection or credit agency reporting actions with respect to missed payments, often in return for the borrower's agreeing to pay us an extra amount in connection with making future payments. In some cases, a forbearance agreement as well as extended payment or modification arrangements, deferments, consumer credit counseling accommodations or loan rewrites may involve us agreeing to lower the contractual payment amount or reduce the periodic interest rate. In most cases, the delinquency status of an account is considered to be current if the borrower immediately begins payment under the new account terms, although if the agreed terms are not adhered to by the customer the account status may be reversed to delinquent and collection action resumed. When we use one of these account management techniques, we may treat the account as being contractually current and will not reflect it as a delinquent account in our delinquency statistics. Household generally considers loan rewrites to involve an extension of a new loan, and such new loans are not reflected in our delinquency or restructuring statistics. The amount of managed receivables in forbearance, modification,

Credit Card Services consumer credit counseling accommodations, rewrites or other account management techniques for which we have reset delinquency and that is not included in the restructured statistics above was approximately \$900 million or .84% of managed receivables at December 31, 2002 compared with approximately \$534 million or .53% of managed receivables at December 31, 2001.

LITIGATION RELATING TO THE MERGER

Several lawsuits have been filed alleging violations of law with respect to the pending merger with HSBC. While the lawsuits are in their preliminary stages, we believe that the claims lack merit and the defendants deny the substantive allegations of the lawsuits. These lawsuits are described below.

Two of the lawsuits are pending in the Circuit Court of Cook County, Illinois, Chancery Division One, McLaughlin v. Aldinger et al., No. 02 CH 20683 (filed on November 15, 2002), asserts claims on behalf of a purported class of holders of Household common stock against Household and certain of its officers and directors for breach of fiduciary duty in connection with the pending merger with HSBC on the grounds that the defendants allegedly failed to take appropriate steps to maximize the value of a merger transaction for holders of Household common stock. While the complaint contends that plaintiffs will suffer irreparable harm unless the pending merger with HSBC is enjoined, it seeks only unspecified damages. The other, Pace v. Aldinger et al., No. 02 CH 19270 (filed on October 24, 2002 and amended on November 15, 2002), is both a purported derivative lawsuit on behalf of Household and a purported class action on behalf of holders of Household common stock. This lawsuit was filed prior to the announcement of the pending merger with HSBC and originally asserted claims relating to the restatement of our consolidated financial statements, the preliminary agreement with a multi-state working group of state attorneys general, and other accounting matters. It has since been amended to allege that Household and certain of its officers and directors breached their fiduciary duties in connection with the pending merger with HSBC and seeks to enjoin the pending merger with HSBC, as well as unspecified damages allegedly stemming both from the pending merger and the original claims described above. On March 11, 2003, plaintiff in the Pace action moved the Court for expedited discovery and to set a hearing date for a preliminary injunction motion seeking to enjoin the pending merger with HSBC. On March 13, 2003, the Court denied the motion without prejudice.

A third lawsuit relating to the pending merger with HSBC, Williamson v. Aldinger et al., No. 03 C00331 (filed on January 15, 2003) is pending in the United States District Court for the Northern District of Illinois. This derivative lawsuit on behalf of Household claims that certain of Household's officers and directors breached their fiduciary duties and committed corporate waste by agreeing to the pending merger with HSBC and allegedly failing to take appropriate steps to maximize the value of a merger transaction. The complaint seeks to enjoin the pending merger with HSBC. As to each case described above, the appropriate insurance carrier has been placed on notice.

Plaintiffs in the actions have asserted that the proxy materials provided to the Household stockholders are deficient in failing to disclose or sufficiently emphasize the following, which plaintiffs consider important to the stockholders' decision with respect to the pending merger with HSBC, including: that Household or its financial advisor failed to obtain internal projections of HSBC of its expected future performance; that, as has been alleged, Household failed to take adequate steps to "shop" the company before agreeing to the merger agreement with HSBC and that the magnitude of the termination fee payable to HSBC under the merger agreement in certain circumstances constitutes an unreasonable impediment to a competing transaction; and that, also as has been alleged, the senior management of Household and its Board of Directors were motivated to approve and recommend the merger with HSBC allegedly in order to insulate themselves from personal liability for claims arising out of the restatement of Household's consolidated financial statements, the preliminary agreement with a multi-state working group of state attorneys general, and other

accounting matters. Plaintiffs believe that these matters should be carefully considered by the stockholders in determining whether to vote to approve the merger.

