

CONFORMED COPY

**PRICING SUPPLEMENT**

Pricing Supplement dated 18 December 2002

Series No: 2

Tranche No: 1

**HSBC Holdings plc  
Debt Issuance Programme**

**Issue of**

**GBP650,000,000 5.75 per cent. Subordinated Notes due 2027**

This document constitutes the Pricing Supplement relating to the issue of the Tranche of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Information Memorandum dated 21 May 2002 in relation to the above Programme and the supplementary listing particulars dated 6 December 2002. This Pricing Supplement must be read in conjunction with such Information Memorandum as supplemented by such supplementary listing particulars (together, the "Information Memorandum").

The Issuer accepts responsibility for the information contained in this Pricing Supplement.

- |    |                             |  |
|----|-----------------------------|--|
| 1. | Issuer:                     | HSBC Holdings plc                                  |
| 2. | (i) Series number:          | 2  |
|    | (ii) Tranche number:        | 1  |
| 3. | Arranger:                   | HSBC Bank plc                                      |
| 4. | Currency or currencies:     |  |
|    | (i) of denomination:        | Pounds Sterling ("GBP")                            |
|    | (ii) of payment:            | GBP  |
| 5. | Aggregate Principal Amount: |  |
|    | (i) Series:                 | GBP650,000,000                                     |
|    | (ii) Tranche:               | GBP650,000,000                                     |
| 6. | (i) Issue Price:            | 99.901 per cent. of the Aggregate Principal Amount |
|    | (ii) Commission payable:    | 0.625 per cent.                                    |

	(iii) Selling concession:	None
	(iv) Expenses - specify any expenses payable by Issuer:	Not applicable
	(v) Net proceeds:	GBP645,294,000
7.	Denomination(s): ( <i>Condition 1(b)</i> )	GBP1,000
8.	(i) Issue Date:	20 December 2002
	(ii) Interest Commencement Date:	Issue Date
9.	Maturity Date: ( <i>Condition 6(a)</i> )	20 December 2027
10.	Interest basis: ( <i>Conditions 3 to 5</i> )	Fixed Rate Notes
11.	Redemption basis: ( <i>Condition 6</i> )	Redemption at par
12.	Change of interest or redemption basis:	Not applicable
13.	Put/Call options:	Not applicable
14.	(i) Status of the Notes: ( <i>Condition 2</i> )	Subordinated Notes
	(ii) Subordinated Notes:	Condition 2(a) is applicable
15.	Listing:	Application will be made to admit the Notes to listing on the Official List of the Financial Services Authority (in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000) and to trading on the London Stock Exchange plc
16.	Method of distribution:	Syndicated
<b>PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE</b>		
17.	Fixed Rate Note provisions ( <i>Condition 3</i> )	Applicable

	(i)	Rate of Interest:	5.75 per cent. per annum payable annually in arrear
	(ii)	Fixed Interest Payment Dates(s):	20 December in each year commencing on 20 December 2003
	(iii)	Day count fraction	Actual/Actual (ISMA)
18.		Floating Rate Note provisions (Condition 4)	Not applicable
19.		Variable Coupon Amount Note provisions (Condition 5)	Not applicable
20.		Zero Coupon Note provisions (Condition 5)	Not applicable
21.		Dual Currency Note provisions	Not applicable

#### PROVISIONS RELATING TO REDEMPTION

22.		Issuer's optional redemption (Call): (Condition 6(c))	Not applicable
23.		Noteholder's optional redemption (Put): (Condition 6(d))	Not applicable
24.		Final redemption amount: (Condition 6(a))	Par
25.		Instalment Notes: (Condition 6(a))	Not applicable
26.		Early redemption amounts:	Yes
	(i)	Early redemption amount upon redemption for taxation reasons (Condition 6(b)):	Par
	(ii)	Early redemption amount upon enforcement (Condition 10):	Par
	(iii)	Other redemption provisions: (Condition 6(h))	None

