EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

BY AND AMONG

HSBC HOLDINGS PLC,

HOUSEHOLD INTERNATIONAL, INC.

AND

H2 ACQUISITION CORPORATION

DATED AS OF NOVEMBER 14, 2002

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ARTICLE XI

MISCELLANEOUS AND GENERAL

AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER (this "Agreement"), dated as of November 14, 2002, among HSBC Holdings plc, a public limited company incorporated in England and Wales ("Parent"), Household International, Inc., a Delaware corporation (the "Company") and H2 Acquisition Corporation, a Delaware corporation and a wholly-owned subsidiary of Parent ("Merger Sub").

RECITALS

WHEREAS, the boards of directors of Parent, Merger Sub and the Company have each determined that it is in furtherance of and consistent with their respective long-term business strategies and is advisable and in the best interests of their respective companies and shareholders for the Company to merge with and into Merger Sub upon the terms and subject to the conditions set forth herein;

WHEREAS, in furtherance of such combination, the boards of directors of Parent, Merger Sub and the Company have each approved the merger (the "Merger") of the Company with and into Merger Sub in accordance with the applicable provisions of the Delaware General Corporation Law (the "DGCL"), and upon the terms and subject to the conditions set forth herein;

WHEREAS, it is intended that, for United States federal income tax purposes, the Merger shall qualify (i) as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) for an exception to the general rule of Section 367(a)(1) of the Code, and that this Agreement be, and hereby is, adopted as a plan of reorganization for purposes of Sections 354 and 361 of the Code;

WHEREAS, following the Merger, Parent intends to contribute the capital stock of the Surviving Corporation to an indirect U.S. subsidiary of Parent (the "Parent Intermediate Holding Subsidiary") which will serve as the principal holding company of Parent's U.S. operations through successive transfers in which each transferee is "controlled" by the respective transferor within the meaning of Section 368(c) of the Code; and

WHEREAS, the Company, Parent and Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with the Merger and the other transactions contemplated hereby.

NOW, THEREFORE, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

"Acquisition Proposal" has the meaning set forth in Section 7.2(a).

"Affiliate Letters" has the meaning set forth in Section 8.8.

"Agreement" has the meaning set forth in the preamble.

"Alternative Transaction" means any of (i) a transaction pursuant to which any Person (or group of Persons) other than Parent or its affiliates, directly or indirectly, acquires or would acquire more than 25% of the outstanding Common Shares or outstanding voting power or of any new series or class of preferred stock that would be entitled to a class or series vote with respect to the Merger, whether from the Company or pursuant to a tender offer or exchange offer or otherwise, (ii) a merger or other business combination involving the Company (other than the Merger), (iii) any transaction pursuant to which any Person (or group of Persons) other than Parent or its affiliates acquires or would acquire control of assets (including for this purpose the outstanding equity securities of subsidiaries of the Company and securities of the entity surviving any merger or business combination including any of the Company's subsidiaries) of the Company, or any of its subsidiaries representing (as determined by the Board of Directors of the Company in good faith) more than 25% of the fair market value of all the assets, net revenues or net income of the Company and its subsidiaries, taken as a whole, immediately prior to such transaction, or (iv) any other consolidation, business combination, recapitalization or similar transaction involving the Company or any of its subsidiaries, other than the transactions contemplated by this Agreement, as a result of which the holders of Common Shares immediately prior to such transaction do not, in the aggregate, own at least 75% of each of the outstanding common stock and the outstanding voting power of the surviving or resulting entity in such transaction immediately after the consummation thereof in substantially the same proportion as such holders held the Common Shares immediately prior to the consummation thereof.

"Assumed Stock Option" has the meaning set forth in Section 3.4(a).

"Burdensome Condition" has the meaning set forth in Section 8.4(a).

"Business Day" means any day other than a Saturday, Sunday or one on which banks are authorized by law to close in New York, New York or London, England or, for the purposes of Section 2.2 only, Hong Kong.

"Bylaws" has the meaning set forth in Section 2.6.

"Certificate" has the meaning set forth in Section 3.1(c).

"Certificate of Incorporation" has the meaning set forth in Section 2.5.

"Certificate of Merger" has the meaning set forth in Section 2.3.

"Change in Company Recommendation" has the meaning set forth in Section 7.2(c).

"Closing" has the meaning set forth in Section 2.2.

"Closing Date" has the meaning set forth in Section 2.2.

"Code" has the meaning set forth in the recitals.

"Common Exchange Ratio" has the meaning set forth in Section 3.1(a).

"Common Merger Consideration" has the meaning set forth in Section 3.1(a).

"Common Share" has the meaning set forth in Section 3.1(a).

"Company" has the meaning set forth in the preamble.

"Company $4.30 Preferred Stock" has the meaning set forth in Section 5.3(a).

"Company $4.50 Preferred Stock" has the meaning set forth in Section 5.3(a).

"Company 5% Preferred Stock" has the meaning set forth in Section 5.3(a).

"Company 7 5/8% Preferred Stock" has the meaning set forth in Section 5.3(a).

"Company 7.35% Preferred Stock" has the meaning set forth in Section 5.3(a).

"Company 7.5% Preferred Stock" has the meaning set forth in Section 5.3(a).

"Company 7.60% Preferred Stock" has the meaning set forth in Section 5.3(a).

"Company 8.25% Preferred Stock" has the meaning set forth in Section 5.3(a).

"Company Acquisition Agreement" has the meaning set forth in Section 10.3(b)(i).

"Company Benefit Plan" shall mean any material employment, consulting, severance pay, termination pay, retirement, deferred compensation, retention or change in control plan, program, arrangement, agreement or commitment, or an executive compensation, incentive bonus or other bonus, pension, stock option, restricted stock or equity-based, profit sharing, savings, life, health, disability, accident, medical, insurance, vacation, or other employee benefit plan, program, arrangement, agreement, fund or commitment, including any "employee benefit plan" as defined in Section 3(3) of ERISA, providing benefits to any current or former employee, consultant or director of the Company or any of its subsidiaries (including any entity with respect to which the Company or its subsidiaries is a successor) and entered into, maintained or contributed to by the Company or any of its subsidiaries or to which the Company or any of its subsidiaries has any obligation to contribute.

"Company Charter Documents" has the meaning set forth in Section 5.2.

"Company Counsel Tax Opinion" has the meaning set forth in Section 8.7.

"Company Disclosure Schedule" has the meaning set forth in Section 4.1.

"Company DRIP" has the meaning set forth in Section 3.4(f).

"Company Employees" has the meaning set forth in Section 8.10(b).

"Company ESPP" has the meaning set forth in Section 3.4(f).

"Company Financial Statements" has the meaning set forth in Section 5.7(a).

"Company IP" means, as of a specified date, all Intellectual Property that is used or held for use in connection with the business of the Company and its subsidiaries as of such date.

"Company Loans" has the meaning set forth in Section 5.15.

"Company Material Contract" has the meaning set forth in Section 5.6(a).

"Company Option Plans" has the meaning set forth in Section 3.4(a).

"Company Permits" has the meaning set forth in Section 5.11(e).

"Company RAP Statements" has the meaning set forth in Section 5.7(c).

"Company Regulatory Agreement" has the meaning set forth in Section 5.13.

"Company SAP Statements" has the meaning set forth in Section 5.7(b).

"Company SEC Documents" has the meaning set forth in Section 5.7(a).

"Company Servicing Rights" means, with respect to any loan, any and all of the following: (a) all rights to service such loan; (b) all rights to receive servicing fees, additional servicing compensation (including without limitation any late fees, assumption fees, penalties or similar payments with respect to such loan, and any interest income on any payments or other receipts on or with respect to such loan), reimbursements or indemnification for servicing such loan, and any payments received in respect of the foregoing and proceeds thereof; (c) the right to collect, hold and disburse escrow payments or other similar payments with respect to such loans and any amounts actually collected with respect thereto (in accordance with any applicable Servicing Agreement), and to receive interest income on such amounts to the extent permitted by applicable law; (d) all accounts and other rights to payment related to any of the property described in this paragraph; (e) possession and use of any and all servicing files pertaining to such loans or pertaining to the past, present or prospective servicing of such loans; (f) all rights and benefits relating to the direct solicitation of the related borrowers for refinance or modification of such loans and attendant right, title and interest in and to the list of borrowers and data relating to their respective loans; (g) all rights, powers and privileges incident to any of the foregoing; and (h) all agreements or documents creating, defining or evidencing any of the foregoing rights to the extent they relate to such rights and all rights of the Company or any of its subsidiaries thereunder.

"Company Shareholder Approval" has the meaning set forth in Section 5.25.

"Company Shareholder Meeting" has the meaning set forth in Section 8.2(a).

"Company Sponsored Asset Securitization Transaction" means any loan or other asset securitization transaction in which the Company or any of its subsidiaries was an issuer, sponsor or depositor.

"Company Stock Option" has the meaning set forth in Section 3.4(a).

"Company Stock Purchase Plans" has the meaning set forth in Section 3.4(f).

"Confidentiality Agreement" has the meaning set forth in Section 8.3.

"Continuation Period" has the meaning set forth in Section 8.10(a).

"Copyrights" means writings and other works of authorship.

"Depositary" has the meaning set forth in Section 3.1(a).

"Deposit Agreement" has the meaning set forth in Section 3.1(a).

"DGCL" has the meaning set forth in the recitals.

"Dissenting Shares" has the meaning set forth in Section 3.5.

"Effective Date" has the meaning set forth in Section 2.3.

"Effective Time" has the meaning set forth in Section 2.3.

"Environmental Claims" has the meaning set forth in Section 5.23.

"Environmental Laws" has the meaning set forth in Section 5.23.

"ERISA" mean the Employee Retirement Income Security Act of 1974, as amended.

"Excess Shares" has the meaning set forth in Section 3.2(d)(i).

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exchange Agent" has the meaning set forth in Section 3.2(a)(i).

"Excluded Shares" has the meaning set forth in Section 3.1(a).

"Federal Reserve Board" means the Board of Governors of the Federal Reserve System.

"Fee" has the meaning set forth in Section 10.3(b).

"Final Dividend" has the meaning set forth in Section 7.1(a).

"Form F-4" has the meaning set forth in Section 8.1(a).

"FSA" means the U.K. Financial Services Authority.

"Governmental Consents" has the meaning set forth in Section 9.1(d).

"Governmental Entity" means any federal, state, local or foreign government, any court, administrative, regulatory or other governmental agency, commission or authority or any non-governmental self-regulatory agency, commission or authority, in each such case in any part of the world, including, without limitation, the NYSE, the UKLA, the LSE, the HKSE, the FSA, the Federal Reserve Board and the Hong Kong Monetary Authority.

"HKSE" means The Stock Exchange of Hong Kong Ltd.

"HKSE Listing Rules" means The Rules Governing The Listing of Securities on the HKSE.

"Hong Kong" means the Hong Kong Special Administrative Region of the People's Republic of China.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Intellectual Property" means all intellectual property and other similar proprietary rights in any jurisdiction, whether owned or held for use under license, whether registered or unregistered, including without limitation such rights in and to: (i) Trademarks; (ii) Patents, inventions, invention disclosures, discoveries and improvements, whether or not patentable; (iii) Copyrights; (iv) Trade Secrets; (v) Software; (vi) domain names and uniform resource locators; (vii) mask works; (viii) moral rights; and (ix) claims, causes of action and defenses relating to the enforcement of any of the foregoing; in each case, including any registrations of, applications to register, and renewals and extensions of, any of the foregoing with or by any governmental authority in any jurisdiction.

"IRS" means the United States Internal Revenue Service.

"Licensed Company IP" means all Company IP other than the Owned Company IP.

"LSE" means the London Stock Exchange plc.

"Material Adverse Effect" means, with respect to Parent or the Company, as the case may be, a material adverse effect on (i) the business, assets, liabilities, results of operations or financial condition of such party and its subsidiaries taken as a whole; provided, however, that with respect to this clause (i), Material Adverse Effect shall not be deemed to include the impact of (v) the public disclosure of the transactions contemplated hereby, (w) changes in laws, rules or regulations of general applicability or interpretations thereof by courts or Governmental Entities, in each case after the date hereof, (x) changes, after the date hereof, in applicable generally accepted accounting principles or regulatory accounting requirements generally applicable to comparable companies, (y) actions or omissions of a party to this Agreement taken with the prior written consent of the other parties to this Agreement and (z) changes, after the date hereof, in general economic and market conditions except, in the case of clauses (w), (x) and (z), to the extent that such changes have a disproportionately adverse effect on the relevant party and its subsidiaries relative to comparable businesses, or (ii) the ability of such party to perform its

material obligations under this Agreement and to consummate the transactions contemplated hereby.

"Merger" has the meaning set forth in the recitals.

"Merger Sub" has the meaning set forth in the preamble.

"Merger Sub Common Stock" has the meaning set forth in Section 3.1(d).

"Month End Date" has the meaning set forth in Section 2.2.

"Multi-State Settlement Agreement" has the meaning set forth in Section 5.11(c).

"1996 Plan" has the meaning set forth in Section 3.4(a).

"NYSE" means the New York Stock Exchange, Inc.

"OCC" means the Office of the Comptroller of Currency.

"OFT" means the U.K. Office of Fair Trading.

"Option Holder" has the meaning set forth in Section 3.4(a).

"Order" has the meaning set forth in Section 9.1(e).

"Other Company Documents" has the meaning set forth in Section 5.7(e).

"Owned Company IP" means that portion of the Company IP that is owned by the Company and its subsidiaries.

"Parent" has the meaning set forth in the preamble.

"Parent ADRs" has the meaning set forth in Section 3.1(a).

"Parent Circular" has the meaning set forth in Section 8.1(c).

"Parent Counsel Tax Opinion" has the meaning set forth in Section 8.7.

"Parent Depositary Shares" has the meaning set forth in Section 3.1(a).

"Parent Disclosure Schedule" has the meaning set forth in Section 4.1.

"Parent Documents" has the meaning set forth in Section 8.1(c).

"Parent Financial Statements" has the meaning set forth in Section 6.5.

"Parent Intermediate Holding Subsidiary" has the meaning set forth in the recitals.

"Parent Listing Particulars" has the meaning set forth in Section 8.1(c).

"Parent Ordinary Shares" has the meaning set forth in Section 3.1(a).

"Parent Plans" has the meaning set forth in Section 8.10(b).

"Parent SEC Documents" has the meaning set forth in Section 6.5.

"Parent Shareholder Approval" has the meaning set forth in Section 6.13.

"Parent Shareholder Meeting" has the meaning set forth in Section 8.2(a).

"Patents" means patents and patent applications, and any and all divisions, continuations, continuations-in-part, reissues, continuing patent applications, reexaminations, and extensions thereof, any counterparts claiming priority therefrom, utility models, patents of importation/confirmation, certificates of invention, certificates of registration and like rights.

"PBGC" has the meaning set forth in Section 5.18(a).

"Person" means any individual, corporation (including not-for-profit), general or limited partnership, limited liability company, joint venture, estate, trust, association, organization, Governmental Entity or other entity of any kind or nature.

"Preferred Merger Consideration" means, with respect to any series of Preferred Shares not redeemed pursuant to Section 8.15 and outstanding immediately prior to the Effective Time, the cash consideration into which such series of Preferred Shares will be converted in the Merger pursuant to Section 3.1(b).

"Preferred Shares" has the meaning set forth in Section 5.3(a).

"Press Announcements" means any press announcements issued in accordance with the UKLA Listing Rules or the HKSE Listing Rules.

"Previously Filed Company SEC Documents" has the meaning set forth in Section 5.7(a).

"Previously Filed Parent SEC Documents" has the meaning set forth in Section 6.6.

"Proposed Closing Date" has the meaning set forth in Section 2.2.

"Prospectus" has the meaning set forth in Section 8.1(a).

"Proxy Statement" has the meaning set forth in Section 8.1(a).

"RAP" has the meaning set forth in Section 5.7(c).

"Required States" has the meaning set forth in Section 5.11(c).

"Rights Agreement" means the Rights Agreement, dated July 9, 1996, between the Company and Harris Trust and Savings Bank, as Rights Agent.

"SAP" has the meaning set forth in Section 5.7(b).

"Sarbanes-Oxley Act" means the Sarbanes-Oxley Act of 2002.

"SEC" means the Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Securitization Disclosure Documents" has the meaning set forth in Section 5.17(a).

"Servicing Agreement" means all contracts and agreements pursuant to which the Company or any of its subsidiaries has Company Servicing Rights.

"Software" means software, including without limitation data files, source code, object code, application programming interfaces, databases and other software-related specifications and documentation.

"Subsidiary Charter Documents" has the meaning set forth in Section 5.2.

"Superior Proposal" means any proposal made by a third party to acquire, directly or indirectly (including through a merger, consolidation or similar transaction), for consideration consisting of cash and/or securities, all of the Company Common Stock entitled to vote generally in the election of directors or all or substantially all of the assets of the Company, on terms which the Board of Directors of the Company reasonably believes (after consultation with a financial advisor of nationally recognized reputation and outside legal counsel) to be reasonably capable of completion and, if completed, more favorable from a financial point of view to its shareholders than the Merger and the transactions contemplated by this Agreement taking into account at the time of determination any changes to the financial terms of this Agreement proposed by Parent.

"Surviving Corporation" has the meaning set forth in Section 2.1.

"Tax" shall mean, with respect to any Person, any tax, domestic or non-U.S., including without limitation any income (net, gross or other, including recapture of any tax items such as investment tax credits), alternative or add-on minimum tax, gross income, gross receipts, gains, sales, use, leasing, lease, user, ad valorem, transfer, recording, franchise, profits, property (real or personal, tangible or intangible), fuel, license, withholding on amounts paid to or by such Person, payroll, employment, unemployment, social security, excise, severance, stamp, occupation, premium, environmental or windfall profit tax, custom, duty, value added or other tax, or other like assessment or charge of any kind whatsoever, together with any interest, levies, assessments, charges, penalties, additions to tax or additional amounts imposed by any Taxing Authority.

"Tax Return(s)" shall mean all returns, consolidated or otherwise, reports or statements (including without limitation informational returns), required to be filed with any Taxing Authority.