On March 18, 2003, plaintiffs in the three actions (together with the plaintiff in another related action pending in the Circuit Court of Cook County, Illinois, Chancery Division (Bailey v. Aldinger et al., No. 02 CH 16476 (filed August 27, 2002)) have agreed in principle to a settlement of the actions based on, among

other things, the additional disclosures above relating to their allegations and HSBC's agreement to waive \$55 million of the termination fee otherwise payable to HSBC from Household under the merger agreement in certain circumstances. That agreement in principle is subject to customary conditions including definitive documentation of the settlement, additional confirmatory discovery by the plaintiffs and approval by the Courts following notice to the stockholders and a hearing. A hearing will be scheduled at which the Court will consider the fairness, reasonableness and adequacy of the settlement which, if finally approved by the Court, will resolve all of the claims that were or could have been brought in the actions being settled, including all claims relating to the merger.

HOW TO VOTE OR CHANGE YOUR VOTE

For those stockholders entitled to vote on the merger at the special meeting, a new proxy card and return envelope have been included with this document. There is no need to return the proxy card or grant your proxy by telephone or the Internet if you have already done so; however, if you wish to, you can revoke any proxy you previously submitted, or change your vote, at any time before your proxy is submitted at the special meeting by submitting another proper proxy by mail, telephone or on the Internet. For the convenience of stockholders, we set out below instructions on how to vote or change your vote as well as details of the special meeting.

YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU EXPECT TO VOTE IN PERSON AT THE SPECIAL MEETING, IF YOU HAVE NOT YET VOTED OR IF YOU WISH TO CHANGE YOUR VOTE, PLEASE COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AND RETURN IT IN THE ENCLOSED ENVELOPE AS SOON AS POSSIBLE. YOU MAY ALSO GRANT YOUR PROXY BY TELEPHONE OR ON THE INTERNET AS DESCRIBED BELOW AND ON THE ENCLOSED PROXY CARD. Giving your proxy now will not affect your right to vote in person if you wish to attend the special meeting and vote personally.

TIME, PLACE AND PURPOSE OF THE SPECIAL MEETING

The special meeting will be held at Household International, Inc., 2700 Sanders Road, Prospect Heights, Illinois, on March 28, 2003, at 10:00 a.m. local time. The purpose of the special meeting is to consider and vote on the proposal to adopt the merger agreement and to consider any other matters that may properly come before the Household special meeting.

Household's board of directors has unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Household and its stockholders, unanimously approved the merger agreement and the transactions contemplated by the merger agreement and unanimously recommends that Household stockholders vote "FOR" adoption of the merger agreement.

WHO CAN VOTE AT THE SPECIAL MEETING

The holders of record of Household common stock and Household voting preferred stock as of the close of business on February 21, 2003, which is the record date for the special meeting, are entitled to receive notice of and to vote, together as a single class, at the special meeting. Holders of Household non-voting preferred stock are entitled to notice of, but are not entitled to vote at, the special meeting.

If you own shares that are registered in someone else's name, for example, in the name of a broker, you need to direct that person to vote those shares or obtain an authorization from that person and vote those shares yourself at the meeting. On the record date, there were 473,664,080 shares of Household common stock outstanding held by approximately 65,995 stockholders of record, as well as 407,718 shares of 5% cumulative preferred stock, 103,976 shares of \$4.50 cumulative preferred stock and 836,585 shares of \$4.30 cumulative preferred stock outstanding held by approximately 1,103,208 and 464 stockholders of

record, respectively. The approximate number of holders of Household common stock was determined by adding the number of record holders to the estimated number of proxies to be sent to street name holders.

6

VOTE REQUIRED

The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the outstanding shares of Household common stock and Household voting preferred stock entitled to vote on the merger, voting together as a single class. Each holder of a share of Household common stock and voting preferred stock is entitled to one vote per share. Failure to grant your proxy by telephone or on the Internet, to return a properly executed proxy card or to vote in person will have the same effect as a vote "AGAINST" adoption of the merger agreement (except that shares of Household common stock credited to an account under the Household International Tax Reduction Investment Plan, or TRIP, for which voting instructions are not received will be voted by the plan's trustee in the same way as the majority of the shares held under the plan for which voting instructions are received).