## GENERAL PROVISIONS APPLICABLE TO THE NOTES

27. Form of Notes:  
(Condition 1(a))
- (a) Form of Notes: Bearer
- (b) Bearer Notes exchangeable for Not Applicable  
Registered Notes:
28. If issues in bearer form:
- (i) Initially represented by a Temporary Global Note  
Temporary Global Note or  
Permanent Global Note:
- (ii) Temporary Global Note Yes, exchangeable for Permanent Global  
exchangeable for Permanent Note  
Global Note and/or Definitive  
Notes and/or Registered Notes:  
(Condition 1(a))
- (iii) Permanent Global Note No  
exchangeable at the option of the  
bearer for Definitive Notes and/or  
Registered Notes:
- (iv) Coupons to be attached to Yes  
Definitive Notes:
- (v) Talons for future Coupons to be Not applicable  
attached to Definitive Notes:
- (vi) (a) Definitive Notes to be Yes  
security printed:
- (b) If the answer to (a) is Yes  
yes, whether steel  
engraved plates will be  
used:
- (vii) Definitive Notes to be in ISMA or Yes  
successor's format:
- (viii) Issuer or Noteholder to pay costs Issuer  
of security printing:

of security printing:

29. Exchange Date for exchange of 29 January 2003  
Temporary Global Note:
30. Payments  
(Condition 8)
- (i) Method of payment: Condition 8 shall apply, subject as provided in the Temporary Global Note or, as the case may be, the Permanent Global Note
- (ii) Relevant Financial Centre Day: London
31. Partly Paid Notes: No  
(Condition 1)
32. Redenomination  
(Condition 9)
- (i) Redenomination: Not applicable
- (ii) Exchange: Not applicable

#### DISTRIBUTION

33. (i) If syndicated, names of Relevant Dealer/Lead Manager: HSBC Bank plc
- (ii) If syndicated, names of other Dealers/Managers (if any): Deutsche Bank AG London  
J.P. Morgan Securities Ltd.
- (iii) Stabilising Agent (if any): HSBC Bank plc
34. If non-syndicated, name of Relevant Dealer: Not applicable
35. Selling restrictions:
- United States of America: TEFRA D Rule  
Not Rule 144A eligible
- Other: The Netherlands

Each Manager will be required to represent and agree that it has not, directly or indirectly, offered, sold, transferred and delivered and it will not, directly or indirectly, offer, sell, transfer

or deliver, as part of their initial distribution or at any time thereafter, any Notes (including rights representing an interest in a Global Note) in The Netherlands other than to individuals or legal entities situated in The Netherlands who or which trade or invest in securities in the conduct of a business or profession (which includes banks, securities firms, insurance companies, pension funds, investment institutions, central governments, large international and supranational organisations, other institutional investors and other parties, including treasury departments of commercial enterprises, which are regularly active in the financial markets in a professional manner).

Each Manager will also be required to undertake that:

- (a) it will be made clear both upon making any offer of the Notes and in any documents or advertisements in which a forthcoming offering of these notes is publicly announced (whether electronically or otherwise) that such offer is exclusively made to the said individuals or legal entities; and
- (b) a copy of the Information Memorandum and this Pricing Supplement will be submitted to the Netherlands Authority for the Financial Markets (*Autoriteit Financiële Markten*) before the Issue Date.

## OPERATIONAL INFORMATION

36. ISIN Code: XS0159497162
37. Common Code: 015949716
38. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): None
39. Settlement procedures: Eurobond
40. Additional Paying Agent(s) (if any): None
41. Common Depository: HSBC Bank plc
42. Agent Bank/Calculation Agent: HSBC Bank plc
- is Agent Bank to make calculations? Yes
- if not, identify calculation agent: Not applicable
43. Notices: None  
(Condition 14)
44. City in which specified office of Registrar to be maintained: Not applicable  
(Condition 12)
45. Other relevant Terms and Conditions: None

## LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the Debt Issuance Programme of HSBC Holdings plc.

In connection with this issue, the Stabilising Manager may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period. However, there may be no obligation on the Stabilising Manager to do this. Such stabilising, if commenced, may be discontinued at any time and must be brought to an end after a limited period. Such stabilising shall be in compliance with all applicable laws, regulations and rules.

## CONFIRMED

### HSBC HOLDINGS PLC

By: DOUGLAS FLINT  
*Authorised Signatory*

Date: 18 DECEMBER 2002