"Taxing Authority" shall mean any Governmental Entity responsible for the imposition of any Tax.

"Third-Party Asset Investor" means, with respect to any asset serviced by the Company or any of its subsidiaries for any third party, any owner, purchaser or beneficiary of such asset.

"Trade Secrets" means trade secrets (including, those trade secrets defined in the Uniform Trade Secrets Act and under corresponding foreign statutory and common law), business, technical and know-how information, non-public information, and confidential information and rights to limit the use or disclosure thereof by any Person.

"Trademarks" means trademarks, trade dress, service marks, certification marks, logos, and trade names, and the goodwill associated with the foregoing.

"UKLA" means the FSA, acting in its capacity as the competent authority for the purpose of Part VI of the Financial Services and Markets Act 2000.

"Units" has the meaning set forth in Section 5.3(a).

"U.S. GAAP" means United States generally accepted accounting principles.

ARTICLE II

THE MERGER

2.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Time and in accordance with the DGCL, the Company shall be merged with and into Merger Sub and the separate corporate existence of the Company shall thereupon cease. Merger Sub shall be the surviving corporation in the Merger (sometimes hereinafter referred to as the "Surviving Corporation"), and the separate corporate existence of Merger Sub with all its rights, privileges, immunities, powers and franchises shall continue unaffected by the Merger. At the Effective Time, the effect of the Merger shall be as provided in this Agreement, and the applicable provisions of the DGCL. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all the property, rights, privileges, powers and franchises of the Company and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities and duties of the Company and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

2.2 Closing. The closing of the Merger (the "Closing") shall take place (i) at the offices of Cleary, Gottlieb, Steen & Hamilton, One Liberty Plaza, New York, New York at 9:00 a.m. New York City time on the fifth Business Day after all of the conditions set forth in Article IX have been fulfilled or waived (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the fulfillment or waiver of those conditions) in accordance with this Agreement (the "Proposed Closing Date"); provided, however, that if the Proposed Closing Date occurs within five Business Days before the last day of a calendar month, Parent may elect, at its option, to defer the Closing until such month-end date (the "Month End Date") by giving written notice to such effect to the Company accompanied by a written irrevocable waiver of all conditions other than the conditions contained in Sections 9.1(e), 9.1(f) and 9.2(f), to the extent permissible under applicable law, of all conditions to Closing as of the

Month End Date or (ii) at such other place and time and/or on such other date as the Company and Parent may agree in writing (the date upon which the Closing occurs, the "Closing Date").

2.3 Effective Time. Subject to the provisions of this Agreement, as soon as practicable following the Closing on the Closing Date, the parties hereto shall file a certificate of merger as contemplated by the DGCL (the "Certificate of Merger"), together with any required related certificates, with the Secretary of State of the State of Delaware, in such form as required by, and executed in accordance with the relevant provisions of, the DGCL. The Merger shall become effective upon the filing of the Certificate of Merger or at such later date and time as Parent and the Company shall agree and specify in such Certificate of Merger (such time, the "Effective Time" and the date on which the Effective Time occurs, the "Effective Date").

2.4 Change in Structure. Parent may at any time prior to the Effective Time change the structural method of effecting the combination with the Company (including, without limitation, the provisions of this Article II and of Article III) if and to the extent Parent deems such change to be desirable; provided, however, that no such change shall (i) alter or change in any way (including as to the amount or kind) the consideration to be issued to holders of capital stock of the Company, or the holders of any Company Stock Options as provided for in this Agreement, (ii) adversely affect the tax treatment of holders of Common Shares as a result of the transactions contemplated by this Agreement, (iii) materially impede or materially delay, or be reasonably likely to materially impede or materially delay, consummation of the transactions contemplated by this Agreement or (iv) adversely affect any party's ability to satisfy any of the closing conditions set forth in Article IX.

2.5 Certificate of Incorporation. The certificate of incorporation of Merger Sub as in effect immediately prior to the Effective Time shall be the certificate of incorporation of the Surviving Corporation (the "Certificate of Incorporation"), until thereafter duly amended as provided therein or by applicable law.

2.6 Bylaws. The bylaws of Merger Sub in effect immediately prior to the Effective Time shall be the bylaws of the Surviving Corporation (the "Bylaws"), until thereafter amended as provided therein or by applicable law.

2.7 Directors. The directors of Merger Sub immediately prior to the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Certificate of Incorporation and the Bylaws of the Surviving Corporation.

2.8 Officers. The officers of the Company immediately prior to the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Certificate of Incorporation and the Bylaws of the Surviving Corporation.

ARTICLE III

EFFECT OF THE MERGER ON STOCK; EXCHANGE OF CERTIFICATES

3.1 Effect on Capital Stock. At the Effective Time, as a result of the Merger and without any action on the part of the holder of any stock of the Company or Merger Sub:

(a) Common Merger Consideration. Each share of Company Common Stock, $1.00 par value per share (each, a "Common Share"), issued and outstanding immediately prior to the Effective Time (other than shares (i) owned by Parent or any subsidiary of the Company or Parent, unless held for the account or benefit of any customer, client or other Person, or (ii) held in treasury by the Company (collectively, "Excluded Shares")), shall be converted into the right to receive, in accordance with this Article III, 2.675 (the "Common Exchange Ratio") ordinary shares of Parent, of nominal value U.S. $0.50 each ("Parent Ordinary Shares"). Each holder of converted and cancelled Common Shares (other than Excluded Shares) shall have the right to elect (in respect of each separate beneficial owner) to receive, in lieu of each of the Parent Ordinary Shares such beneficial owner has the right to receive pursuant to the prior sentence, 0.535 American depositary shares (the "Parent Depositary Shares") per Common Share, each such Parent Depositary Share representing the right to receive five Parent Ordinary Shares (such Parent Ordinary Shares or Parent Depositary Shares to be issued to holders of Common Shares, the "Common Merger Consideration"). The Parent Depositary Shares may be evidenced by one or more American depositary receipts ("Parent ADRs") issued in accordance with the Deposit Agreement among Parent, The Bank of New York, as depositary (the "Depositary"), and holders and beneficial owners from time to time of Parent ADRs issued thereunder (as amended from time to time, the "Deposit Agreement").

(b) Preferred Merger Consideration.

(i) Each share of Company 7 5/8% Preferred Stock issued and outstanding immediately prior to the Effective Time (other than Excluded Shares and Dissenting Shares) shall be converted into the right to receive, in accordance with this Article III, cash in the amount of $1,000 ($25 per depositary share) plus all accumulated and unpaid dividends to but excluding the Closing Date, without interest.

(ii) Each share of Company 7.50% Preferred Stock issued and outstanding immediately prior to the Effective Time (other than Excluded Shares and Dissenting Shares) shall be converted into the right to receive, in accordance with this Article III, cash in the amount of $1,000 ($25 per depositary share) plus all accumulated and unpaid dividends to but excluding the Closing Date, without interest.

(iii) Each share of Company 7.60% Preferred Stock issued and outstanding immediately prior to the Effective Time (other than Excluded Shares and Dissenting Shares) shall be converted into the right to receive, in accordance with this Article III, cash in the amount of $1,000 ($25 per depositary share) plus all accumulated and unpaid dividends to but excluding the Closing Date, without interest.

(iv) Each share of Company 8 1/4% Preferred Stock issued and outstanding immediately prior to the Effective Time (other than Excluded Shares and Dissenting Shares) shall be converted into the right to receive, in accordance with this Article III, cash in the amount of $1,000 ($25 per depositary share) plus all accumulated and unpaid dividends to but excluding the Closing Date, without interest.

(c) Cancellation of Shares. All Common Shares and Preferred Shares (which term, for purposes of this Article III, shall mean only those Preferred Shares referenced in Section 3.1(b)(i)-(iv) above) shall no longer be outstanding and shall be cancelled and retired and shall cease to exist, and each certificate (a "Certificate") formerly representing any of such Common Shares or Preferred Shares (other than Excluded Shares), shall thereafter represent only the right to the Common Merger Consideration (and the right, if any, to receive pursuant to Section 3.2(d) cash in lieu of a fractional Parent Ordinary Share or Parent Depositary Share and any distribution or dividend pursuant to Section 3.2(b)) or the Preferred Merger Consideration, respectively, in each case without interest. The Parent Ordinary Shares and the Parent Depositary Shares issued in accordance with this Article III shall be of the same class and shall have the same rights as the currently outstanding Parent Ordinary Shares and the currently outstanding Parent Depositary Shares, respectively. The Surviving Corporation shall be liable for all stamp duties, stamp duty reserve tax and other similar Taxes imposed in connection with the issuance or creation of Parent Ordinary Shares or Parent Depositary Shares constituting Common Merger Consideration and any Parent ADRs in connection therewith and any deliveries thereof by the Exchange Agent in accordance with Section 3.2(a) or Section 3.2(b) below (including any United Kingdom stamp duty, stamp duty reserve tax or other similar Taxing Authority charge (or any interest or penalties thereon) that may be payable by the Surviving Corporation, the Exchange Agent or Parent pursuant to the Deposit Agreement). Subject to Section 3.2(a)(iii) below, no holder of Common Shares or Company Stock Options shall be obligated to pay any fee or other charge or expense to the Depositary or any stamp duties, stamp duty reserve tax or other similar Taxing Authority charges in connection with the issuance of any Parent Ordinary Shares, Parent Depositary Shares or Parent ADRs pursuant to either the Merger or the exercise of Adjusted Options and any deliveries thereof by the Exchange Agent in accordance with Section 3.2(a) and Section 3.2(b) below (for avoidance of doubt, the parties agree that the provisions of this sentence shall not apply to any subsequent transfer of Parent Ordinary Shares, Parent Depositary Shares or Parent ADRs or delivery or subsequent deposit pursuant to the Deposit Agreement).

(d) Merger Sub. Each share of common stock, par value $0.01 per share ("Merger Sub Common Stock"), of Merger Sub issued and outstanding immediately prior to the Effective Time shall be cancelled.

(e) Issuance of Surviving Corporation Shares. In consideration for the delivery, in accordance with Section 3.2(a), of the Parent Ordinary Shares referred to in Section 3.1(f), the Surviving Corporation shall issue to Parent at the Effective Time 50 shares of common stock of the Surviving Corporation.

(f) Delivery of Parent Ordinary Shares and Cash. In consideration of the cancellation of Common Shares and Preferred Shares pursuant to Section 3.1(c) and the issue to Parent by the Surviving Corporation of shares of common stock of the Surviving Corporation

pursuant to Section 3.1(e), Parent shall deliver to the Exchange Agent (i) such number of Parent Ordinary Shares as is equal to the number of Common Shares outstanding as of the Effective Time (other than Excluded Shares) multiplied by the Common Exchange Ratio for purposes of giving effect to the delivery of the Common Merger Consideration referred to in Section 3.1(a) and (ii) cash in the amount required to pay the Preferred Merger Consideration in accordance with Section 3.1(b).

3.2 Exchange of Certificates.

(a) Exchange Agent and Procedures.

(i) Prior to the Effective Time, Parent shall appoint the Bank of New York or another agent reasonably acceptable to the Company, as exchange agent (the "Exchange Agent") for the purpose of acting solely as an agent in exchanging Certificates for Parent Ordinary Shares, Parent Depositary Shares or cash in accordance with this Article III. Promptly after the Effective Time, the Surviving Corporation shall cause the Exchange Agent to send to each holder of record of Common Shares and Preferred Shares (other than Excluded Shares) as of the Effective Time (x) a letter of transmittal which shall require holders of Common Shares to elect to take Common Merger Consideration either in the form of Parent Ordinary Shares or Parent Depositary Shares, and which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent, such letter of transmittal to be in such form and to have such other provisions as the Company and Parent shall reasonably specify, and (y) instructions for use in effecting the surrender of the Certificates in exchange for (A) in the case of Certificates representing Common Shares, (1) the Common Merger Consideration and (2) if applicable, any cash in lieu of fractional Parent Ordinary Shares or Parent Depositary Shares in accordance with Section 3.2(d) and unpaid dividends or other distributions in accordance with Section 3.2(b), and (B) in the case of Certificates representing Preferred Shares, the applicable Preferred Merger Consideration. In the case of Common Shares, such letter of transmittal shall also permit the holder of record as of the Effective Time of Common Shares submitting the same who elects to receive Parent Ordinary Shares to choose to hold such Parent Ordinary Shares in certificated or uncertificated form. The Exchange Agent will act solely as nominee for the holders of record of Common Shares and Preferred Shares (other than Excluded Shares) as of the Effective Time in relation to the actions required by the Exchange Agent under this Article III.

(ii) Each holder of any Common Shares that have been converted into a right to receive the Common Merger Consideration set forth in Section 3.1(a) shall, upon surrender of a Certificate representing Common Shares for cancellation to the Exchange Agent together with a properly completed letter of transmittal, duly executed, be entitled to receive in exchange therefor (x) that whole number of Parent Ordinary Shares or Parent Depositary Shares that such holder is entitled to receive pursuant to this Article III and (y) a check in the amount (after giving effect to any tax withholdings required by applicable law) of (A) any cash in lieu of a fractional Parent Ordinary Share or a fractional Parent Depositary Share in accordance with Section 3.2(d), plus (B) if applicable, any unpaid dividends or other distributions that such holder has the right to

receive in accordance with Section 3.2(b), and the Certificate so surrendered shall forthwith be cancelled. No interest will be paid or accrued on any amount payable upon due surrender of the Certificates. Subject to the receipt of a duly completed and validly executed letter of transmittal with respect to Common Shares electing to receive Parent Depositary Shares together with delivery of a Certificate in the proper form required by the letter of transmittal, Parent shall issue the Ordinary Shares to the Depositary (or as it may direct) as and when required for the delivery of Parent Depositary Shares in accordance with this Article III. Parent shall procure that the Exchange Agent requisitions from the Depositary, from time to time, Parent ADRs representing such number of Parent Depositary Shares, in such denominations as the Exchange Agent shall specify, as are issuable in respect of Common Shares the holders of which have elected to receive Parent Depositary Shares and for which Certificates have been delivered to the Exchange Agent. Subject to the receipt of a duly completed and validly executed letter of transmittal with respect to Common Shares electing to receive Parent Ordinary Shares together with delivery of a Certificate in the proper form required by the letter of transmittal, Parent shall cause to be delivered to each Person entitled thereto Parent Ordinary Shares pursuant to this Section 3.2(a)(ii), credited as fully paid, and will cause such Person's name to be entered in the register of members of Parent and, except where such Person has requested such Parent Ordinary Shares to be issued in uncertificated form, a certificate in respect thereof shall be issued to such Person. Where such Person has requested such Parent Ordinary Shares to be issued in uncertificated form, Parent shall cause such Parent Ordinary Shares to be duly delivered in accordance with the instructions given by the Person entitled thereto and in accordance with the rules of the CREST system.

(iii) In the event of the surrender of a Certificate representing Common Shares or Preferred Shares which are not registered in the transfer records of the Company under the name of the Person surrendering such Certificate, the proper number of Parent Ordinary Shares or Parent Depositary Shares, as the case may be, and/or a check for any cash to be paid upon due surrender of the Certificate and any other dividends or distributions in respect thereof, shall be issued or otherwise delivered and/or paid to such a transferee if the Certificate formerly representing such Common Shares or Preferred Shares is presented to the Exchange Agent, accompanied by all documents reasonably required to evidence and effect such transfer and to evidence that any applicable stock transfer Taxes have been paid. If any Parent Ordinary Shares, Parent Depositary Shares or cash, as the case may be, are to be delivered to a Person whose name is other than that in which the Certificate surrendered in exchange therefor is registered, it shall be a condition of such delivery that the Person requesting such delivery shall pay any transfer or other similar Taxes required to be paid by reason of such delivery to a Person whose name is other than that of the registered holder of the Certificate surrendered to the extent that such Taxes are greater than those Taxes which would have been payable by the Surviving Corporation under Section 3.1(c) had the relevant Parent Ordinary Shares, Parent Depositary Shares or cash been delivered to the relevant registered holder of such Certificate or shall establish to the reasonable satisfaction of Parent that such Tax has been paid or is not applicable.

(b) Distributions with Respect to Unexchanged Shares. Subject to the subsequent sentences of this Section 3.2(b), all Parent Ordinary Shares issued in respect of Common Shares pursuant to the Merger (including Parent Ordinary Shares underlying Parent Depositary Shares) shall be entitled to all dividends or other distributions declared by Parent in respect of the Parent Ordinary Shares the record date for which is at or after the Effective Time; provided that such Parent Ordinary Shares have been issued on or prior to such record date. No dividends or other distributions in respect of the Parent Ordinary Shares shall be paid to any holder of any unsurrendered Certificate representing Common Shares until such Certificate is surrendered for exchange in accordance with this Article III. Subject to the effect of applicable escheat or similar laws, following surrender of any such Certificate representing Common Shares, there shall be issued and/or paid to the holder of the Parent Ordinary Shares or Parent Depositary Shares issued in exchange therefor, without interest, (i) at the time of such issuance, the dividends or other distributions with a record date after the Effective Time theretofore payable with respect to such Parent Ordinary Shares or Parent Depositary Shares and not paid and/or (ii) at the appropriate payment date, the dividends or other distributions payable with respect to such Parent Ordinary Shares or Parent Depositary Shares with a record date after the Effective Time but with a payment date subsequent to the issuance of the Parent Ordinary Shares or Parent Depositary Shares issuable with respect to such Certificate.

(c) Closing of Transfer Books. At the Effective Time, the stock transfer books of the Company with respect to Common Shares and Preferred Shares shall be closed, and there shall be no further registration of transfers of the Common Shares or the Preferred Shares outstanding immediately prior to the Effective Time thereafter on the records of the Company.

(d) Fractional Shares.