Under the rules of the NYSE, brokers who hold shares of stock in street names for customers have the authority to vote those shares in their discretion on "routine" proposals when they have not received instructions from beneficial owners. However, brokers are precluded from exercising their voting discretion with respect to the approval of non-routine matters such as adoption of the merger agreement and, as a result, absent specific instructions from the beneficial owner of such shares, brokers are not empowered to vote those shares. Shares of stock held by brokers for customers who have not provided such voting instructions on a matter are referred to generally as "broker non-votes." Abstentions and properly executed broker non-votes will be treated as shares of stock that are present and entitled to vote at the special meeting for purposes of determining whether a quorum exists and will have the same effect as votes "AGAINST" adoption of the merger agreement.

The holders of a majority of the outstanding shares of Household common stock and voting preferred stock, taken together as a single class, entitled to be cast as of the record date, represented in person or by proxy, will constitute a quorum for purposes of the special meeting. A quorum is necessary to hold the special meeting.

HOW YOU CAN VOTE

Each holder of shares of Household common stock and voting preferred stock outstanding on February 21, 2003 is entitled to one vote per share, voting together as a single class, at the special meeting. Because the vote on the merger agreement is based on the number of shares outstanding rather than on the number of votes cast, failure to vote your shares is effectively a vote "AGAINST" adoption of the merger agreement (except as described below with respect to shares of Household common stock held in TRIP accounts). If you are the record holder of shares of Household common stock or voting preferred stock, you can vote your shares in any of four ways:

- Granting Your Proxy by Mail. If you choose to grant your proxy by mail, simply mark your proxy card, date and sign it, and return it in the postage-paid envelope provided. Proxies submitted by mail must be received by 10:00 a.m., central time, on March 28, 2003.
- Granting Your Proxy by Telephone. You can grant your proxy by telephone by calling the toll-free telephone number on your proxy card. You may grant your proxy by telephone 24 hours a day. Proxies submitted by telephone must be received by 12:00 midnight, central time, on March 27, 2003.
- Granting Your Proxy on the Internet. You can also grant your proxy on the Internet. The web site where you can grant your proxy is on your proxy card and is available 24 hours a day. Proxies submitted on the Internet must be received by 12:00 midnight, central time, on March 27, 2003.

- Voting in Person. You can also vote in person at the special meeting.

If you grant your proxy by telephone or on the Internet, you should not return your proxy card. Instructions on how to grant your proxy by telephone or on the Internet are given on the proxy card included with this document. If you own shares that are registered in someone else's name, for example, a broker, you need to direct that person to vote those shares or obtain an authorization from them and vote those shares yourself at the meeting.

Your proxy represents any shares of Household common stock and/or voting preferred stock registered in your name, as well as any full or fractional shares of Household common stock held in your name under the Household Dividend Reinvestment and Common Stock Purchase Plan, Household Employee Stock Purchase Plan, Household International Tax Reduction Investment Plan or Household Financial Corporation Limited Match and Save Plan. If you participate in TRIP, to vote your shares of Household common stock held in your TRIP account you must return your completed proxy/voting instruction card to Computershare Investor Services LLC in the envelope provided or grant your proxy by telephone or on the Internet as outlined on the proxy card by March 25, 2003. Vanguard Fiduciary Trust Company, the TRIP trustee, will act as your proxy and will vote the shares of Household common stock held in your TRIP account. If Computershare does not receive your voting instructions for shares held in your TRIP account by March 25, 2003, your shares will be voted by Vanguard in the same way as the majority of the TRIP held shares for which voting instructions are received.

If your shares are held in the name of a bank, broker, trustee or other holder of record, you must obtain a proxy, executed in your favor, from the holder of record to be able to vote in person at the special meeting.

If you vote your shares by submitting a proxy, your shares will be voted at the special meeting as you indicated on your proxy card, telephone proxy or Internet proxy. If no instructions are indicated on your signed proxy card (including with respect to proxy cards received for shares held in your TRIP account), all of your shares will be voted "FOR" the adoption of the merger agreement.

As of the record date, the directors and executive officers of Household owned, in the aggregate, 1,658,303 outstanding shares of Household common stock, or collectively approximately 0.003% of the outstanding shares of Household common stock on that date, and no shares of voting preferred stock.