(i) Notwithstanding any other provision of this Agreement, no fraction of a Parent Ordinary Share or Parent Depositary Share will be issued as Common Merger Consideration and any holder of Common Shares entitled to receive a fraction of a Parent Ordinary Share or Parent Depositary Share but for this Section 3.2(d) shall be entitled to receive a cash payment in lieu thereof, which payment shall (subject to paragraph (ii) below) represent such holder's proportionate interest in the net proceeds (after commissions, transfer taxes and other out-of-pocket transaction costs, including customary expenses of the Exchange Agent in connection with such sale) from the sale by the Exchange Agent on behalf of such holders of the fractions of Parent Ordinary Shares (including Parent Ordinary Shares underlying Parent Depositary Shares) that would otherwise be issued (the "Excess Shares"), which sales shall be executed from time to time as appropriate. The sales of the Excess Shares by the Exchange Agent shall be executed on the LSE through one or more brokers nominated by the Parent with the pounds sterling sale proceeds being converted into U.S. dollars at the spot rate of exchange at the date of sale and remitted to the Exchange Agent as soon as practicable thereafter. Until the net proceeds of such sale have been distributed to the holders of Common Shares entitled thereto, the Exchange Agent will hold such proceeds in trust for such holders of Common Shares entitled thereto. Parent shall deliver to the Exchange Agent (or as the Exchange Agent may request from time to time) the Excess Shares for sale in accordance with this Section 3.2(d).

(ii) Notwithstanding the provisions of Section 3.2(d)(i), Parent may elect at its option, exercised prior to the Effective Time, in lieu of the issuance and sale of Excess Shares and the making of the payments hereinabove contemplated, to pay each former holder of Common Shares an amount in cash equal to the product obtained by multiplying (A) the fractional share interest to which such former holder (after taking into account all Common Shares held of record at the Effective Time by such holder) would otherwise be entitled by (B) (x) the closing mid-market price (disregarding extended hours) on the Effective Date of the Parent Ordinary Shares (as reported in the Daily Official List of the UKLA) if the former holders of such Common Shares shall have elected to receive Parent Ordinary Shares, or (y) the closing price (disregarding extended hours) of the Parent Depositary Shares (as reported on the NYSE Composite Transaction Tape (as reported in the Wall Street Journal (National Edition), or, if not reported therein, any other authoritative source)) if the holder shall have elected to receive Parent Depositary Shares), and, in such case, all references herein to the cash proceeds of the sale of the Excess Shares and similar references shall be deemed to mean and refer to the payments calculated as set forth in this Section 3.2(d)(ii).

(e) Termination of Entitlement. If any Certificates shall not have been surrendered within twelve months following the Effective Date, to the extent permitted by applicable law (x) the entitlement of the holder of such Certificate to Common Merger Consideration or Preferred Merger Consideration, as the case may be, to any cash payment in lieu of a fractional entitlement pursuant to Section 3.2(d), and to any dividends or other distributions of Parent pursuant to Section 3.2(b) shall be extinguished absolutely and from that time the Exchange Agent shall no longer act as nominee for any holder of Certificates, (y) upon demand by the Surviving Corporation, the Exchange Agent shall sell, on behalf of the Surviving Corporation, any remaining Parent Ordinary Shares issued to it pursuant to Section 3.1(f) and not otherwise distributed to holders of Common Shares entitled thereto, such sales to be executed on the LSE and (z) the proceeds thereof, together with any remaining cash representing unpaid Preferred Merger Consideration, shall be remitted to the Surviving Corporation as soon as practicable thereafter.

(f) Lost, Stolen or Destroyed Certificates. In the event any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and the posting by such Person of a bond in customary amount as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will issue in exchange for such lost, stolen or destroyed Certificate the Common Merger Consideration or the Preferred Merger Consideration, as applicable, and any cash payable in lieu of a fraction of a Parent Ordinary Share or Parent Depositary Share, as the case may be, and any unpaid dividends or other distributions in respect thereof pursuant to Section 3.2(b) and Section 3.2(d) upon due surrender of, and deliverable in respect of the Common Shares or Preferred Shares represented by, such Certificate pursuant to this Agreement. Delivery of such affidavit and the posting of such bond shall be deemed delivery of a Certificate with respect to the relevant Common Shares or Preferred Shares for purposes of this Article III.

(g) Withholding Taxes. Subject to Section 3.1(c), Parent, the Surviving Corporation or the Exchange Agent shall be entitled to deduct and withhold from the Common

Merger Consideration or Preferred Merger Consideration or other amounts otherwise payable pursuant to this Agreement to any former holder of Common Shares or Preferred Shares such amounts as Parent, the Surviving Corporation or the Exchange Agent is required to deduct and withhold with respect to the making of such payment under the Code, or any provision of state, local or non-U.S. tax law. To the extent that amounts are so withheld by Parent, the Surviving Corporation or the Exchange Agent, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the former holder of the Common Shares or Preferred Shares in respect of which such deduction and withholding was made by Parent, the Surviving Corporation or the Exchange Agent.

3.3 Adjustments to Prevent Dilution. In the event Parent changes (or establishes a record date for changing) the number of Parent Ordinary Shares issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend (other than issuances of stock scrip in lieu of cash dividends consistent with past practice), recapitalization, subdivision, reclassification, combination, exchange of shares or similar transaction with respect to the outstanding Parent Ordinary Shares then (a) if the record and payment or effective dates, as the case may be, therefor shall be at or prior to the Effective Time, the Common Exchange Ratio shall be proportionately adjusted to reflect such stock split, stock dividend, recapitalization, subdivision, reclassification, combination, exchange of shares or similar transaction; and (b) if the record date therefor shall be prior to the Effective Time but the payment or effective date, as the case may be, therefor shall be subsequent to the Effective Time, Parent shall take such action as shall be required so that on such payment or effective date, as the case may be, any former holder of Common Shares who shall have received or become entitled to receive Common Merger Consideration pursuant to this Article III shall be entitled to receive such additional Parent Ordinary Shares or Parent Depositary Shares, as the case may be, as such holder would have received as a result of such event if the record date therefor had been immediately after the Effective Time. Appropriate adjustments shall also be made in the event the number of Parent Ordinary Shares represented by each Parent Depositary Share is changed. In the event that, notwithstanding Section 7.1(a) hereof, the Company changes (or establishes a record date for changing) the number of Common Shares or Preferred Shares of any series issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, recapitalization, subdivision, reclassification, combination, exchange of shares or similar transaction with respect to the outstanding Common Shares or such series of Preferred Shares, then the Common Exchange Ratio or the Preferred Merger Consideration, as applicable, shall be appropriately adjusted, taking into account the record and payment or effective dates, as the case may be, for such transaction.

3.4 Options and Other Equity-Based Awards.

(a) As soon as practicable following the date of this Agreement, Parent and the Company (or, if appropriate, the Board of Directors of the Company or Parent or any committee of the Board of Directors of the Company administering the Company's 1996 Long Term Executive Incentive Compensation Plan (the "1996 Plan"), the Company's Long Term Executive Incentive Compensation Plan and Beneficial Corporation 1990 Non-Qualified Stock Option Plan, the Beneficial Corporation Benshares Equity Participation Plan and the Renaissance Amended and Restated 1997 Incentive Plan, each as amended (collectively, the "Company Option Plans")) shall take such action as may be required or desirable (including obtaining all

applicable consents) to effect the following provisions of this Section 3.4(a). Effective as of the Effective Time, each then outstanding option to purchase Common Shares (each a "Company Stock Option") granted pursuant to the Company Option Plans or otherwise granted by the Company to any current or former employee or director of, or consultant to, the Company or any of its subsidiaries (each, an "Option Holder") shall be assumed by Parent and shall be converted into an option (an "Assumed Stock Option") to purchase a number of Parent Ordinary Shares (rounded to the nearest whole share) equal to (x) the number of Common Shares subject to such Company Stock Option immediately prior to the Effective Time multiplied by (y) the Common Exchange Ratio; and the per share exercise price for Parent Ordinary Shares issuable upon exercise of such Assumed Stock Option shall be equal to (1) the exercise price per Common Share at which such Company Stock Option was exercisable immediately prior to the Effective Time divided by (2) the Common Exchange Ratio (rounded to the nearest whole cent); provided, however, that in the case of any Company Stock Option to which Section 421 of the Code applies by reason of its qualification under Section 422 of the Code, the conversion formula shall be adjusted, if necessary, to comply with Section 424(a) of the Code. Except as otherwise provided herein, the Assumed Stock Option shall be subject to the same terms and conditions (including expiration date, vesting and exercise provisions) as were applicable to the corresponding Company Stock Options immediately prior to the Effective Time; provided, further, that the Board of Directors of Parent or a committee thereof shall succeed to the authority and responsibility of the Board of Directors of the Company or any committee thereof. At or prior to the time an option holder exercises his or her Assumed Stock Option, such option holder may elect to receive, in lieu of the Parent Ordinary Shares underlying such Assumed Stock Option, a number of Parent Depositary Shares (if any) determined using the conversion ratio of Parent Ordinary Shares to Parent Depositary Shares, as in effect at that time pursuant to the Deposit Agreement.

(b) With respect to Company Stock Options granted under the Company Option Plans pursuant to which consent of an Option Holder is required under the terms of the applicable Company Option Plan, if any, as identified in Section 3.2(b) of the Company Disclosure Schedule, no later than the Effective Time, the Company will obtain a signed written consent from each Option Holder to the treatment of the Company Stock Options in the manner described in Section 3.4(a) hereof. As soon as practicable after the Effective Time, Parent shall deliver to the Option Holders appropriate notices setting forth the number of Parent Ordinary Shares subject to such Assumed Stock Options held by each such Option Holder and the exercise price under each such Assumed Stock Option, each as adjusted pursuant to Section 3.4(a) hereof, and stating that such Assumed Stock Options shall remain subject to the original terms and conditions applicable to the corresponding Company Stock Option as in effect immediately prior to the Effective Time (subject to the adjustments required by Section 3.4(a)).

(c) At the Effective Time, each right of any kind, contingent or accrued, to receive Common Shares or benefits measured by the value of a number of Common Shares, and each award of any kind consisting of shares of Common Shares, granted under the Company Option Plans or any other Company Benefit Plan (including restricted stock, restricted stock units, deferred stock units and dividend equivalents), other than Company Stock Options (each, a "Company Stock-Based Award"), whether vested or unvested, which is outstanding immediately prior to the Effective Time, shall cease to represent a right or award with respect to Common Shares and shall be converted, at the Effective Time, into a right or award with respect to Parent

Ordinary Shares (an "Assumed Stock-Based Award"), on the same terms and conditions as were applicable under the Company Stock-Based Awards (but taking into account any changes thereto, including the acceleration thereof, provided for in the Company Option Plans or other Company Benefit Plan or in any award agreement thereunder by reason of this Agreement or the transactions contemplated hereby). The number of shares of Parent Ordinary Shares subject to each such Assumed Stock-Based Award shall be equal to the number of Common Shares subject to the Company Stock-Based Award, multiplied by the Common Exchange Ratio (rounded to the nearest whole Parent Ordinary Share). All dividend equivalents credited to the account of each holder of a Company Stock-Based Award as of the Effective Time shall remain credited to such holder's account immediately following the Effective Time, subject to adjustment in accordance with the foregoing. At or prior to the time a holder of an Assumed Stock-Based Award is entitled to distribution of Parent Ordinary Shares in respect of such Award, such holder may elect to receive, in lieu of the Parent Ordinary Shares underlying such Assumed Stock-Based Award, a number of Parent Depositary Shares (if any) determined using the conversion ratio of Parent Ordinary Shares to Parent Depositary Shares, as in effect at that time pursuant to the Deposit Agreement.

(d) Within 10 Business Days after the Effective Time, (i) Parent shall take such actions as are reasonably necessary to reserve for issuance or procure the purchase of a sufficient number of Parent Ordinary Shares and Parent Depositary Shares upon the exercise of the Assumed Stock Options and settlement or distribution of the Assumed Stock-Based Awards and (ii) Parent shall use its best efforts to prepare and file with the SEC a registration statement on an appropriate form or a post-effective amendment to a previously filed registration statement under the Securities Act with respect to the issuance of the Parent Ordinary Shares and Parent Depositary Shares subject to the Assumed Stock Options and Assumed Stock-Based Awards.

(e) Prior to the Effective Time, the Company shall take all necessary or appropriate action (including amending any of the Company Option Plans or other Company Benefit Plans and related award agreements or making adjustments as permitted thereby) to effectuate the assumption and conversion of the Company Stock Options and Company-Stock-Based Awards by Parent in accordance with the terms hereof and the assignment to Parent of the authorities and responsibilities of the Board of Directors of the Company or any committee thereof under the Company Option Plans or other Company Benefit Plans.

(f) The Company shall take such action as is necessary to (i) cause the exercise (as of a date that is no later than three Business Days prior to the Effective Date) of each outstanding purchase right under the Company Employee Stock Purchase Plan (the "Company ESPP"); and (ii) provide that no further purchase period shall commence under the Company ESPP following such date; provided, however, that such exercise and cessation of further purchase periods shall be conditioned upon the consummation of the Merger. On such new exercise date, the Company shall apply the funds credited as of such date under the Company ESPP within each participant's payroll withholding account to the purchase of whole shares of Common Shares in accordance with the terms of the Company ESPP. In addition, the Company shall take such action as is necessary to provide that (as of a date that is no later than three Business Days prior to the Effective Date) no further Common Shares will be purchased under the Company Dividend Reinvestment and Common Stock Purchase Plan (the "Company DRIP" and, together with the Company ESPP, the "Company Stock Purchase Plans"); provided,

however, that such cessation of further purchases shall be conditioned upon the consummation of the Merger. At the Effective Time, a holder of Common Shares received under the Company Stock Purchase Plans shall, by virtue of the Merger and without any action on the part of such holder, be entitled to receive the Common Merger Consideration (subject to any applicable withholding tax as specified in Section 3.2(g) hereof or as may apply to payments made in connection with the performance of services), upon the surrender of the certificate representing such Common Shares as provided in Section 3.2. Immediately prior to and effective as of the Effective Time and subject to the consummation of the Merger, the Company shall terminate the Company Stock Purchase Plans.

3.5 Shares of Dissenting Shareholders. Any holder of Preferred Shares who perfects such holder's dissenters' rights of appraisal in accordance with and as contemplated by Section 262 of the DGCL (such shares, "Dissenting Shares") shall be entitled to receive from the Surviving Corporation the value of such shares in cash as determined pursuant to such statute; provided, however, that no such payment shall be made to any dissenting stockholder unless and until such dissenting stockholder has complied with the applicable provisions of the DGCL and surrendered to the Surviving Corporation the certificate or certificates representing the Preferred Shares for which payment is being made. In the event that after the Effective Time a dissenting holder of Preferred Shares fails to perfect, or effectively withdraws or loses, such holder's right to appraisal of and payment for such holder's shares, the Surviving Corporation shall issue and deliver the Preferred Merger Consideration to which such holder of Preferred Shares is entitled under this Article III (without interest) upon surrender by such holder of the Certificate or Certificates representing Preferred Shares held by such holder.

ARTICLE IV

DISCLOSURE SCHEDULES; STANDARDS FOR REPRESENTATIONS AND WARRANTIES

4.1 Disclosure Schedules. Prior to the execution and delivery of this Agreement, the Company has delivered to Parent, and Parent has delivered to the Company, a schedule (in the case of the Company, the "Company Disclosure Schedule," and, in the case of Parent, the "Parent Disclosure Schedule") setting forth, among other things, items the disclosure of which is necessary or appropriate either in response to an express disclosure requirement contained in a provision hereof or as an exception to one or more specified representations or warranties contained in Article V, in the case of the Company, or Article VI, in the case of Parent, or to one or more of such party's covenants contained in Article VII; provided, however, that, notwithstanding anything in this Agreement to the contrary, (i) no such item is required to be set forth in the relevant Disclosure Schedule as an exception to a representation or warranty if its absence would not result in the related representation or warranty being deemed untrue or incorrect under the standard established by Section 4.2, and (ii) the mere inclusion of an item in either the Company Disclosure Schedule or the Parent Disclosure Schedule as an exception to a representation or warranty shall not be deemed an admission by the disclosing party that such item represents a material exception or material fact, event or circumstance or that such item has had or would reasonably be expected to have a Material Adverse Effect with respect to either the Company or Parent, as the case may be.

4.2 Standards. No representation or warranty of the Company contained in Article V (other than (i) Section 5.3(a), which shall be deemed untrue and incorrect if not true and correct in all but de minimis respects and (ii) Section 5.3(b), 5.3(c), 5.6(c) and 5.11(c), which shall be deemed untrue and incorrect if not true and correct in all material respects) or of Parent contained in Article VI (other than Sections 6.2(a) and 6.2(b), which shall be deemed untrue or incorrect if not true and correct in all material respects) shall be deemed untrue or incorrect for any purpose under this Agreement, and no party hereto shall be deemed to have breached a representation or warranty for any purpose under this Agreement, in any case as a consequence of the existence or absence of any fact, circumstance or event unless such fact, circumstance or event, individually or when taken together with all other facts, circumstances or events inconsistent with any representations or warranties contained in Article V, in the case of the Company, or Article VI, in the case of Parent, has had or would be reasonably likely to have a Material Adverse Effect with respect to the Company or Parent, respectively (disregarding for purposes of this Section 4.2 any materiality qualification contained in any representations or warranties).

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in a correspondingly numbered section of the Company Disclosure Schedule (it being understood that the listing or setting forth of an item in one section of the Company Disclosure Schedule shall be deemed to be a listing or setting forth in another section or sections of the Company Disclosure Schedule if and only to the extent that such information is reasonably apparent to be so applicable to such other section or sections), the Company hereby represents and warrants to Parent that:

5.1 Organization and Qualification; Subsidiaries. (a) The Company and each of its subsidiaries is a corporation or other legal entity duly organized, validly existing and (in the jurisdictions recognizing the concept) in good standing under the laws of the jurisdiction in which it is organized and has the corporate or other power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted. The Company and each of its subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary.