Household will pay the costs of soliciting proxies for the special meeting. Officers, directors and employees of Household may solicit proxies by telephone, mail, the Internet or in person. However, they will not be paid for soliciting proxies. Household hired Georgeson Shareholder Communications, Inc. to solicit proxies, for which they will be paid \$20,000 plus reimbursement of out-of-pocket expenses. Upon request, Household will reimburse brokerage firms and other custodians, nominees and fiduciaries for their reasonable expenses in forwarding solicitation material to beneficial owners of shares of stock entitled to vote on the merger agreement.

HOW TO REVOKE OR CHANGE YOUR VOTE

You can revoke your proxy at any time before it is voted at the special meeting by:

- giving written notice of revocation to the Corporate Secretary of Household at Household International, Inc., 2700 Sanders Road, Prospect Heights, Illinois, 60070, Attention: Corporate Secretary;
- submitting another proper proxy by mail, by telephone or on the Internet;
or
- attending the special meeting and voting by paper ballot in person.

WHERE YOU CAN FIND MORE INFORMATION

HSEC files annual and special reports and other information and Household files annual, quarterly and special reports, proxy statements and other information with the SEC. You may read and copy any reports, statements or other information on file at the SEC's public reference room located at 450 Fifth Street, NW, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0300 for further information on the availability of the public reference room.

Household's and HSBC's SEC filings are available to the public from commercial document retrieval services and at the Internet world wide web site maintained by the SEC at www.sec.gov.

HSBC has filed a registration statement on Form F-4 to register with the SEC the HSBC ordinary shares that Household stockholders will receive in the merger. This document is a part of the registration statement

on Form F-4 and constitutes a prospectus of HSBC, as well as being a proxy statement for Household for its special meeting.

The SEC permits HSBC and Household to "incorporate by reference" information into this document. This means that HSBC and Household can disclose important information to you by referring to another document filed separately with the SEC. The information incorporated by reference is deemed to be part of this document, except for any information superseded by information contained directly in this document.

This document incorporates by reference the documents set forth below that have been previously filed with or furnished to the SEC. These documents contain important information about HSBC and Household and their respective financial conditions.

<Table>

<Caption>

HSBC SEC FILINGS (COMMISSION FILE NO. 1-14930;
CIK NO. 00011089113)

PERIOD

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Annual Reports on Form 20-F and Form 20-F/A	Year ended December 31, 2001, filed on March 4, 2002 and March 13, 2002
	Year ended December 31, 2002, filed on March 6, 2003
Reports on Form 6-K	Furnished on February 25, 2002, April 5, 2002, April 8, 2002, April 10, 2002, May 10, 2002, June 20, 2002, August 5, 2002, August 9, 2002, August 19, 2002, September 3, 2002, September 4, 2002, September 10, 2002, September 13, 2002, October 8, 2002, November 1, 2002 (two reports), November 4, 2002, November 7, 2002 (two reports), November 20, 2002, November 25, 2002, December 11, 2002, December 12, 2002, December 13, 2002, December 17, 2002 (two reports), December 20, 2002 (two reports), December 23, 2002, December 24, 2002, January 21, 2003, February 3, 2003 (two reports), February 6, 2003, February 12, 2003, February 13, 2003, February 14, 2003, February 18, 2003, February 20, 2003, February 26, 2003 (three reports), February 28, 2003, March 3, 2003 (two reports), March 4, 2003, March 5, 2003 (four reports), March 6, 2003 (three reports), March 7, 2003 (three reports), March 10, 2003 (two reports) and March 12, 2003

</Table>

<Table>

<Caption>

HOUSEHOLD SEC FILINGS (COMMISSION FILE NO. 1-8198;
CIK NO. 0000354964)

PERIOD

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Annual Report on Form 10-K/A	Year ended December 31, 2001, filed on August 27, 2002
Quarterly Reports on Form 10-Q and 10-Q/A	Quarter ended March 31, 2002, filed on August 14, 2002 and August 15, 2002 Quarter ended June 30, 2002, filed on August 14, 2002 and August 15, 2002 Quarter ended September 30, 2002, filed on October 24, 2002
Current Reports on Form 8-K	Filed on January 16, 2002, January 28, 2002, March

13, 2002, March 21, 2002, April 8, 2002, April 9,
2002, April 17, 2002, July 17, 2002, August 14,
2002, September 16, 2002, October 15, 2002, October
16, 2002, October 29, 2002, October 30, 2002,
November 6, 2002, November 18, 2002, January 16,
2003, January 21, 2003 and March 19, 2003

</Table>

HSBC and Household also incorporate by reference into this document additional documents that they may file with the SEC from the date of this document to the date of the Household special meeting. These include reports such as annual reports on Form 10-K of Household and Form 20-F of HSBC, quarterly reports on Form 10-Q of Household, current reports on Form 8-K of Household, any reports on Form 6-K of HSBC specifically identified as being incorporated by reference into this document and proxy statements of Household.