(b) Section 5.1(b) of the Company Disclosure Schedule includes a complete list of all of the Company's subsidiaries, together with the jurisdiction of organization of each such subsidiary and the percentage of each such subsidiary's outstanding capital stock owned by the Company or another wholly-owned subsidiary of the Company. All the outstanding shares of capital stock, or other equity interests, set forth in Section 5.1(b) of the Company Disclosure Schedule (i) have been validly issued and are fully paid and nonassessable, (ii) are owned directly or indirectly by the Company, free and clear of all pledges, claims, liens, charges, encumbrances and security interests of any kind or nature whatsoever, and (iii) are free of any other restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock or other ownership interests). Except as set forth in Section 5.1(b) of the Company

Disclosure Schedule, neither the Company nor any of its subsidiaries directly or indirectly owns any equity or similar interest in, or any interest convertible into or exchangeable or exercisable for, any equity or similar interest in any corporation, partnership, joint venture or other business association or entity.

(c) Except as set forth in Section 5.1(c) of the Company Disclosure Schedule, (i) there are not issued, reserved for issuance or outstanding (A) any shares of capital stock or voting securities or other ownership interests of any of the Company's subsidiaries other than those owned by the Company or a wholly-owned subsidiary of the Company, (B) any securities of the Company or any of its subsidiaries convertible into or exchangeable or exercisable for shares of capital stock or voting securities or other ownership interests in any of the Company's subsidiaries, or (C) any warrants, calls, options or other rights to acquire from the Company or any of its subsidiaries, or any obligation of the Company or any of its subsidiary to issue, any capital stock, voting securities or other ownership interests in, or securities convertible into or exchangeable or exercisable for, capital stock or voting securities or other ownership interests in, any of the Company's subsidiaries, and (ii) there are no outstanding obligations of the Company or any of its subsidiaries to repurchase, redeem or otherwise acquire any such securities or to issue, deliver or sell, or cause to be issued, delivered or sold, any such securities, or to make any payments based on the market price or value of any such securities. Neither the Company nor any of its subsidiaries has any outstanding bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exchangeable for securities having the right to vote) with the shareholders of any of the Company's subsidiaries on any matter. To the knowledge of the Company, neither the Company nor any of its subsidiaries is a party to any agreement restricting the transfer of, relating to the voting of, requiring registration of, or granting any preemptive or antidilutive rights with respect to, any securities of the type referred to in the preceding sentence.

5.2 Certificate of Incorporation and By-Laws. Prior to the date hereof, the Company has provided to Parent a complete and correct copy of the certificate of incorporation and by-laws (or equivalent organizational documents) of the Company and each of its material subsidiaries (the organizational documents of the Company being referred to herein as the "Company Charter Documents", and the organizational documents of the Company's material subsidiaries being referred to herein, collectively, as the "Subsidiary Charter Documents"). Each of the Company Charter Documents and the Subsidiary Charter Documents is in full force and effect. Neither the Company nor any of its subsidiaries is in violation of any of the provisions of the Company Charter Documents or the Subsidiary Charter Documents, respectively.

5.3 Capitalization. (a) The authorized capital stock of the Company consists solely of (i) 750,000,000 Common Shares, of which 474,116,132 were issued and outstanding as of the date hereof, and (ii) 8,155,004 shares of preferred stock, without par value, of which (A) 407,718 shares have been designated 5% Cumulative Preferred Stock (the "Company 5% Preferred Stock"), all of which are issued and outstanding as of the date hereof, (B) 100,000 shares have been designated 7.35% Cumulative Preferred Stock, Series 1993-A (the "Company 7.35% Preferred Stock"), none of which is issued and outstanding as of the date hereof, (C) 103,976 shares have been designated $4.50 Cumulative Preferred Stock (the "Company $4.50 Preferred Stock"), all of which are issued and outstanding as of the date hereof, (D) 836,585 shares have been designated $4.30 Cumulative Preferred Stock (the "Company $4.30 Preferred Stock"), all

of which are issued and outstanding as of the date hereof, (E) 50,000 shares have been designated 8.25% Cumulative Preferred Stock, Series 1992-A (the "Company 8.25% Preferred Stock"), all of which are issued and outstanding as of the date hereof, (F) 300,000 shares have been designated 7.5% Cumulative Preferred Stock, Series 2001-A (the "Company 7.5% Preferred Stock"), all of which are issued and outstanding as of the date hereof, (G) 350,000 shares have been designated 7 5/8% Cumulative Preferred Stock, Series 2002-B (the "Company 7 5/8% Preferred Stock"), all of which are issued and outstanding as of the date hereof, (H) 400,000 shares have been designated 7.60% Cumulative Preferred Stock, Series 2002-A (the "Company 7.60% Preferred Stock"), all of which are issued and outstanding as of the date hereof (the outstanding preferred shares referenced in clauses ((A) through (H) above; collectively, the "Preferred Shares"), and (i) 150,000 shares have been designated Series A Junior Participating Preferred Stock, none of which have been issued as of the date hereof. The Company has 21,663,000 issued and outstanding 8.875% Adjustable Conversion-Rate Equity Security Units of the Company (the "Units"). Between 21,088,930 and 25,306,717 Common Shares are issuable upon conversion of the Units, and 17,114,338 Common Shares are issuable upon the exercise of Company Stock Options and 4,252,032 Common Shares are issuable upon the vesting of restricted stock rights. As of the date hereof, 77,693,123 Common Shares were held by the Company in its treasury and no Common Shares or Preferred Shares were held by subsidiaries of the Company.

(b) Section 5.3(b) of the Company Disclosure Schedule sets forth a true and correct list as of the date hereof of all holders of Company Stock Options, the number of Common Shares issuable pursuant to each Company Stock Options held by each such holder, the date each Company Stock Option was granted, the expiration date with respect to each such Company Stock Option, the vesting schedule of each such Company Stock Option, the Company Option Plan pursuant to which each such Company Stock Option was granted and the price per share of Common Stock at which each such Company Stock Option may be exercised.

(c) All outstanding Common Shares and Preferred Shares are, and all shares thereof which may be issued will, when issued, be, duly authorized, validly issued, fully paid and nonassessable and not subject to any preemptive rights. Except as required pursuant to Section 8.15 and as set forth in Section 5.3(a) and Section 5.3(b) of the Company Disclosure Schedule, (i) there are not issued, reserved for issuance or outstanding (A) any shares of capital stock or voting securities or other ownership interests of the Company, (B) any securities of the Company or any of its subsidiaries convertible into or exchangeable or exercisable for shares of capital stock or voting securities or other ownership interests of the Company, or (C) any warrants, calls, options or other rights to acquire from the Company or any of its subsidiaries, or any obligation of the Company or any of its subsidiaries to issue, any capital stock, voting securities or other ownership interests in, or securities convertible into or exchangeable or exercisable for, capital stock or voting securities or other ownership interests in the Company, and (ii) there are no outstanding obligations of the Company or any of its subsidiaries to repurchase, redeem or otherwise acquire any such securities or to issue, deliver or sell, or cause to be issued, delivered or sold, any such securities, or to make any payments based on the market price or value of any such securities. Neither the Company nor any of its subsidiaries has any outstanding bonds, debentures, notes or other obligations the holders of which have the right to vote (or convertible into or exchangeable for securities having the right to vote) with the shareholders of the Company on any matter. To the knowledge of the Company, neither the Company nor any of its

subsidiaries is a party to any agreement restricting the transfer of, relating to the voting of, requiring registration of, or granting any preemptive or antidilutive rights with respect to, any securities of the type referred to in the preceding sentence.

5.4 Authority Relative to this Agreement. (a) The Company has full corporate power and authority to enter into this Agreement and, subject, in the case of the Merger, to the Company Shareholder Approval, to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by the Company and the consummation by the Company of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary corporate action (other than, in the case of the Merger, the Company Shareholder Approval) on the part of the Company, and such authorization is in full force and effect.

(b) As of the date hereof, the Board of Directors of the Company has unanimously (i) determined that it is advisable and in the best interest of the Company's shareholders for the Company to enter into this Agreement, to consummate the Merger upon the terms and subject to the conditions of this Agreement, (ii) adopted a resolution approving the "agreement of merger" (as that term is used in § 251 of the DGCL) contained in this Agreement in accordance with the applicable provisions of the DGCL and the Company Charter Documents and (iii) recommended the adoption of such "agreement of merger" by the Company's shareholders and directed that such "agreement of merger" be submitted for consideration by the Company's shareholders at the Company Shareholder Meeting. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by Parent and Merger Sub, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms.

5.5 No Conflicts; Required Filings and Consents. (a) The execution and delivery of this Agreement by the Company do not, and the consummation by the Company of the transactions contemplated hereby and compliance with the provisions of this Agreement will not, (i) conflict with or violate any of the Company Charter Documents or the Subsidiary Charter Documents, (ii) assuming compliance with the matters referred to in Section 5.5(b), conflict with or violate any law, rule, regulation, order, judgment or decree applicable to the Company or any of its subsidiaries or by which its or any of their properties is bound or affected, or (iii) result in any breach of or constitute a default (or an event that, with notice or lapse of time or both, would become a default) under, or impair the Company's or any of its subsidiaries' rights or alter the rights or obligations of any third party under, or give to others any rights of, or cause any, termination, amendment, redemption, acceleration or cancellation of, or result in the creation of a lien or encumbrance (including a right to purchase) on any of the properties or assets of the Company or any of its subsidiaries pursuant to any note, bond, mortgage, indenture, credit facility, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or its or any of their properties is bound or affected.

(b) No material notices, reports or other filings are required to be made by the Company or its subsidiaries with, nor are any consents, registrations, approvals, permits applications, expiry of waiting periods or authorizations required to be obtained by the Company or its subsidiaries from, any Governmental Entity in connection with the execution and delivery

of this Agreement and the transactions contemplated hereby, other than the reports, filings, registrations, consents, approvals, permits, authorizations, applications, expiry of waiting periods and/or notices (i) pursuant to Section 2.3 hereof, (ii) under the HSR Act, (iii) with or required by the OFT and the U.K. Secretary of State for Trade and Industry and under the Competition Act (Canada), (iv) under the Exchange Act (including, without limitation, the filing of the Proxy Statement), (v) with or required by the NYSE, the LSE, the UKLA, the HKSE or Euronext Paris, (vi) with or required by the FSA or the Hong Kong Monetary Authority, (vii) with or required by the OCC, (viii) under the Investment Canada Act and the Trust and Loan Companies Act (Canada), (ix) with or required by the Federal Reserve Board, (x) under state securities or "Blue Sky" laws, (xi) under Section 765 of the Income and Corporation Taxes Act of 1988 or (xii) with or required by any other Governmental Entity or under any applicable law, in each case as expressly set forth in Section 5.5(b) of the Company Disclosure Schedule.

5.6 Certain Contracts. (a) Section 5.6(a) of the Company Disclosure Schedule includes, as of the date hereof, a list of (i) any agreement relating to the incurring of indebtedness by the Company or any of its subsidiaries (including sale and leaseback transactions and including capitalized lease transactions and other similar financial transactions) including, without limitation, any such agreement which contains provisions which in any non-de minimis manner restrict, or may restrict, the conduct of business of the issuer thereof as currently conducted, (ii) any "material contracts" (as such term is defined in Item 601(b)(10) of Regulation S-K of the SEC), (iii) any non-competition agreement or any other agreement or obligation which purports to limit in any respect (A) the ability of the Company or any of its affiliates (including Parent and its subsidiaries following the Merger) to solicit customers or (B) the manner in which, or the localities in which, all or any substantial portion of the business of the Company and its subsidiaries, taken as a whole, or, following consummation of the transactions contemplated hereby, Parent and its subsidiaries, is or would be conducted, (iv) any agreement providing for the indemnification by the Company or any of its subsidiaries of any Person, other than customary agreements relating to the indemnity of directors, officers and employees of the Company and its subsidiaries, (v) any joint venture or partnership agreement, (vi) any agreement that grants any right of first refusal or right of first offer or similar right or that limits or purports to limit the ability of the Company or any of its subsidiaries to own, operate, sell, transfer, pledge or otherwise dispose of any material amount of assets or business (other than in connection with securitizations or financing transactions or contracts entered into in the ordinary course of business that require that the particular transactions that are the subject thereof to be conducted with the counterparty or counterparties to the contract), (vii) any contract or agreement providing for any material future payments that are conditioned, in whole or in part, on a change of control of the Company or any of its subsidiaries, (viii) all collective bargaining agreements, (ix) any employment agreement or any agreement or arrangement that contains any material severance pay or post-employment liabilities or obligations to any current or former employee of the Company or its subsidiaries, other than as required under applicable law, (x) any agreement regarding any agent bank or other similar relationship with respect to lines of business, (xi) any material agreement that contains a "most favored nation" clause, (xii) any material agreement set forth in Section 5.22(a) of the Company Disclosure Schedule, (xiii) any Servicing Agreement, and (xiv) any other contract or other agreement not made in the ordinary course of business which is material to the Company and its subsidiaries, taken as a whole, or which would reasonably be expected to materially delay the consummation of the Merger or any of the transactions contemplated by this Agreement (each a "Company Material Contract").

(b) Each Company Material Contract is valid and binding on the Company (or, to the extent a subsidiary of the Company is a party, such subsidiary) and, to the knowledge of the Company, any other party thereto, and is in full force and effect. Neither the Company nor any of its subsidiaries, nor, to the knowledge of the Company, any other party to any Company Material Contract, is in default in any material respect as to any provision thereof, and no such Company Material Contract contains any provision providing that the other party thereto may terminate such Company Material Contract, or alter the terms thereof, by reason of the transactions contemplated by this Agreement. As of the date hereof, neither the Company nor any of its subsidiaries has received any notice to the effect that the financial condition of any other party to any Company Material Contract is impaired so that a default thereunder or other failure to comply with the terms thereof may reasonably be anticipated, whether or not such default or non-compliance may be cured by the operation of any offset clause in such Company Material Contract.

(c) No consents with respect to any Company Material Contracts are required to be obtained in connection with the consummation of the Merger and the transactions contemplated hereby that, as of the Closing, will have not been obtained, except where the failure to obtain such consents would not be material to the Company.

5.7 SEC Filings; Financial Statements; SAP Statements; RAP Statements; Other Filings. (a) Since December 31, 1998, the Company has filed all required reports, schedules, forms, statements and other documents (including exhibits and all other information incorporated therein) with the SEC (collectively, the "Company SEC Documents"). As of their respective dates and except as otherwise disclosed in Company SEC Documents filed and publicly available at least two Business Days prior to the date hereof (the "Previously Filed Company SEC Documents"), the Company SEC Documents complied in all material respects with the requirements of the Securities Act, the Exchange Act and the Sarbanes-Oxley Act, as applicable, and the rules and regulations of the SEC promulgated thereunder applicable to such Company SEC Documents, and no Company SEC Document when filed (as amended and/or restated and as supplemented by a Previously Filed Company SEC Document) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Except as otherwise disclosed in Previously Filed Company SEC Documents, the financial statements of the Company and its subsidiaries included in the Company SEC Documents (collectively, the "Company Financial Statements") complied as to form, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with U.S. GAAP applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of the Company and its subsidiaries, as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended. None of the Company's subsidiaries is required to file any reports, schedules, forms, statements or other documents with the SEC.

(b) Since December 31, 1998, the Company has filed all required annual and quarterly statements and other documents (including exhibits and all other information incorporated therein) required to be filed with applicable insurance regulatory authorities

(collectively, the "Company SAP Statements"). The Company SAP Statements were prepared in conformity with statutory accounting practices prescribed or permitted by the applicable insurance regulatory authorities ("SAP") consistently applied, for the periods covered thereby and (as may have been amended and restated or supplemented by Company SAP statements filed subsequently but prior to the date hereof) fairly present in all material respects the statutory financial position of the Company or its subsidiaries, as the case may be, as at the respective dates thereof and the results of operations of such subsidiaries for the respective periods then ended. The Company SAP Statements complied with all applicable laws when filed, and, to the knowledge of the Company, no material deficiency has been asserted with respect to any Company SAP Statements by the applicable insurance regulatory body or any other Governmental Entity. The annual statutory balance sheets and income statements included in the Company SAP Statements have been audited, and the Company has provided to Parent true and complete copies of all audit opinions related thereto. The Company has provided to Parent true and complete copies of (i) all Company SAP Statements for the years ended December 31, 2000 and December 31, 2001 and the quarterly periods ended March 31, 2002, June 30, 2002 and September 30, 2002, and (ii) all examination reports of any insurance departments and insurance regulatory agencies conducted since December 31, 1999 and relating to the Company or any of its subsidiaries.

(c) Since December 31, 1998, the Company and its depositary institution subsidiaries have filed all required annual and quarterly statements and other documents (including exhibits and all other information incorporated therein) required to be filed with applicable bank regulatory authorities (collectively, the "Company RAP Statements"). The Company RAP Statements were prepared in conformity with regulatory accounting practices prescribed or permitted by the applicable bank regulatory authorities ("RAP") consistently applied, for the periods covered thereby and (as may have been amended and restated or supplemented by Company RAP statements filed subsequently but prior to the date hereof) fairly present in all material respects the statutory financial position of the Company or its subsidiaries, as the case may be, as at the respective dates thereof and the results of operations of such subsidiaries for the respective periods then ended. The Company RAP Statements complied in all material respects with all applicable laws when filed, and, to the knowledge of the Company, no material deficiency has been asserted with respect to any Company RAP Statements by the applicable bank regulatory body or any other Governmental Entity. The annual statutory balance sheets and income statements included in the Company RAP Statements have been audited, and the Company has made available to Parent true and complete copies of all audit opinions related thereto. The Company has made available to Parent true and complete copies of (i) all Company RAP Statements for the years ended December 31, 2000 and December 31, 2001 and the quarterly periods ended March 31, 2002, June 30, 2002 and September 30, 2002, and (ii) all examination reports of any bank regulatory agencies conducted since December 31, 1999 and relating to the Company or any of its subsidiaries.

(d) To the knowledge of the Company, except for matters disclosed in Previously Filed Company SEC Documents, neither the Company's independent public accountants nor any employee of the Company or its subsidiaries has alleged that any of the Company Financial Statements, Company SAP Statements or Company RAP Statements contains any misstatement or other defect which, if true, would cause the representations and warranties contained in Sections 5.7(a), 5.7(b) and 5.7(c) to be untrue.