The HSBC ordinary shares to be issued in the merger (including the HSBC ordinary shares underlying the HSBC ADSs to be issued in the merger) will be admitted to the Official List of the U.K. Listing Authority and to trading on the LSE and will be listed on the SEHK, Euronext Paris and the NYSE. The HSBC ADSs to be issued in the merger will be listed on the NYSE.

If you are an HSBC shareholder or a Household stockholder, you may have been sent some of the documents incorporated by reference, but you can obtain any of them through HSBC, Household or the SEC as described above. Documents incorporated by reference are available without charge, excluding all exhibits unless an exhibit has been specifically incorporated by reference into this document. Stockholders may obtain documents incorporated by reference into this document by requesting them in writing, by telephone, by e-mail or on the Internet from the appropriate company at the following addresses:

<Table>

Household International, Inc.
2700 Sanders Road
Prospect Heights, Illinois 60070
USA
Tel. No.: (847) 564-5000
Website: www.household.com
e-mail:
investorrelations@household.com

HSBC Holdings plc
8 Canada Square
London E14 5HQ
England
Tel. No.: (011-44-20)7991-8888
Website: www.hsbc.com
e-mail:
shareholder@hsbc.com

</Table>

If you would like to request documents from HSBC or Household, please do so by March 24, 2003 in order to receive them before the Household special meeting.

{HOUSEHOLD LOGO}

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MR A SAMPLE
DESIGNATION (IF ANY)

Holder Account Number
C 1234567890 JNT

ADD 1
ADD 2
ADD 3
ADD 4
ADD 5
ADD 6

() Mark this box with an X if you have
made changes to your name or address
details above.

SPECIAL MEETING PROXY CARD

A PROPOSALS

PLEASE REFER TO THE REVERSE SIDE FOR INTERNET AND TELEPHONE VOTING INSTRUCTIONS.

The Board of Directors recommends a vote FOR Proposal 1. Shares will be so voted
unless you otherwise indicate.

1. Adoption of the Agreement and Plan of Merger, dated as of November 14,
2002, by and among HSBC Holdings plc, Household International, Inc. and H2
Acquisition Corporation, pursuant to which, among other things, Household
will be merged with and into H2 Acquisition Corporation, a wholly owned
subsidiary of HSBC, HSBC will acquire Household and each outstanding share
of Household common stock will be converted into the right to receive, at
the election of the holder, either 2.675 HSBC ordinary shares or 0.535
American depositary shares, each of which evidences five HSBC ordinary
shares.

{ } FOR { } AGAINST { } WITHHOLD

2. The undersigned hereby authorizes the proxies to vote in their discretion
on any other business that may properly be brought before the Special
Meeting or any adjournment thereof.

{ } FOR { } AGAINST { } WITHHOLD

B AUTHORIZED SIGNATURES - SIGN HERE - THIS SECTION MUST BE COMPLETED FOR
YOUR INSTRUCTIONS TO BE EXECUTED.

NOTE: Please sign exactly as name appears hereon. For joint accounts both owners
should sign. When signing as executor, administrator, attorney, trustee or
guardian, etc., please sign your full title.

Signature 1 - Please keep signature
within the box

Signature 2 - Please keep signature
within the box

Date (mm/dd/yyyy)

/ /
/ /

 PROXY - HOUSEHOLD INTERNATIONAL, INC.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS FOR THE SPECIAL MEETING ON FRIDAY, MARCH 28, 2003

The undersigned hereby appoints K. H. Robin, J. D. Nichols and J. W. Blenke, and each of them true and lawful proxies with power of substitution, to vote all shares of Common and/or Preferred Stock of the undersigned, at the Special Meeting of Stockholders of Household International, Inc., to be held Friday, March 28, 2003, and at any adjournment thereof, on the proposals set forth on the reverse side of this card, which are referred to in the enclosed Notice of Special Meeting of Stockholders and Proxy Statements, each dated February 26, 2003. If no direction is made, this proxy will be voted FOR Proposal 1 and according to the judgment of the proxies with respect to any other business that may come before the Special Meeting or any adjournment thereof.

(Continued and to be signed on reverse side.)

To Our Stockholders:

Whether or not you are able to attend the Special Meeting of Stockholders on Friday, March 28, 2003, it is important that your shares be represented, no matter how many shares you own. Listed below are instructions on how to vote by proxy. You may vote by telephone, over the Internet, or by mail.

In order to reduce the number of duplicate mailings of proxy materials, Household has consolidated on a single proxy/voting instruction card all of your holdings in Household Common and/or Voting Preferred Stock registered under the identical name and tax identification number, including ownership that may be attributed to Household's Dividend Reinvestment & Common Stock Purchase Plan; our Employee Stock Purchase Plan; our 401(k) employee benefit plan, the Tax Reduction Investment Plan ("TRIP"); and our matching contribution plan for Canadian employees, the Match and Save Plan. The proxy also provides voting instructions for shares of Household Common Stock held in TRIP as disclosed in the Proxy Statement.

INTERNET AND TELEPHONE VOTING INSTRUCTIONS

YOU CAN VOTE BY TELEPHONE OR INTERNET! AVAILABLE 24 HOURS A DAY 7 DAYS A WEEK! Instead of mailing your proxy, you may choose one of the two voting methods outlined below to vote your proxy. Have this proxy card in hand when you call.

- | To vote using the Telephone
(within U.S. and Canada) | To vote using the Internet | To vote by Mail |
|--|---|--|
| - Call toll free 1-866-290-9744 in the United States or Canada any time on a touch tone telephone. There is NO CHARGE to you for the call. | - Go to the following web site:

WWW.COMPERSHARE.COM/US/PROXY | - Mark, sign and date the proxy card. |
| - Enter the Holder Account Number (excluding the letter "C") and Proxy Access Number located below. | Enter the information requested on your computer screen and follow the simple instructions. | - Return the proxy card in the postage-paid envelope provided. |
| - Follow the simple recorded instructions. | | |

Option 1: To vote as the Board of

Directors recommends on ALL
proposals: Press 1.

When asked, Please confirm
your vote by pressing 1.

Option 2: If you choose to vote upon
EACH proposal separately, press
0 and follow the simple recorded
instructions.

HOLDER ACCOUNT NUMBER C0123456789

PROXY ACCESS NUMBER 12345

IF YOU VOTE BY TELEPHONE OR THE INTERNET, PLEASE DO NOT MAIL BACK THIS PROXY
CARD.

PROXIES SUBMITTED BY TELEPHONE OR THE INTERNET MUST BE RECEIVED BY 12:00
MIDNIGHT, CENTRAL TIME, ON MARCH 27, 2003.

THANK YOU FOR VOTING

-2-

TAB A-7

On the basis of this Order and Respondent's Offer, the Commission finds¹ that:

Respondent

1. Household is a Delaware corporation headquartered in Prospect Heights, Illinois. Household's securities are registered with the Commission pursuant to Section 12(b) of the Exchange Act. Household's stock is listed on the New York Stock Exchange under the symbol HI. During the relevant time period, Household filed periodic and other informational reports with the Commission pursuant to Section 13(a) of the Exchange Act. Household was created as a holding company in 1981 as a result of a shareholder approved restructuring of Household Finance Corporation.

Background

2. Household is a financial institution that, through its subsidiaries, provides a variety of loan products to consumers in the United States, the United Kingdom and Canada. Household is a Fortune 500 company with more than \$97.9 billion in owned assets and with reported net revenues for 2002 of approximately \$11.2 billion. Household sells its loan products primarily to sub-prime borrowers. Sub-prime borrowers are those who exhibit characteristics indicating a significantly higher risk of default than traditional bank lending customers. Household's loan products include real estate secured loans, auto finance loans, credit cards, tax refund anticipation loans, retail installment loans and other unsecured loans. As of December 31, 2002, Household had approximately 31,000 employees and over 50 million active customer accounts. Household's primary business units are Consumer Lending, Mortgage Services, Retail Services, Credit Card Services and Auto Finance.