(e) Except for filings with the SEC, the Company and each of its subsidiaries have timely filed all regulatory reports, schedules, forms, registrations and other material documents, together with any amendments required to be made with respect thereto, that they were required to file since December 31, 1998 with any Governmental Entity (the "Other Company Documents"), and have paid all material taxes, fees and assessments due and payable in connection therewith. There is no material unresolved violation or exception by any of such Governmental Entities with respect to any report or statement relating to any examination of the Company or any of its subsidiaries. No Other Company Documents, as of their respective dates, except as amended or supplemented by an Other Company Document filed prior to the date hereof, contained, and no Other Company Documents filed subsequent to the date hereof will contain as of their respective dates, any untrue statement of a material fact or omitted (or will omit) to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The Company has delivered or provided to Parent a true and complete copy of each material Other Company Document.

5.8 Undisclosed Liabilities; Certain Assets. (a) Except as set forth in Section 5.8(a) of the Company Disclosure Schedule or in the Company Financial Statements included in the Previously Filed Company SEC Documents, neither the Company nor any of its subsidiaries has any liabilities (absolute, accrued, contingent or otherwise), except liabilities incurred (A) since September 30, 2002 in the ordinary course of business, or incurred (B) in connection with this Agreement or the transactions contemplated hereby.

(b) The reserves, allowances and other liabilities established or reflected on the Company Financial Statements, the Company SAP Statements and the Company RAP Statements were, as of the respective dates of such Company Financial Statements, Company SAP Statements and Company RAP Statements, (i) determined in accordance with U.S. GAAP, SAP and/or RAP, consistently applied and (ii) established based on the good business judgment and industry practice and with past practices and experiences of the Company and its subsidiaries.

5.9 Information Supplied. (a) None of the information supplied or to be supplied by the Company specifically for inclusion or incorporation by reference in the Form F-4 will, at the time the Form F-4 becomes effective under the Securities Act (and taking into account any amending or superseding disclosures filed with respect to any such information prior to such time), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that no representation or warranty is made by the Company with respect to statements made or incorporated by reference therein based on information supplied by Parent specifically for inclusion or incorporation by reference in the Form F-4.

(b) None of the information supplied or to be supplied by the Company specifically for inclusion or incorporation by reference in the Proxy Statement will, at the date the Proxy Statement is first mailed to the Company's shareholders or at the time of the Company Shareholder Meeting (and taking into account any amending or superceding disclosures filed with respect to any such information prior to such time), contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order

to make the statements therein, in light of the circumstances under which they are made, not misleading; provided, however, that no representation or warranty is made by the Company with respect to statements made or incorporated by reference therein based on information supplied by Parent specifically for inclusion or incorporation by reference in the Proxy Statement. The Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder.

(c) All of the information supplied or to be supplied by the Company specifically for inclusion in the Parent Documents and any supplements thereto and any other circulars or documents issued to shareholders, employees or debentureholders of Parent, will, at the date each such document is mailed to Parent's shareholders (and, with respect to the Parent Circular, at the time of the Parent Shareholder Meeting), be in accordance with the facts and will not omit anything likely to affect the import of such information or which would make any statement therein misleading; provided, however, that no representation or warranty is made by the Company with respect to statements attributable to information supplied by Parent in writing specifically for inclusion in the Parent Documents and for which Parent takes responsibility for in such Parent Documents.

5.10 Absence of Certain Changes or Events. Except for liabilities incurred in connection with this Agreement or the transactions contemplated hereby and except as permitted, after the date hereof, by Section 7.1, or as disclosed in any Previously-Filed Company SEC Document, since December 31, 2001 (and, in the case of items (b) through (m) below, to the date hereof), the Company and its subsidiaries have conducted their business only in the ordinary course, and there has not been:

(a) any events, occurrences or circumstances that have had, or would be reasonably expected to have, a Material Adverse Effect with respect to the Company;

(b) any amendments or changes in the Company Charter Documents or the Subsidiary Charter Documents;

(c) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of the Company's capital stock other than regular quarterly dividends in respect of the Common Shares not exceeding $0.25 per share per quarter, with record dates and payment dates consistent with past practice, and regular cash dividends in respect of the Preferred Shares, in accordance with the terms thereof;

(d) any split, combination or reclassification of any of the Company's capital stock or any issuance or the authorization of any issuance of any other securities in respect of, in lieu of or in substitution for shares of, the Company's capital stock;

(e) other than in the ordinary course of business consistent with past practice or as required by law, regulation or existing contractual commitments, any (i) grant of any severance or termination payment, (ii) entering into of any employment, deferred compensation, consulting, severance, indemnification, change in control, retention or other similar agreement or arrangement, (iii) increase in any compensation or benefits payable or to become payable under

any existing severance or termination pay policy or employment, deferred compensation, consulting, severance, change in control, retention or other similar agreement or arrangement or (iv) increase in compensation, bonus or other benefits payable to (or to become payable to) former or current directors, officers, employees or consultants of the Company or any of its subsidiaries, other than an increase in annual salary or hourly wage rates granted to current employees (other than officers) in the ordinary course of business, consistent with past practice;

(f) other than in the ordinary course of business, any sale or transfer of any of the assets of the Company or its subsidiaries;

(g) any material change in accounting methods (or underlying assumptions), principles or practices affecting the Company's or its subsidiaries' assets, liabilities or business, including without limitation, any reserving, renewal or residual method, practice or policy except as required by changes in applicable generally accepted accounting principles, law or regulation, or any material change in methods of reporting income and deductions for federal income tax purposes from those employed in preparation of the federal income tax returns of the Company for the taxable year ended December 31, 2001;

(h) except as required by changes in applicable generally accepted accounting principles, law or regulation, any material change in (i) any material practice or policy of the Company relating to the pricing of residential mortgage and consumer loan products, loan credit policy, loan monitoring and loan collection procedures, or (ii) any material method of calculating allowances for losses or reserves for accounting, financial reporting or Tax purposes, as applicable;

(i) any material Tax election by the Company or its subsidiaries or any settlement or compromise of any material income Tax liability by the Company or its subsidiaries;

(j) any material change in investment or risk management or other similar policies of the Company or any of its subsidiaries;

(k) any material insurance transaction other than in the ordinary course of business consistent with past practice;

(l) any downgrade by any rating agency, or the receipt by the Company or any of its subsidiaries on any notice (written or oral) that a rating agency is considering a downgrade, of any securities (including any loan securitizations) issued by the Company or any of its subsidiaries; or

(m) any agreement or commitment (contingent or otherwise) to do any of the foregoing.

5.11 Compliance with Applicable Laws; Permits. (a) Except as set forth in Section 5.11(a) of the Company Disclosure Schedule or in the Previously Filed Company SEC Documents, neither the Company nor any of its subsidiaries is in conflict with, is in default or violation of, or has since December 31, 1998 been charged by any Governmental Entity with a violation of, (i) any law, rule, regulation, order, judgment or decree applicable to the Company or

any of its subsidiaries or by which its or any of their respective properties is bound or affected, including state usury, consumer lending and insurance laws, the Truth in Lending Act, the Real Estate Settlement Procedures Act, the Consumer Credit Protection Act, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Homeowners Ownership and Equity Protection Act, the Fair Debt Collection Practices Act and other federal, state, local and foreign laws regulating lending, servicing loans or the selling of credit or other insurance or (ii) any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or its or any of their respective properties is bound or affected. Except as specified in Section 5.11(a) of the Company Disclosure Schedule, no such conflicts, defaults or violations have had, or would be reasonably expected to have, a Material Adverse Effect with respect to the Company.

(b) Except as set forth in Section 5.11(b) of the Company Disclosure Schedule or in the Previously Filed Company SEC Documents, no investigation by any Governmental Entity with respect to the Company or its subsidiaries is pending or, to the knowledge of the Company, threatened.

(c) The Company has furnished to Parent a true, correct and complete copy of the agreement in principle between the Company and a working group of state attorneys general and regulatory agencies (the "Multi-State Settlement Agreement"). The Multi-State Settlement Agreement has been duly authorized, executed and delivered by the Company, is enforceable in accordance with its terms, and has not been amended, modified or waived in any material respect. Pursuant to the Multi-State Settlement Agreement, its operative terms will become effective upon its approval and adoption by the relevant agencies representing states in which at least 80% (by dollar volume) of the Company's retail branch real estate secured loans were originated from January 1, 1999 through September 30, 2002 (the "Required States"). As of the date hereof, the Attorneys-General of 30 states (representing 80% of the aforementioned dollar volume) have issued press releases indicating their intent to join in the Multi-State Settlement Agreement. The Multi-State Settlement Agreement will be approved and adopted by the relevant agencies representing the Required States, and the related consent decrees will be entered into, prior to the Effective Time. The impact of the Multi-State Settlement Agreement on the business, assets, liabilities, results of operations or financial condition of the Company and its subsidiaries, taken as a whole, will not be materially more adverse than as described in Section 5.11(c) of the Company Disclosure Schedule.

(d) Except as set forth in Section 5.11(d) of the Company Disclosure Schedule, each of the Company's depository institution subsidiaries subject to regulation by U.S. bank regulatory authorities is "well-capitalized" (as that term is defined at 12 C.F.R. 225.2(r)(2)(i)) and "well managed" (as that term is defined at 12 C.F.R. 225.2(s)), and each institution's examination rating under the Community Reinvestment Act of 1977 is satisfactory or outstanding. Each other subsidiary of the Company that is a depositary institution meets comparable standards under applicable law.

(e) The Company, its subsidiaries and their respective employees hold all permits, licenses, variances, exemptions, orders, registrations and approvals of all Governmental Entities which are required for the operation of the businesses of the Company and its

subsidiaries (the "Company Permits"). Each of the Company and its subsidiaries is, and for the past five years has been, in compliance in all material respects with the terms of the Company Permits, all of the Company Permits are in full force and effect and no suspension, modification or revocation of any of them is pending or, to the knowledge of the Company, threatened, nor, to the knowledge of the Company, do grounds exist for any such action.

5.12 Absence of Litigation. Section 5.12 of the Company Disclosure Schedule sets forth as of the date hereof all claims, actions, suits, proceedings or investigations pending or, to the knowledge of the Company, threatened against the Company or any of its subsidiaries, or any properties or rights of the Company or any of its subsidiaries, before any court, arbitrator or Governmental Entity. Expect as specified in Section 5.12 of the Company Disclosure Schedule, no such claims, actions, suits, proceedings or investigations have had, or would be reasonably expected to have, a Material Adverse Effect with respect to the Company.

5.13 Regulatory Agreements. Except as set forth in Section 5.13 of the Company Disclosure Schedule, neither the Company nor any of its subsidiaries (i) is subject to any outstanding order, injunction or decree or is a party to any written agreement, consent agreement or memorandum of understanding with, or is a party to any commitment letter or similar undertaking to, or is subject to any order or directive by, or is a recipient of any supervisory letter from or has adopted any resolutions at the request of any Governmental Entity that restricts in any respect the conduct of its business or that in any manner relates to its capital adequacy, its policies, its management or its business (each, a "Company Regulatory Agreement"), (ii) have, since December 31, 1999, been advised by any Governmental Entity that it is considering issuing or requesting any such Company Regulatory Agreement or (iii) have knowledge of any pending or threatened regulatory investigation.

5.14 Properties. Except as set forth in Section 5.14 of the Company Disclosure Schedule (or as disclosed pursuant to Section 5.22 hereof), the Company and each of its subsidiaries have good title to all of their owned real properties and other owned assets used in their current operations, free and clear of all liens, charges and encumbrances, except liens for taxes not yet due and payable. All leases pursuant to which the Company or any of its subsidiaries lease from others material amounts of real or Personal property, are in good standing, valid and effective in accordance with their respective terms, and there is not, to the knowledge of the Company, under any of such leases, any existing default or event of default (or event which with notice or lapse of time, or both, would constitute a default).

5.15 Loans. All currently outstanding secured or unsecured loans, advances, credit lines or credit card receivables originated by the Company or any of its subsidiaries (whether or not currently held by the Company or its subsidiaries) or acquired by the Company or any of its subsidiaries from third parties (collectively, the "Company Loans") were originated, solicited and acquired, as the case may be, in accordance with the Company's written policies regarding such matters as in effect at the time of such origination, solicitation or acquisition, true and correct copies of which policies have been provided to Parent. Each note, credit agreement, security instrument, automobile installment contract or retail installment contract related to the Company Loans constitutes a valid, legal and binding obligation of the obligor thereunder, enforceable against such obligor in accordance with the terms thereof (except as enforcement may be limited by general principles of equity whether applied in a court of law or a court of

equity and by bankruptcy, insolvency and similar laws affecting creditors' rights and remedies generally). The Company has kept complete and accurate books and records in connection with the Company Loans, and there are no oral modifications or amendments related to the Company Loans that are not reflected in the Company's records, no defenses as to the enforcement of any Company Loan have been asserted, and there have been no acts or omissions which would give rise to any claim or right of rescission, set-off, counterclaim or defense. None of the Company Loans is presently serviced by third parties and there is no obligation which could result in any Company Loan becoming subject to any third party servicing.

5.16 Servicing. Except as set forth in Section 5.16 of the Company Disclosure Schedule:

(a) The Company and its subsidiaries are the sole owners and holders of the Company Servicing Rights. The Company Servicing Rights have not been assigned or pledged, and the Company and its subsidiaries have good and marketable interest in and to the Company Servicing Rights.

(b) No Servicing Agreement contains any provisions providing for servicing under which any party has recourse against the Company or any subsidiary for losses relating to such servicing or the performance of the loans being serviced (other than losses caused by the Company's or the applicable subsidiary's negligence), except to the extent the Company or the applicable subsidiary (i) is obligated to make reimbursable temporary advances of delinquent mortgage interest or (ii) holds a residual or subordinate interest in any securitization that may experience reduced payments as a result of such losses (which advance obligations and interests as of the date hereof have been disclosed to Parent in Section 5.16(a) of the Company Disclosure Schedule).

(c) The Company and each of its subsidiaries have complied with all obligations under all applicable insurance contracts, including any mortgage policy, and any pool insurance with respect to, and have not taken or failed to take any action which might materially and adversely affect, the Company Loans or any of the Company Servicing Rights.

(d) During the five-year period prior to the date hereof, with respect to any loan that is serviced by any of the Company or any of its subsidiary, if the applicable Servicing Agreement obligated the Company or such subsidiary, as the case may be, to maintain escrow funds for the payment of taxes, insurance or similar items with respect to the loan, all required escrow accounts maintained by the Company or such subsidiary, as the case may be, have been created and administered in all material respects in accordance with the related mortgage loan documents, applicable law and the applicable Servicing Agreement and all escrow balances paid to the Company or any of its subsidiaries are on deposit in the appropriate escrow accounts.

(e) No Servicing Agreement pertains to servicing of loans owned by FNMA, FHLMC, SBA, SLMA or other governmental agency.

5.17 Securitization Matters. Except as set forth in Section 5.17 of the Company Disclosure Schedule:

(a) No registration statement, prospectus, private placement memorandum or other offering document, or any amendments or supplements to any of the foregoing, utilized in connection with the offering of securities in any Company Sponsored Asset Securitization Transaction (collectively, "Securitization Disclosure Documents"), true and correct copies of representative examples of which have been provided to Parent and true and correct copies of which will, after the date hereof, be made available to Parent, as of its effective date (in the case of a registration statement) or its issue date (in the case of any other such document), contained any untrue statement of any material fact or omitted to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances in which they were made, not misleading.

(b) Section 5.17(b) of the Company Disclosure Schedule sets forth a true and correct list as of the date hereof of all outstanding Company Sponsored Asset Securitization Transactions, and for each such transaction a list of all outstanding securities issued therein, including securities retained by the Company and its subsidiaries, and includes the original and current rating and the principal amount as of the most current reporting date for each security listed thereon.

(c) Neither the Company nor any of its subsidiaries nor, to the knowledge of the Company, any trustee, master servicer, servicer or issuer with respect to Company Sponsored Asset Securitization Transaction, has taken or failed to take any action which would reasonably be expected to adversely affect the intended tax characterization or tax treatment for federal, state or local income or franchise tax purposes of the issuer or any securities issued in any such Company Sponsored Asset Securitization Transaction. All federal, state and local income or franchise tax and information returns and reports required to be filed by the issuer, master servicer, servicer or trustee relating to any Company Sponsored Asset Securitization Transactions, and all tax elections required to be made in connection therewith, have been properly filed or made.

5.18 Employee Benefit Plans; ERISA. (a) Section 5.18(a) of the Company Disclosure Schedule sets forth a complete and correct list of each Company Benefit Plan. True and complete copies of each Company Benefit Plan, including, but not limited to, any trust instruments and/or insurance contracts, if any, forming a part thereof, all amendments thereto and the most recent determination letters issued by the IRS, all government and regulatory approvals received from any foreign regulatory agency, the most recent summary plan descriptions (including any material modifications) and the most recent audited financial reports for any funded Company Benefit Plan (to the extent that such Company Benefit Plan is required by law or regulation to prepare audited financial reports) have been provided to Parent. Except as disclosed in Section 5.18(a) of the Company Disclosure Schedule: (i) neither the Company nor any of its subsidiaries has made any plan or commitment, whether legally binding or not, to create any additional Company Benefit Plan or modify or change any existing Company Benefit Plan in a manner that would increase the benefits provided to any employee or former employee, consultant or director of the Company or any subsidiary thereof; and (ii) to the extent that any Company Benefit Plan is required by law or regulation to prepare audited financial statements, since the most recent audit date with respect to each Company Benefit Plan, there has been no material change, amendment, modification to such Company Benefit Plan. Neither the Company, its subsidiaries, nor any Person that would be considered a single employer with the

Company or any of its subsidiaries pursuant to Section 414(b), (c), (m) or (o) of the Code has incurred or, to the knowledge of the Company, is reasonably expected to incur, any liability, whether contingent or absolute, under Title IV of ERISA or Section 412 or 4971 of the Code, other than liabilities under the Company Benefit Plans and premium payments to the Pension Benefit Guarantee Corporation (the "PBGC").

(b) Except as set forth on Section 5.18(b) of the Company Disclosure Schedule, with respect to each Company Benefit Plan: (i) if intended to qualify under Section 401(a), 401(k) or 403(a) of the Code or under any law or regulation of any foreign jurisdiction or Regulatory Agency, such plan and the related trust has received a favorable determination letter from the IRS or required approval of a Regulatory Agency of a foreign jurisdiction that has not been revoked and (A) the consummation of the transaction contemplated hereby will not adversely affect such qualification or exemption and (B) to the knowledge of the Company, no event or circumstance exists that has or is likely to adversely affect such qualification or exemption or is likely to result in a filing under Rev. Proc. 2002-47 or any predecessor or successor thereto; (ii) it has been operated and administered in compliance with its terms and all applicable laws and regulations in all material respects; (iii) there are no pending or, to the knowledge of the Company, threatened claims against, by or on behalf of any Company Benefit Plans (other than routine claims for benefits); (iv) no breaches of fiduciary duty have occurred; (v) no non-exempt prohibited transaction within the meaning of Section 406 of ERISA or Section 4975 of the Code has occurred; (vi) no lien imposed under the Code, ERISA or any foreign law exists; and (vii) all contributions, premiums and expenses to or in respect of such Company Benefit Plan have been timely paid in full or, to the extent not yet due, have been adequately accrued on the Company's consolidated financial statements to the extent required by U.S. GAAP.

(c) Except as set forth on Section 5.18(c) of the Company Disclosure Schedule, with respect to each Company Benefit Plan, neither the Company nor any of its subsidiaries has incurred or reasonably expects to incur, either directly or indirectly (including as a result of an indemnification obligation), any liability under Title I of ERISA or penalty, excise tax or joint and several liability provisions of the Code or any foreign law or regulation, in each case, relating to employee benefit plans (including, without limitation, Section 406, 409, 502(i) or 502(l) of ERISA, or Section 4971, 4975 or 4976 of the Code, or under any agreement, instrument, statute, rule or legal requirement, pursuant to or under which the Company or any subsidiary or any Company Benefit Plan has agreed to indemnify or is required to indemnify any Person against liability incurred under, or for a violation or failure to satisfy the requirements of, any such legal requirement), and, to the knowledge of the Company, no event, transaction or condition has occurred, exists or is expected to occur which would reasonably be expected to result in any such liability to the Company, any of its subsidiaries or, after the Effective Time, to Parent.

(d) With respect to each Company Benefit Plan that is an "employee pension benefit plan" (within the meaning of Section 3(2) of ERISA) as to which either the Company or any subsidiary of the Company may incur any liability under, or which is subject to, Section 302 or Title IV of ERISA or Section 412 of the Code: (i) no such plan is a "multiemployer plan" (within the meaning of Section 3(37) of ERISA) or a "multiple employer plan" (within the meaning of Section 413(c) of the Code); (ii) no liability has been incurred and, to the knowledge

of the Company, no condition or event currently exists or currently is expected to occur that would result, directly or indirectly, in any liability of the Company or any subsidiary of the Company under Title IV of ERISA, whether to the PBGC or otherwise; (iii) no "reportable event" (as defined in Section 4043 of ERISA) has occurred with respect to any such plan, for which the 30-day notice requirement has no been waived; (iv) no such plan has incurred any "accumulated funding deficiency" (as defined in Section 302 of ERISA and Section 412 of the Code, respectively), whether or not waived; and (v) as of the last day of the most recent plan year ended prior to the date hereof, the actuarially determined present value of all "benefit liabilities", within the meaning of Section 4001(a)(16) of ERISA or, with respect to any foreign plan (to the extent such plan is required to be funded under applicable law or regulation), as determined under any equivalent law or practice (in each case as determined on the basis of the actuarial assumptions contained in the Company Benefit Plan's most recent actuarial valuation), did not exceed the then current value of the assets of such Company Benefit Plan, and, to the knowledge of the Company, there has been no material adverse change in the financial condition of such Company Benefit Plan (with respect to either assets or benefits) since the last day of the most recent plan year.

(e) Except as set forth in Section 5.18(e) of the Company Disclosure Schedule or in the Previously-Filed Company SEC Documents, with respect to each Company Benefit Plan that is a "welfare plan" (as defined in Section 3(1) of ERISA), neither the Company nor any subsidiary has any obligations to provide health, life insurance, or death benefits with respect to current or former employees, consultants or directors of the Company or any of its subsidiaries beyond their termination of employment or service, other than as required under Section 4980B of the Code or other applicable law or regulation, and the terms of each such Company Benefit Plan do not prohibit the Company from amending or terminating such plan at any time without incurring liability thereunder. Except as set forth in Section 5.18(e) of the Company Disclosure Schedule or as required by applicable law or regulation, there has been no written communication from the Company to any employee, consultant or director of the Company or any subsidiary that would reasonably be expected to promise or guarantee any such retiree health or life insurance or other retiree death benefits on a permanent basis.

(f) Except as set forth in Section 5.18(f) of the Company Disclosure Schedule or as specifically provided in this Agreement, neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, either alone or in combination with another event (whether contingent or otherwise) will (i) entitle any current or former employee, consultant or director of the Company or any subsidiary or any group of such employees, consultants or directors to any payment; (ii) increase the amount of compensation due to any such employee, consultant or director; (iii) accelerate the vesting or funding of any compensation, stock incentive or other benefit; (iv) result in any "parachute payment" under Section 280G of the Code (whether or not such payment is considered to be reasonable compensation for services rendered); or (v) cause any compensation to fail to be deductible under Section 162(m), or any other provision of the Code.

(g) Section 5.18(g) of the Company Disclosure Schedule sets forth any and all indebtedness in excess of $50,000 owed by any current or former employee, consultant or director to the Company or any subsidiary. Section 5.18(g) of the Company Disclosure Schedule sets forth any and all extensions of credit, any arrangements for the extension of credit or any

renewals of an extension of credit made by the Company (either directly or indirectly, including through a subsidiary), in the form of a Personal loan, to or for any director or executive officer (or equivalent thereof) of the Company, and all such extensions, arrangements or renewals are in compliance with the provisions of the Sarbanes-Oxley Act.

(h) Except as set forth in Section 5.18(h) of the Company Disclosure Schedule, no Company Benefit Plan, nor the Company or any of its subsidiaries with respect to such Company Benefit Plan, is under audit, or has received written notice that it is the subject of an investigation, by the IRS, the U.S. Department of Labor, the PBGC or any other federal or state governmental agency, nor, to the Company's knowledge, is any such audit or investigation pending or threatened.

(i) Section 5.18(i) of the Company Disclosure Schedule sets forth a complete list of all agreements and other arrangements, true and correct copies of which have been provided to Parent, whereby the Company has any indemnification, guarantee, hold harmless or similar liability or obligation in respect of current or former directors, officers or employees of the Company or any of its subsidiaries. All material liabilities with respect to any current or former employee, consultant or director of the Company or any subsidiary or any affiliate thereof, whether contingent or otherwise, that the Parent will assume by reason of this Agreement or by operation of law are accurately reflected on the Company's latest audited financial statements, to the extent required by U.S. GAAP.

(j) With respect to each Company Benefit Plan and with respect to each state workers' compensation arrangement that is funded wholly or partially through an insurance policy or public or private fund, there has been no material liability to the Company or its subsidiaries under any such insurance policy, fund or ancillary agreement with respect to such insurance policy as the result of a retroactive rate adjustment or loss sharing arrangement.

5.19 Labor Matters. (a) There are no labor or collective bargaining agreements which pertain to employees of the Company or any of its subsidiaries. Since December 31, 1998 (i) there has not occurred or, to the Company's knowledge, been threatened any strike, slow down, picketing, work stoppage, concerted refusal to work or other similar labor activities with respect to employees employed by the Company or any of its subsidiaries and (ii) no material grievance or arbitration or other proceeding relating to the Company or any of its subsidiaries is pending or, to the Company's knowledge, threatened.

(b) There are no material complaints, charges or claims against the Company or, to the knowledge of the Company, threatened to be brought or filed, with any Governmental Entity in connection with the employment by the Company or any of its subsidiaries of any individual, including any claim relating to employment discrimination, equal pay, sexual harassment, employee safety and health, wages and hours or workers' compensation.

5.20 Taxes. (a) The Company and each of its subsidiaries (i) have prepared in good faith and duly and timely filed (taking into account any extension of time within which to file) all material Tax Returns required to be filed by any of them and all such filed Tax Returns are complete and accurate in all material respects; (ii) have paid in full all Taxes due, whether or not assessed, or set up reserves in accordance with U.S. GAAP in respect of all Taxes for all periods

through the date hereof; (iii) have paid all other written charges, claims and assessments received to date in respect of Taxes other than those being contested in good faith for which provision has been made in accordance with U.S. GAAP on the most recent balance sheet included in the Company Financial Statements; (iv) have withheld from amounts owing to any employee, creditor or other Person all Taxes required by law to be withheld and have paid over to the proper governmental authority in a timely manner all such withheld amounts to the extent due and payable, except for immaterial failures to withhold or pay over; (v) have neither extended nor waived any applicable statute of limitations with respect to Taxes and have not otherwise agreed to any extension of time with respect to a Tax assessment or deficiency; (vi) have never been members of any consolidated group for income tax purposes for any taxable year with respect to which the statute of limitations had not expired, other than the consolidated group of which the Company is the common parent; (vii) are not parties to any tax sharing agreement or arrangement other than with each other; (viii) have not constituted either a "distributing corporation" or a "controlled corporation" in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code (A) in the two years prior to the date of this Agreement or (B) in a distribution which could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the Merger; (ix) are not "United States real property holding corporations" within the meaning of Section 897(c)(2) of the Code; and (x) have never participated in a "reportable transaction" within the meaning of U.S. Treasury Regulation Section 1.6011-4T(b), or any successor or predecessor thereto.

(b) There are no pending or, to the knowledge of the Company, threatened audits, examinations, investigations, litigation, or other proceedings in respect of Taxes of the Company or any of its subsidiaries and during the past three years neither the Company nor any of its subsidiaries have received any written notice of the commencement of any audit, examination, deficiency or refund litigation, with respect to any Taxes that remains unresolved as of the date hereof.

(c) There are no unresolved questions or claims that have been raised by a Taxing Authority in writing concerning the Company's or any of its subsidiaries' Tax liability.

(d) No material liens for Taxes exist with respect to any of the assets or properties of the Company or any of its subsidiaries, except for statutory liens for Taxes not yet due or payable or that are being contested in good faith.

(e) The Company has provided to Parent true and correct copies of the United States federal income Tax Returns filed by the Company and its subsidiaries for each of the fiscal years ended December 31, 2001, 2000 and 1999.

5.21 Tax Status. Neither the Company nor any of its subsidiaries has taken any action or knows of any fact that is reasonably likely to (i) jeopardize the qualification of the Merger as a reorganization within the meaning of Section 368(a) of the Code or (ii) cause the shareholders of Company, other than any such shareholder that would be a "five-percent transferee shareholder" of Parent (within the meaning of U.S. Treasury Regulations Section 1.367(a)-3(c)(5)) following the Merger, to recognize gain pursuant to Section 367(a) of the Code. The Company is not aware of any facts or circumstances relating to the Company or any of its subsidiaries, including

any covenants or undertakings of the Company pursuant to this Agreement that would prevent Cleary, Gottlieb, Steen & Hamilton from delivering the Parent Counsel Tax Opinion, or prevent Wachtell, Lipton, Rosen & Katz from delivering the Company Counsel Tax Opinion.

5.22 Intellectual Property. (a) The Company has provided to Parent (and will, after the date hereof, make available to Parent) to the extent requested by Parent information concerning the following categories of Company IP and all other material Company IP: (i) all registered Trademarks and material unregistered Trademarks; (ii) all domain names and uniform resource locators, (iii) all Patents; (iv) all registered Copyrights and mask works; and (v) all Software, and in each case, as applicable, information concerning the name of the applicant/registrant and current owner, the jurisdiction where the application/registration is located, the application or registration number, and the status of the application or registration, including deadlines for any renewals or other required filings.

(b) Section 5.22(b) of the Company Disclosure Schedule sets forth a complete and correct list of: (i) all agreements under which the Company or any of its subsidiaries uses or has the right to use any material Licensed Company IP (other than "shrink wrap" licenses), (ii) agreements under which the Company or any of its subsidiaries has licensed to others the right to use any of material Company IP (specifying, in the case of clause (i) and (ii), the parties to the agreement, a complete description of the Company IP that is licensed, any royalty payments owed thereunder, and whether the license is exclusive or non-exclusive) and (iii) all options and other agreements of any kind by which the Company or any of its subsidiaries is bound, including for marketing or distribution, related to material Company IP.

(c) The Owned Company IP, together with the Intellectual Property held under license by the Company and its subsidiaries, constitutes all of the Company IP, and such Intellectual Property is sufficient for the conduct of the business of the Company and its subsidiaries as currently conducted.

(d) Except as set forth in Section 5.22(b) of the Company Disclosure Schedule, the Company and its subsidiaries own the Owned Company IP, free and clear of conditions, adverse claims and liens that would materially interfere with the use of the Owned Company IP.

(e) The Company and each of its subsidiaries has taken all reasonable and appropriate steps to protect and maintain the Company IP, and where the Company or any of its subsidiaries has registered any Company IP, all such registrations are valid and subsisting. Without limiting the foregoing, the Company and each of its subsidiaries has taken all reasonable and appropriate steps to protect and preserve the confidentiality of all of the Trade Secrets that comprise any part of the Company IP and, to the knowledge of the Company, there are no unauthorized uses, disclosures or infringements of any such Trade Secrets by any Person. All use and disclosure by the Company or any of its subsidiaries of Trade Secrets owned by another Person have been pursuant to the terms of a written agreement with such Person or was otherwise lawful.

(f) The Company has provided to Parent (and will, after the date hereof, make available to Parent) to the extent requested by Parent information concerning all Persons who

have created any material portion of the Company Owned IP other than employees of the Company or its subsidiaries whose work product was created by them entirely within the scope of their employment and constitutes work made for hire owned by the Company or its subsidiaries. The Company and each of its subsidiaries has secured and has a policy to secure valid written assignments from all consultants, contractors and employees who contribute or have contributed to the creation or development of any of the Company Owned IP, of the rights to such contributions that the Company or its subsidiaries do not already own by operation of law and each the Company and each of its subsidiaries has provided true and complete copies of such assignments to Parent.

(g) None of the use or exploitation of any Company IP or the conduct and operations of the business of the Company and its subsidiaries in the manner currently conducted or proposed to be conducted, or the provision of good and services therein, infringes upon, misappropriates, violates or conflicts in any way with any Person's rights in Intellectual Property. There is no pending or threatened assertion or claim and there has been no such assertion or claim in the last six years asserting that the Company's or any of its subsidiaries' use or exploitation of any Company IP or that the conduct of the business of the Company and its subsidiaries infringes upon, misappropriates, violates or conflicts in any way with any Person's rights in Intellectual Property. Neither the Company nor any of its subsidiaries is a party to any action or proceeding that involves a claim of infringement or misappropriation of any Intellectual Property of any Person.

(h) The Company IP and each of the Company's and each of its subsidiaries' rights with respect thereto, including each of their respective rights to use any of the Company IP, are valid and enforceable. There is no pending or threatened assertion or claim, and there has been no such assertion or claim, in the last six years challenging the validity or enforceability of, or contesting the Company's or any of its subsidiaries' rights with respect to, any of the Company IP or any agreement relating to the Company IP.

(i) Neither the Company nor any of its subsidiaries has given or received any notice of default or any event which with the lapse of time would constitute a default under any agreement relating to the Company IP. Neither the Company nor any of its subsidiaries, nor, to the knowledge of the Company, any other Person, currently is in default with regard to any agreement relating to the Company IP, and there exists no condition or event (including the execution, delivery and performance of this Agreement) which, with the giving of notice or the lapse of time or both, would constitute a default by the Company or any of its subsidiaries under any such agreement, or would give any Person any right of termination, cancellation or acceleration of any performance under any such agreement or result in the creation or imposition of any lien, in each case.

(j) To the knowledge of the Company, there are no unauthorized uses, disclosures, infringements, or misappropriations by any Person of any Owned Company IP or any breaches by any Person of any licenses or other agreements involving Company IP.

(k) The Company and each of its subsidiaries has obtained any and all necessary consents from its customers with regard to the collection and dissemination by such Person of personal customer information in connection with the business of the Company and its

subsidiaries, in accordance with any applicable privacy policy published or otherwise communicated by the company or any of its subsidiaries and any applicable law. The Company's and each of its subsidiaries' practices regarding the collection and use of personal customer information in connection with the business of the Company and its subsidiaries are and have been in accordance with such privacy policies and with all applicable law. Each of the Company and each of its subsidiaries has obtained all necessary agreements and assurances from its third party service providers used in connection with the business of the Company and its subsidiaries that such service providers are in compliance with any applicable privacy statute or regulation. Without limiting the foregoing, the Company and each of its subsidiaries is in compliance with the privacy provisions of the U.S. Gramm-Leach-Bliley Act (P.L. 106-102, 113 Stat. 1338 (1999)) and the relevant rules and regulations of each Governmental Entity empowered thereunder.

5.23 Environmental Liability. Except as set forth in Section 5.24 of the Company Disclosure Schedule: (i) the Company, its subsidiaries, and their activities and operations are in compliance with all applicable common law standards relating to pollution or protection of the environment and human health or safety and any local, state or federal environmental statute, regulation, requirement, ordinance, decree, judgment or order relating to pollution or protection of the environment and human health or safety, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (collectively, the "Environmental Laws"); (ii) there are no legal, administrative, arbitral or other proceedings, claims, actions, causes of action, private environmental investigations or remediation activities or governmental investigations of any nature (collectively, "Environmental Claims") pending or, to the knowledge of the Company, threatened against the Company or its subsidiaries; (iii) to the knowledge of the Company, there are no conditions or circumstances that could form the basis of any Environmental Claim seeking to impose on the Company or any of its subsidiaries, or that reasonably could be expected to result in the imposition on the Company or any of its subsidiaries of, any liability or obligation under Environmental Laws; and (iv) to the knowledge of the Company, there has not been any release, discharge or disposal of any hazardous or toxic materials or wastes at, on or under the facilities of the Company or its subsidiaries that require notification, investigation or remediation pursuant to, or that are reasonably anticipated to give rise to liabilities or costs under, applicable Environmental Laws.