3. Household's Consumer Lending business unit extends both secured and unsecured loans to consumers through a network of over 1,300 branch offices located throughout the United States. Consumer Lending has approximately \$43.4 billion in managed receivables. Managed receivables include the sum of Household's owned receivables and those that it services for investors as part of its asset securitization program. The Mortgage Services business unit is involved primarily in the purchase in the secondary market of mortgage loans that are originated by other lenders, as well as the servicing of these loans after they are purchased. Mortgage Services has approximately \$17 billion in managed receivables. The Retail Services business unit is one of the largest providers of third-party private label credit cards in the United States, with approximately \$12.6 billion in managed receivables. The Credit Card Services business unit includes both the direct issuance by Household of credit cards to consumers and Household's purchase and servicing of credit card accounts originated by third parties. The Credit Card Services business unit has approximately \$18.1 billion in managed receivables. The Auto Finance business unit extends secured loans to consumers and purchases installment contracts from auto dealers and has approximately \$7.4 billion in managed receivables.

4. One of the critical measures of Household's financial performance is the delinquency rate for its loan portfolio and related disclosures and statistics concerning the restructuring (or so-called re-aging) of delinquent accounts.

Household, like its peer lending institutions, reports to the investing public its "2+ delinquency" rate. The 2+ delinquency rate refers to the percentage of loans in Household's total loan portfolio that are at least sixty days past due. The 2+ delinquency rate and restructuring statistics are key measures of Household's financial performance because they positively correlate to charge-off rates and loan loss reserves. Investors and analysts use Household's 2+ delinquency rate and restructuring statistics to evaluate the relative credit quality of Household's consumer finance receivables. The 2+ delinquency rate and restructuring statistics are especially important for sub-prime lenders like Household because of the increased likelihood of credit quality problems in sub-prime loan portfolios.

**Household's False and Misleading Statements Concerning
Its Delinquent Loan Restructure and Forbearance Policies**

5. In late 2001, in response to questions raised by the media and analysts, Household initiated a number of actions designed to obtain more information about its practice of restructuring delinquent loans. Household requested an outside consultant to prepare a report that, among other things, benchmarked Household's restructure policies and volume to its peer group of financial institutions. Household also conducted an internal study to determine the number of loans in its portfolio that had ever been restructured.

6. The consultant delivered its report to Household on or about March 12, 2002. The report disclosed, among other things, that Household had a higher volume of delinquent loan restructures and was outside of the range of its peer group's practices with respect to its practice of automatically restructuring delinquent accounts without requiring contact with delinquent customers.

7. On March 13, 2002, Household filed a Form 10-K that disclosed Household's restructuring policies. Specifically, the Management's Discussion and Analysis of Financial Condition and Results of Operations portion of Household's Form 10-K included the statement that "[o]ur policies for consumer receivables permit reset of the contractual delinquency status of an account to current, subject to certain limits, if a predetermined number of consecutive payments has been received and there is evidence that the reason for the delinquency has been cured." Household reiterated this disclosure in its Form 10-Q for second quarter 2002, filed on August 14, 2002, its Form 10-K/A for fiscal year 2001, filed August 27, 2002, and its Form 10-Q for third quarter 2002, filed October 24, 2002. Beginning in April 2002, Household also disclosed the percentage of loans in its domestic portfolio that had ever been restructured. In various Commission filings since April 2002, Household has reported that the percentage of loans in its domestic portfolio that had ever been restructured ranged from 16.9% as of December 31, 2001, to 15.6% as of December 31, 2002.

8. Household's disclosures regarding its restructure policies fail to present an accurate description of the minimum payment requirements applicable under the various policies and are therefore false and misleading. In numerous instances Household will accept one or zero payments prior to restructure. The Auto Finance and Retail Services businesses, for example, generally allow the restructuring of delinquent accounts if one payment is

made within the last sixty days. There are also instances where Household will restructure a delinquent loan without receiving any payments, such as loans where the borrower has filed for Chapter 7 bankruptcy protection and has reaffirmed Household's debt.

9. Household's restructure policy disclosures are also false and misleading since they fail to disclose Household's policy of automatically restructuring numerous loans. With automatic restructures, no communication with the customer is required to determine whether the cause of delinquency is cured. In Consumer Lending, for example, the majority of the more than \$1 billion of restructures per month are performed automatically, without any requirement that Household employees first contact the customer to determine whether the reason for delinquency has been cured. Instead of obtaining information from the customer that the cause of the delinquency has been cured, Consumer Lending sends a computer-generated notice to customers stating that the account has been restructured to current status.