5.24 Company Insurance Policies. Section 5.24 of the Company Disclosure Schedule sets forth a list of all material fire and casualty, general liability, business interruption, product liability and sprinkler and water damage insurance policies maintained by the Company or any of its subsidiaries. All such policies are with reputable insurance carriers and provide coverage amounts which the Company reasonably believes are both adequate for all normal risks incident to the current business of the Company and its subsidiaries and their respective properties and assets, and appropriate for the businesses currently conducted by the Company.

5.25 Voting Matters. After giving effect to the redemption of the Company 5% Preferred Stock, the Company $4.30 Preferred Stock and the Company $4.50 Preferred Stock pursuant to Section 8.15, the affirmative vote (the "Company Shareholder Approval") at the Company Shareholder Meeting of a majority of the number of outstanding Common Shares to approve and adopt the agreement of merger (within the meaning of the DGCL) contained in this

Agreement is the only vote of the holders of any class or series of the Company's capital stock necessary to approve and adopt the transactions contemplated hereby, including the Merger.

5.26 Rights Agreement. As of the date of this Agreement, the Company or the Board of Directors of the Company, as the case may be, has (i) taken all necessary actions so that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in a "Distribution Date" (as defined in the Rights Agreement) or result in Parent being an "Acquiring Person" (as defined in the Rights Agreement) and (ii) amended the Rights Agreement to (A) render it inapplicable to this Agreement and the transactions contemplated hereby and (B) provide that the Final Expiration Date shall occur immediately prior to the Effective Time.

5.27 Interested Party Transactions. Except as set forth in the Previously Filed Company SEC Documents or Section 5.27 of the Company Disclosure Schedule, no event has occurred since December 31, 1999 that would be required to be reported by the Company as a "Certain Relationship" or "Related Transaction" pursuant to Item 404 of Regulation S-K promulgated by the SEC.

5.28 Risk Management; Derivatives. (a) The Company and its subsidiaries have in place written risk management policies and procedures, true and correct copies of which have been provided to Parent prior to the date hereof, sufficient in scope and operation to protect against risks of the type and in amounts reasonably expected to be incurred by Persons of similar size and in similar lines of business as the Company and its subsidiaries.

(b) All material derivative instruments, including, without limitation, swaps, caps, floors and option agreements, whether entered into for the Company's own account, or for the account of one or more of its subsidiaries or their customers, were entered into (i) only for purposes of mitigating identified risk or as a means of managing the Company's and its subsidiaries' long-term debt objectives, (ii) in accordance with the Company's written policies and procedures, and (iii) with counterparties believed by the Company to be financially responsible at the time; and each of them constitutes the valid and legally binding obligation of the Company or one of its subsidiaries, enforceable in accordance with its terms (except that enforcement thereof may be subject to or limited by bankruptcy, insolvency or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and the effect of general principles of equity (regardless of whether enforceability is considered in a proceeding at law or in equity)), and are in full force and effect. Neither the Company nor its subsidiaries, nor to the knowledge of the Company, any other party thereto, is in breach of any of its material obligations under any such agreement or arrangement.

5.29 State Takeover Statutes. The Board of Directors of the Company has approved, for purposes of making the restrictions on "business combinations" set forth in Section 203 of the DGCL inapplicable to this Agreement and the transactions contemplated hereby, this Agreement. To the extent that the any "moratorium", "control share", "fair price", "affiliate transaction", "business combination" or other antitakeover laws of any state other than the State of Delaware purport to apply to this Agreement or the transactions contemplated hereby, and to the fullest extent of its powers, the Board of Directors of the Company has passed a resolution,

and the Company has taken all necessary steps, to exempt this Agreement and the transactions contemplated hereby from such takeover statutes.

5.30 Opinion of Financial Advisor. The Company has received (i) the opinion of Goldman, Sachs & Co., dated the date hereof, a copy of which opinion has been provided to Parent, to the effect that, as of such date, the Common Exchange Ratio is fair, from a financial point of view, to the holders of Common Shares and (ii) the opinion of Keefe, Bruyette & Woods, Inc., dated the date hereof, a copy of which opinion has been provided to Parent, to the effect that, as of such date, the Preferred Merger Consideration is fair, from a financial point of view, to the holders of Preferred Shares.

5.31 Brokers. No broker, investment banker, financial advisor or other Person (other than Goldman, Sachs & Co. and Keefe, Bruyette & Woods, Inc., the terms of whose engagement have been disclosed to Parent) is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company.

5.32 Nature of Business. As of December 31, 2001, at least 85% of the Company's consolidated total annual gross revenues is derived from, and at least 85% of the Company's consolidated total assets is attributable to, the conduct of activities that are financial in nature, incidental to a financial activity or otherwise permissible for a financial company under Section 4 of the Bank Holding Company Act of 1956, as amended (12 U.S.C. § 1843).

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF THE PARENT

Except as set forth in a correspondingly numbered section of the Parent Disclosure Schedule (it being understood that the listing or setting forth of an item in one section of the Parent Disclosure Schedule shall be deemed to be a listing or setting forth in another section or sections of the Parent Disclosure Schedule if and only to the extent that such information is reasonably apparent to be so applicable to such other section or sections), Parent hereby represents and warrants to the Company that:

6.1 Organization and Qualification; Subsidiaries. Parent and each of its subsidiaries is a corporation or other legal entity duly organized, validly existing and (in the jurisdictions recognizing the concept) in good standing under the laws of the jurisdiction in which it is organized and has the corporate or other power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as it is now being conducted. The Company and each of its subsidiaries is duly qualified or licensed to do business and is in good standing in each jurisdiction in which the nature of its business or the ownership, leasing or operation of its properties makes such qualification or licensing necessary.

6.2 Capitalization. (a) The share capital of Parent is (i) $7,500,000,000, divided into 15,000,000,000 Parent Ordinary Shares, of which 9,479,729,046 were issued and outstanding as of the date hereof and (ii) £301,500, divided into 301,500 non-voting deferred shares of £1, all of which are currently issued and held by a subsidiary of Parent. The authorized preference share

capital of Parent is 10,000,000 non-cumulative preference shares of £0.01 each, 10,000,000 non-cumulative preference shares of U.S.$0.01 each, and 10 million non-cumulative preference shares of ε0.01 each, none of which are issued. As of the date hereof, Parent has options outstanding to subscribe for 316,939,132 Parent Ordinary Shares.

(b) All outstanding shares of the capital stock of Parent to be delivered as Common Merger Consideration have been or will be prior to the Effective Time duly authorized and, when issued and delivered in accordance with the terms of this Agreement, will have been validly issued, fully paid and nonassessable and not subject to any preemptive rights. Except as set forth in this Section 6.2, and except for preferred shares issued by Jersey limited partnerships established by Parent in April, 2000 in the aggregate nominal amount of U.S.$2,250,000,000, £500,000,000 and ε600,000,000 which pursuant to the terms thereof may require preference shares of Parent to be issued in substitution therefor, (i) there are not issued, reserved for issuance or outstanding (A) any shares of capital stock or voting securities or other ownership interests of Parent, (B) any securities of Parent or any of its subsidiaries convertible into or exchangeable or exercisable for shares of capital stock or voting securities or other ownership interests of Parent, or (C) any warrants, calls, options or other rights to acquire from Parent or any of its subsidiaries, or any obligation of Parent or any of its subsidiaries to issue, any capital stock, voting securities or other ownership interests in, or securities convertible into or exchangeable or exercisable for, capital stock or voting securities or other ownership interests in Parent, and (ii) there are no outstanding obligations of Parent or any of its subsidiaries to repurchase, redeem or otherwise acquire any such securities or to issue, deliver or sell, or cause to be issued, delivered or sold, any such securities. To the knowledge of the Parent, neither Parent nor any of its subsidiaries is a party to any agreement restricting the transfer of, relating to the voting of, requiring registration of, or granting any preemptive or antidilutive rights with respect to, any securities of the type referred to in the preceding sentence.

(c) The authorized capital stock of Merger Sub consists of 100 shares of common stock, of which 10 are issued and outstanding and owned by Parent as of the date hereof.

6.3 Authority Relative to this Agreement. (a) Parent and Merger Sub have full corporate power and authority to enter into this Agreement and, subject to the Parent Shareholder Approval, to consummate the transactions contemplated by this Agreement. The execution and delivery of this Agreement by Parent and Merger Sub and the consummation by Parent and Merger Sub of the transactions contemplated by this Agreement have been duly and validly authorized by all necessary corporate action (other than the Parent Shareholder Approval) on the part of Parent and Merger Sub, and such authorization is in full force and effect.

(b) As of the date hereof, the Board of Directors of Parent has (i) determined that it is advisable and in the best interest of Parent for the Parent to enter into this Agreement and to consummate the Merger upon the terms and subject to the conditions of this Agreement, and (ii) approved this Agreement in accordance with applicable provisions of English law and Parent's memorandum and articles of association and (iii) determined that it will recommend that Parent's shareholders give the Parent Shareholder Approval at the Parent Shareholder Meeting. This Agreement has been duly executed and delivered by Parent and Merger Sub and, assuming the due authorization, execution and delivery by the Company, constitutes a legal, valid and

binding obligation of both Parent and Merger Sub, enforceable against Parent and Merger Sub in accordance with its terms.

6.4 No Conflicts; Required Filings and Consents. (a) The execution and delivery of this Agreement by Parent and Merger Sub does not, and the consummation of the transactions contemplated by this Agreement by Parent and Merger Sub will not, (i) conflict with or violate their respective constitutional documents, (ii) assuming compliance with the matters referred to in Section 6.4(b), contravene, conflict with or result in a violation or breach of any provision of any law, rule, regulation, judgment, injunction, order or decree applicable to Parent or any of its subsidiaries or by which any of its or their properties is bound or affected, (iii) require any consent or other action by any Person under, constitute a default under, or cause or permit the termination, cancellation, acceleration or other change of any right or obligation or the loss of any benefit to which Parent or any of its subsidiaries is entitled under any provision of any material agreement or instrument binding upon Parent or any of its subsidiaries or any material license, franchise, permit, certificate, approval or other similar authorization affecting, or relating in any way to, the assets or business of Parent and its subsidiaries or (iv) result in the creation or imposition of any encumbrance on any material asset of Parent or any of its subsidiaries.

(b) No material notices, reports or other filings are required to be made by Parent or its subsidiaries with, nor are any consents, registrations, approvals, permits applications, expiry of waiting periods or authorizations required to be obtained by Parent or its subsidiaries from, any Governmental Entity in connection with the execution and delivery of this Agreement and the transactions contemplated hereby, other than the reports, filings, registrations, consents, approvals, permits, authorizations, applications, expiry of waiting periods and/or notices (i) pursuant to Section 2.3 hereof, (ii) under the HSR Act, (iii) with or required by the OFT and the U.K. Secretary of State for Trade and Industry and under the Competition Act (Canada), (iv) under the Exchange Act (including, without limitation, the filing of the Form F-4), (v) with or required by the NYSE, the LSE, the UKLA, the HKSE or Euronext Paris, (vi) with or required by the FSA or the Hong Kong Monetary Authority, (vii) with or required by the OCC, (viii) under the Investment Canada Act and the Trust and Loan Companies Act (Canada), (ix) with or required by the Federal Reserve Board, (x) under state securities or "Blue Sky" laws, (xi) under Section 765 of the Income and Corporation Taxes Act 1988, or (xii) with or required by any other Governmental Entity or under any applicable law, in each case as expressly set forth in Section 6.4(b) of the Parent Disclosure Schedule.

6.5 SEC Filings; Financial Statements. Since December 31, 1998, Parent and its subsidiaries have filed all required reports, schedules, forms, statements and other documents (including exhibits and all other information incorporated therein) with the SEC (the "Parent SEC Documents"). As of their respective dates, the Parent SEC Documents complied in all material respects with the requirements of the Securities Act, the Exchange Act, the Sarbanes-Oxley Act or, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Parent SEC Documents, and no Parent SEC Documents when filed (as amended and restated and as supplemented by subsequently filed Parent SEC Documents) contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. The financial statements of the Parent and its subsidiaries included in the Parent SEC Documents (collectively, the "Parent Financial

Statements") complied as to form, as of their respective dates of filing with the SEC, in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with generally accepted accounting principles in the U.K., as permitted by applicable rules of the SEC, consistently applied and, to the extent applicable and required by the Securities Act or the Exchange Act, reconciled to U.S. GAAP as noted therein during the periods involved (except as may be indicated in the notes thereto) and fairly present in all material respects the consolidated financial position of the Parent and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended.

6.6 Undisclosed Liabilities. Except as set forth in Section 6.6(a) of the Parent Disclosure Schedule or in the Parent Financial Statements contained in the Parent SEC Documents filed and publicly available at least two Business Days prior to the date hereof (the "Previously Filed Parent SEC Documents"), neither Parent nor any of its subsidiaries has any liabilities (absolute, accrued, contingent or otherwise), except liabilities (i) incurred since June 30, 2002 in the ordinary course of business, or (ii) incurred in connection with this Agreement or the Merger or the other transactions contemplated hereby.

6.7 Information Supplied. None of the information supplied or to be supplied by the Parent or Merger Sub specifically for inclusion or incorporation by reference in the Form F-4 or the Proxy Statement will, at the time the Form F-4 becomes effective under the Securities Act, or at the date the Proxy Statement is first mailed to the Company's shareholders or at the date of the Company Shareholder Meeting, as applicable, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, that no representation or warranty is made by the Parent with respect to statements made or incorporated by reference therein based on information supplied by the Company specifically for inclusion or incorporation by reference in the Form F-4 or the Proxy Statement, as applicable.

6.8 Absence of Certain Changes or Events. Except for liabilities incurred in connection with this Agreement or the transactions contemplated hereby or as disclosed in any Previously-Filed Parent SEC Document, since December 31, 2001, there has not been any Material Adverse Effect with respect to Parent.

6.9 Compliance with Applicable Laws. (a) Except as set forth in Section 6.9(a) of the Parent Disclosure Schedule or in the Previously Filed Parent SEC Documents, neither the Parent nor any of its subsidiaries is in conflict with, or in default or violation of, (i) any law, rule, regulation, order, judgment or decree applicable to Parent or any of its subsidiaries or by which its or any of their respective properties is bound or affected or (ii) any note, bond, mortgage, indenture, contract, agreement, lease, license, permit, franchise or other instrument or obligation to which Parent or any of its subsidiaries is a party or by which Parent or any of its subsidiaries or its or any of their respective properties is bound or affected. No such conflicts, defaults or violations (whether or not disclosed in Section 6.9(a) of the Parent Disclosure Schedule) have had, or would reasonably be expected to have, a Material Adverse Effect on Parent.

(b) Except as set forth in Section 6.9(b) of the Parent Disclosure Schedule or in the Parent SEC Documents, no investigation by any Governmental Entity with respect to Parent or any of its subsidiaries is pending or, to the knowledge of Parent, threatened.

6.10 Absence of Litigation. There are no claims, actions, suits, proceedings or investigations pending or, to the knowledge of Parent, threatened against Parent or any of its subsidiaries, or any properties or rights of Parent or any of its subsidiaries, before any court, arbitrator or Governmental Entity that have had, or would reasonably be expected to have, a Material Adverse Effect on Parent.

6.11 Taxes. (a) Parent and each of its subsidiaries (i) have prepared in good faith and duly and timely filed (taking into account any extension of time within which to file) all material Tax Returns required to be filed by any of them and all such filed Tax Returns are complete and accurate in all material respects; (ii) have paid in full all Taxes due, whether or not assessed, or set up reserves in accordance with generally accepted accounting principles in the U.K. in respect of all Taxes for all periods through the date hereof; (iii) have paid all other written charges, claims and assessments received to date in respect of Taxes other than those being contested in good faith for which provision has been made in accordance with generally accepted accounting principles in the U.K. on the most recent balance sheet included in the Parent Financial Statements; and (iv) have withheld from amounts owing to any employee, creditor or other Person all Taxes required by law to be withheld and have paid over to the proper governmental authority in a timely manner all such withheld amounts to the extent due and payable, except for immaterial failures to withhold or pay over.

(b) No material liens for Taxes exist with respect to any of the assets or properties of Parent any of its subsidiaries, except for statutory liens for Taxes not yet due or payable or that are being contested in good faith.

6.12 Tax Status. Neither Parent nor any of its subsidiaries has taken any action or knows of any fact that is reasonably likely to (i) jeopardize the qualification of the Merger as a reorganization within the meaning of Section 368 of the Code or (ii) cause the shareholders of the Company, other than any such shareholder that would be a "five-percent transferee shareholder" of Parent (within the meaning of U.S. Treasury Regulations Section 1.367(a)-3(c)(5)) following the Merger, to recognize gain pursuant to Section 367(a) of the Code. Parent is not aware of any facts or circumstances relating to Parent or any of its subsidiaries, including any covenants or undertakings of Parent pursuant to this Agreement, that would prevent Cleary, Gottlieb, Steen & Hamilton from delivering the Parent Counsel Tax Opinion, or prevent Wachtell, Lipton, Rosen & Katz from delivering the Company Counsel Tax Opinion.

6.13 Voting Matters. The approval (the "Parent Shareholder Approval") of the resolutions set forth in Section 8.2, on a show of hands, or, on a poll by not less than the holders of a majority of the outstanding Parent Ordinary Shares who vote in Person or by proxy at the Parent Shareholder Meeting, is the only vote of the holders of any class or series of the Parent's capital stock necessary to approve and adopt this Agreement and the transactions contemplated hereby, including the Merger.

6.14 Brokers. Other than Morgan Stanley & Co. Limited, Rohatyn Associates and HSBC Investment Bank plc, no broker, investment banker, financial advisor or other Person is entitled to any broker's, finder's, financial advisor's or other similar fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent and/or Merger Sub.