10. Household's false and misleading disclosures are material in light of the significant volume of Household's loan restructures and the nature of Household's lending businesses. During the time period covered by Household's disclosure of its restructuring policies, between 15.6% and 16.9% of Household's domestic loans had been restructured at least once and many of those restructures were done automatically. Further, the consultant's study of Household's restructuring policies showed that Household restructures significantly more loans than its peer financial institutions and that, unlike its peers, Household automatically restructures delinquent loans without requiring communications with the borrower prior to the restructure. Moreover, Household's restructured loans are likely to be restructured again, 2+ delinquent or charged-off at 12 months after the initial restructure. For example, as of December 31, 2001, 53.9% of the real estate secured loans restructured by Household in the previous 12 months were restructured again, were 2+ delinquent, or had been charged-off. In addition, as of December 31, 2001, 75.2% of the personal homeowner loans Household had restructured in the previous 12 months were restructured again, were 2+ delinquent, or had been charged-off. Further, loans automatically restructured by Household's Auto Finance business unit have a significantly higher charge-off rate than those restructured manually by Household's employees after contact with the delinquent customer.

11. Household knew or was reckless in not knowing that its disclosures regarding restructuring policies were false and misleading. Before disclosure, Household did an internal study to determine the volume of loans in its portfolio that it had ever restructured and had an outside consultant benchmark Household's restructure volume and policies to its peer financial institutions. Prior to Household's March 13, 2002 Form 10-K disclosure, Household knew that it was outside its peer group range with respect to the volume of delinquent loans that it restructures and with respect to its practice of automatically restructuring delinquent loans. Nevertheless, Household chose to disclose its restructure policies in a way that connoted strict controls, rather than in a way that accurately described the policies.

12. Household's disclosures relating to its restructuring and account management policies are also misleading because Household omits to

disclose its policy of excluding forbearances from 2+ delinquency in certain of its businesses. In substance, forbearance occurs when Household acts on a delinquent account by entering into an arrangement with a customer to forbear on collection actions in exchange for temporarily increased payments or, in the case of certain forbearances, or re-writes, reduced payments. Household's Mortgage Services business unit enters into forbearance arrangements and then automatically excludes those forbearances from its 2+ delinquency statistics. Household also has approximately \$900 million of loans in some form of forbearance, or approximately 1% of Household's total assets.

13. Household knowingly or recklessly omitted to disclose that loans in forbearance are excluded from its 2+ delinquency rates. The failure to disclose this fact when making specific disclosures about restructuring practices and delinquent accounts made the disclosures false and misleading.

Violations of the Exchange Act

14. As a result of the conduct described above, Household violated Section 10(b) of the Exchange Act and Rule 10b-5 thereunder. Section 10(b) of the Exchange Act and Rule 10b-5 thereunder prohibit a person, in connection with the purchase or sale of a security, from making an untrue statement of a material fact or from omitting to state a material fact necessary to make statements made, in light of the circumstances under which they were made, not misleading.

15. In addition, Household violated Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, and 13a-13 thereunder. Section 13(a) of the Exchange Act and Rules 13a-1 and 13a-13 thereunder require issuers with securities registered under Section 12 of the Exchange Act to file quarterly and annual reports with the Commission and to keep this information current. Rule 12b-20 under the Exchange Act requires that such reports contain, in addition to disclosures expressly required by statute and rules, such other information as is necessary to ensure that the statements made in those reports are not, under the circumstances, materially misleading. The obligation to file such reports embodies the requirement that they be true and correct.

Undertaking

16. Respondent Household undertakes to fully cooperate in the Commission's ongoing investigation in this matter.

Cooperation and Other Acts

17. In determining to accept the Offer, the Commission considered Household's undertaking described in section 16 herein and certain other acts related to Household's cooperation in this investigation.

IV.

In view of the foregoing, the Commission deems it appropriate to impose the sanctions agreed to in Respondent Household's Offer.

ACCORDINGLY, IT IS HEREBY ORDERED:

Pursuant to Section 21C of the Exchange Act, that Respondent Household cease and desist from committing or causing any violations and any future violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 13(a) and Rules 12b-20, 13a-1, and 13a-13 thereunder.

By the Commission.

Jonathan G. Katz
Secretary

Footnote

¹ The findings herein are made pursuant to Respondent's Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

<http://www.sec.gov/litigation/admin/34-47528.htm>

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Modified: 03/19/2003