ARTICLE VII

COVENANTS RELATING TO THE CONDUCT OF BUSINESS

7.1 Conduct of Business by the Company Pending the Merger. Except as (i) set forth in Section 7.1 of the Company Disclosure Schedule, (ii) otherwise expressly contemplated by this Agreement or (iii) expressly consented to by Parent in writing, during the period from the date of this Agreement to the Effective Time, the Company shall, and shall cause its subsidiaries to, carry on their respective businesses in the ordinary course consistent with past practice and in compliance in all material respects with all applicable laws and regulations and, to the extent consistent therewith, use reasonable best efforts to preserve intact their current business organizations, to keep available the services of their current officers and other key employees and preserve their relationships with those Persons having business dealings with them to the end that their goodwill and ongoing businesses shall be unimpaired at the Effective Time. Without limiting the generality of the foregoing, except as (i) set forth in Section 7.1 of the Company Disclosure Schedule, (ii) otherwise expressly provided for in this Agreement or (iii) expressly consented to by Parent in writing, during the period from the date of this Agreement to the Effective Time, the Company shall not, and shall not permit any of its subsidiaries to:

(a) other than (x) dividends and distributions by a direct or indirect wholly owned subsidiary of the Company to its parent, (y) the regular quarterly cash dividend declared in respect of the Common Shares in the fourth quarter of 2002 and paid in January 2003, not to exceed $0.25 per share, and, if the Effective Time does not occur until after the record date for the second interim dividend in lieu of final dividend for 2002 in respect of the Parent Ordinary Shares, which is expected to be declared in March 2003 and paid in May 2003 (the "Final Dividend"), and Parent shall not have taken alternative steps reasonably acceptable to the Company to provide the economic benefits of the Final Dividend to holders of Common Shares, the Company shall be entitled to take appropriate steps such that holders of Common Shares receive, prior to the Effective Time, per share dividends in respect of the Common Shares not to exceed, in the aggregate, an amount equal to the amount of the Final Dividend multiplied by the Exchange Ratio and (z) regular cash dividends in respect of the Preferred Shares, in accordance with the terms thereof, (i) declare, set aside or pay any dividends on, make any other distributions (whether in cash, stock, property or any combination thereof) in respect of, or enter into any agreement with respect to the voting of, any of the capital stock of the Company or its subsidiaries, (ii) split, combine or reclassify any of the capital stock of the Company or its subsidiaries, or issue or authorize or propose the issuance of any other securities in respect of, in lieu of, or in substitution for, shares of the capital stock of the Company or its subsidiaries, (iii) amend the terms or change the period of exercisability of, purchase, repurchase, redeem or otherwise acquire, any securities of the Company or its subsidiaries, or any option, warrant or right, directly or indirectly, to acquire any such securities, or propose to do any of the foregoing, or (iv) settle, pay or discharge any material claim, suit or other action brought or threatened

against the Company with respect to or arising out of a shareholder's equity interest in the Company;

(b) purchase, redeem or otherwise repay, or modify any of the terms of, any of the Company's or its subsidiaries' indebtedness;

(c) other than the issuance of Common Shares pursuant to Company Stock-Based Awards or the exercise of Company Stock Options outstanding as of the date hereof, issue, sell, pledge, dispose of or encumber, or authorize the issuance, sale, pledge, disposition or encumbrance of, any shares of capital stock of any class, or any options, warrants, convertible securities or other rights of any kind to acquire any shares of capital stock, or any other ownership interest (including, without limitation, any phantom interest) in the Company or any of its subsidiaries;

(d) amend or otherwise change any of the Company Charter Documents or Subsidiary Charter Documents;

(e) acquire or agree to acquire (by merger, consolidation, acquisition of assets, acquisition of stock or by any other manner) any corporation, partnership or other business organization or any division thereof, other than acquisitions in the ordinary course of business consistent with past practice of consumer finance receivables; provided that any such acquisitions shall be for cash consideration;

(f) sell, dispose of, pledge, lease, license, mortgage or otherwise encumber or subject to any lien any of the material properties or assets (including pursuant to securitizations) of the Company or any of its subsidiaries, or cancel, release or assign any material indebtedness or claims of the Company or any of its subsidiaries, in each case other than in the ordinary course of business;

(g) except for borrowings under existing credit facilities or lines of credit or refinancing of indebtedness outstanding on the date hereof, incur any indebtedness for borrowed money or issue any debt securities or assume, guarantee or endorse, or otherwise become responsible for the obligations of any Person, or make any loans, advances or capital contributions to, or investments in, any Person other than its wholly owned subsidiaries, except in each case in the ordinary course of business consistent with past practice;

(h) change its accounting methods (or underlying assumptions), principles or practices affecting its assets, liabilities or business, including without limitation, any underwriting, reserving, renewal or residual method, practice or policy, except as required by changes in applicable generally accepted accounting principles, law or regulation, or materially change any of its methods of reporting income and deductions for federal income tax purposes from those employed in the preparation of the federal income tax returns of the Company for the taxable year ended December 31, 2001, except as required by changes in applicable law;

(i) except as required by changes in applicable generally accepted accounting principles, law or regulation, make any material change in (i) any material practice or policy of the Company relating to the pricing of residential mortgage and consumer loan products, loan credit policy, loan monitoring and loan collection procedures, (ii) any material practice or policy

of the Company in connection with its securitization transactions or (iii) any material method of calculating allowances for losses or reserves for accounting, financial reporting or Tax purposes, as applicable;.

(j) restructure or materially change its investment securities portfolio or its gap position, through purchases, sales or otherwise, or the manner in which the portfolio is classified or reported;

(k) except as required by changes in applicable generally accepted accounting principles, law or regulation, change in any material respects its credit, reserving, charge-off, servicing, classification or similar policies relating to the consumer finance business, or its actuarial, reserving, investment or risk management or other similar policies;

(l) (i) amend or otherwise modify, except in the ordinary course of business, or knowingly violate in any material respect the terms of, any of the Company Material Contracts, or (ii) create, renew or amend any agreement or contract or other binding obligation of the Company or its subsidiaries containing (A) any restriction on the ability of the Company or its subsidiaries to conduct its business as it is presently being conducted in any material respect or (B) any material restriction on the Company or its subsidiaries engaging in any type or activity or business;

(m) with respect to any of the Company's or its subsidiaries' current, former or prospective directors, officers, employees or consultants, except as required by applicable law, regulation or existing contractual commitment, (i) enter into, adopt, amend, extend or terminate any Company Benefit Plan, including any bonus, profit sharing, pension, retirement, compensation, employment, consulting, severance, retention, change in control, stock option, stock appreciation right or other equity-based, deferred or incentive compensation, labor, collective bargaining, indemnification or other employee benefit agreement, trust, plan, fund, award or other arrangement, (ii) grant any salary, wage or other compensation increase (except for an increase in annual salary or hourly wage rates granted to current employees (other than officers) in the ordinary course of business, consistent with past practice), (iii) make any award or grant under any Company Benefit Plan or otherwise (including, without limitation, the grant of any stock options, stock appreciation rights, restricted stock units or other awards), (iv) grant or increase any severance or termination payment (except to make payments required to be made under obligations existing on the date hereof in accordance with the terms of such obligations or to current employees (other than officers) in the ordinary course of business consistent with past practice) or (v) increase the benefits under, or modify in a manner that increases costs to the Company of, any employee benefit (including any incentive or bonus payments or perquisites);

(n) except pursuant to agreements or arrangements in effect on the date hereof and previously provided to the Parent or disclosed in Previously Filed Company SEC Documents, pay, loan or advance any amount to, or sell, transfer or lease any material properties or assets (real, personal or mixed, tangible or intangible) to, or enter into any agreement or arrangement with, any of its officers or directors or any affiliate or the immediate family members or associates of any of its officers or directors other than compensation in the ordinary course of business consistent with past practice;

(o) make any material Tax elections, or settle or compromise any material income Tax liability of the Company or any of its subsidiaries;

(p) agree or consent to any material agreements or material modifications of existing agreements with any Governmental Entity in respect of the operations of its business, except (i) any consent decrees contemplated by the Multi-State Settlement Agreement, (ii) as required by law to renew Company Permits or agreements in the ordinary course consistent with past practice, or (iii) to effect the consummation of the transactions contemplated hereby;

(q) pay, discharge, settle, compromise or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), including taking any action to settle or compromise any litigation, in each case having a value in excess of $1,000,000 or otherwise material to the Company and its subsidiaries taken as a whole, other than the payment, discharge, settlement, compromise or satisfaction, in the ordinary course of business consistent with past practice or in accordance with their terms, of liabilities reflected or reserved against in, or contemplated by, the most recent consolidated financial statements (or the notes thereto) of the Company Previously Filed SEC Documents, or incurred since September 30, 2002 in the ordinary course of business consistent with past practice; or

(r) authorize, or commit or agree to take, any of the foregoing actions.

7.2 No Solicitation. (a) None of the Company, its subsidiaries or any officer, director, employee, agent or representative (including any investment banker, financial advisor, attorney, accountant or other retained representative) of the Company or any of its subsidiaries shall directly or indirectly (i) solicit, initiate or encourage or facilitate (including by way of furnishing information) or take any other action designed to facilitate any inquiries or proposals regarding any merger, share exchange, consolidation, sale of assets, sale of shares of capital stock (including, without limitation, by way of a tender offer) or similar transactions involving the Company or any of its subsidiaries that, if consummated, would constitute an Alternative Transaction (any of the foregoing inquiries or proposals being referred to herein as an "Acquisition Proposal"), (ii) participate in any discussions or negotiations regarding an Alternative Transaction or (iii) enter into any agreement regarding any Alternative Transaction. Notwithstanding the foregoing, the Board of Directors of the Company shall be permitted, prior to the Company Shareholder Meeting and subject to compliance with the other terms of this Section 7.2, to consider and participate in discussions and negotiations with respect to a bona fide Acquisition Proposal received by the Company that the Board of Directors of the Company concludes in good faith (after consulting with a nationally recognized investment banking firm) would, if accepted, be reasonably capable of being consummated and would, if consummated, constitute a Superior Proposal not solicited in violation of this Agreement, if and only to the extent that the Board of Directors of the Company reasonably determines in good faith (after consultation with outside legal counsel) that failure to do so would be inconsistent with its fiduciary duties.

(b) The Company shall notify Parent promptly (but in no event later than 24 hours) after receipt of any Acquisition Proposal, or any material modification of or material amendment to any Acquisition Proposal, or any request for nonpublic information relating to the Company or any of its subsidiaries or for access to the properties, books or records of the

Company or any subsidiary by any Person or entity that informs the Board of Directors of the Company or any subsidiary that it is considering making, or has made, an Acquisition Proposal. Such notice to Parent shall be made orally and in writing, and shall indicate the identity of the Person making the Acquisition Proposal or intending to make or considering making an Acquisition Proposal or requesting non-public information or access to the books and records of the Company or any subsidiary, and the material terms of any such Acquisition Proposal or modification or amendment to an Acquisition Proposal. The Company shall keep Parent fully informed, on a current basis, of any material changes in the status and any material changes or modifications in the terms of any such Acquisition Proposal, indication or request. The Company shall also promptly, and in any event within twenty-four hours, notify Parent, orally and in writing, if it enters into discussions or negotiations concerning any Acquisition Proposal in accordance with Section 7.2(a).

(c) Neither the Company nor the Board of Directors of the Company (nor any committee thereof) shall, in a manner adverse to Parent, (i) withdraw, modify or qualify, or propose to withdraw, modify or qualify, the recommendation by such Board of Directors of this Agreement and/or the Merger to the Company's shareholders, (ii) take any action or make any statement in connection with the Company Shareholder Meeting inconsistent with such approval (any action referred to in clause (i) or (ii) being a "Change in Company Recommendation") or (iii) recommend any Acquisition Proposal. Notwithstanding the forgoing, the Board of Directors of the Company shall be permitted to take the actions described in clauses (i) through (iii) above if the Company has complied in all material respects with Sections 7.2(a), 7.2(b) and 7.2(e), if and to the extent the Board of Directors of the Company reasonably determines in good faith (after due consultation with outside legal counsel) that failure to do so would be inconsistent with its fiduciary duties; provided, however, that the Company shall have provided Parent three Business Days' prior written notice to the effect that the Board of Directors of the Company intends to take such action and the reasons therefor.

(d) Nothing contained in this Section 7.2 shall prohibit the Company or its subsidiaries from taking and disclosing to its shareholders a position required by Rule 14e-2(a) or Rule 14d-9 promulgated under the Exchange Act.

(e) The Company and its subsidiaries shall immediately cease and cause to be terminated any existing discussions or negotiations with any Persons (other than Parent) conducted heretofore with respect to any of the foregoing, and shall use reasonable best efforts to cause all Persons other than Parent who have been furnished confidential information regarding the Company in connection with the solicitation of or discussions regarding an Acquisition Proposal within the 12 months prior to the date hereof promptly to return or destroy such information. The Company agrees not to, and to cause its subsidiaries not to, release any third party from the confidentiality and standstill provisions of any agreement to which the Company or its subsidiaries is a party, and shall immediately take all steps necessary to terminate any approval which may have been heretofore given under any such provisions authorizing any person to make an Acquisition Proposal.

(f) The Company shall ensure that the officers, directors and all employees, agents and representatives (including any investment bankers, financial advisors, attorneys, accountants or other retained representatives) of the Company or its subsidiaries are aware of the

restrictions described in this Section 7.2 as reasonably necessary to avoid violations thereof. It is understood that any violation of the restrictions set forth in this Section 7.2 by any officer, director, employee, agent or representative (including any investment banker, financial advisor, attorney, accountant or other retained representative) of the Company or its subsidiaries, at the direction or with the consent of the Company or its subsidiaries shall be deemed to be a breach of this Section 7.2 by the Company.

7.3 Conduct of Business by Parent Pending the Merger. Except as (i) set forth in Section 7.3 of the Parent Disclosure Schedule, (ii) otherwise expressly contemplated by this Agreement or (iii) consented to by the Company in writing, during the period from the date of this Agreement to the Effective Time, Parent covenants and agrees that Parent shall not, and shall not permit any of its subsidiaries to:

(a) other than Parent's Final Dividend payable on dates consistent with past practice (including as to payment of scrip dividend), (i) declare, set aside or pay any dividends on, make any other distributions (whether in cash, stock, property or any combination thereof) in respect of the capital stock of Parent or (ii) split, combine or reclassify any of the capital stock of Parent or issue or authorize or propose the issuance of any other securities in respect of, in lieu of, or in substitution for, shares of the capital stock of Parent;

(b) acquire or agree to acquire (by merger, consolidation, acquisition of assets, acquisition of stock or by any other manner) any corporation, partnership or other business organization or any division thereof, unless such action would not reasonably be expected to delay or impede the consummation of the Merger; or

(c) amend or otherwise change the memorandum of association or articles of association (or equivalent organizational documents) of Parent or any subsidiary of Parent in a manner that would materially delay or impede the transactions contemplated hereby or be adverse to the holders of the Company's capital stock, giving effect to the Merger.

ARTICLE VIII

ADDITIONAL AGREEMENTS

8.1 Registration Statement; Parent Documents. (a) Each of Parent and the Company, as applicable, shall as promptly as practicable prepare (i) a Registration Statement on Form F-4 (the "Form F-4") under the Securities Act, with respect to the issuance of the Parent Depositary Shares and the Parent ADRs and Parent Ordinary Shares in the Merger, a portion of which Form F-4 shall also serve as the Company's proxy statement (the "Proxy Statement") and the prospectus (the "Prospectus") with respect to the Parent Ordinary Shares and Parent Depositary Shares issuable in the Merger, and (ii) the Parent Documents. Parent shall file with the SEC as soon as reasonably practicable after the date hereof the Form F-4. The parties will cause the Form F-4 and the Proxy Statement to comply as to form in all material respects with the applicable provisions of the Securities Act and the Exchange Act. Parent shall use its respective reasonable best efforts to have the Form F-4 declared effective by the SEC as promptly as reasonably practicable after such filing. Parent shall use its reasonable best efforts to obtain, prior to the effective date of the Form F-4, all necessary state securities law or "Blue

Sky" permits or approvals required to carry out the transactions contemplated by this Agreement (but in no event shall Parent in connection with its obligations pursuant to this Section 8.1(a) be obligated to qualify to do business in any state or other jurisdiction or to file a general consent to service of process or consent to jurisdiction in any state or other jurisdiction). No filing of, or amendment or supplement to, the Form F-4 or the Proxy Statement will be made by Parent or the Company without providing the other with a reasonable opportunity to review and comment thereon. Parent will advise the Company, promptly after it receives notice thereof, of the time when the Form F-4 has become effective or any supplement or amendment has been filed, the issuance of any stop order, the suspension of the qualification of the Parent Depositary Shares or Parent Ordinary Shares issuable in connection with the Merger for offering or sale in any jurisdiction, or any request by the SEC for amendment of the Form F-4 or comments thereon and responses thereto or requests by the SEC for additional information. The Company will advise Parent, promptly after it receives notice thereof, of any request by the SEC for amendment of the Proxy Statement or comments thereon and responses thereto or requests by the SEC for additional information.

(b) Parent will use reasonable best efforts to cause the Parent Circular to be mailed to its shareholders as soon as possible following the effectiveness of the Form F-4. The Company will use reasonable best efforts to cause the Company Proxy Statement and, to the extent required, a summary of the Parent Listing Particulars to be mailed to its shareholders as soon as possible following the effectiveness of the Form F-4.

(c) The Company and Parent shall cooperate and Parent shall reasonably promptly prepare and file with the UKLA, the HKSE and Euronext Paris, a circular to be sent to Parent shareholders in connection with the Parent Shareholder Meeting (the "Parent Circular"), containing (i) a notice convening the Parent Shareholder Meeting, (ii) such other information (if any) as may be required by the UKLA, the HKSE or Euronext Paris, and (iii) such other information as Parent reasonably determines to include therein. The Company and Parent shall cooperate and Parent shall also prepare and file with the UKLA listing particulars and, if required, supplementary listing particulars, or, if required, prepare and file with the HKSE and/or Euronext Paris any listing document required by the HKSE and/or Euronext Paris, relating to Parent and its subsidiaries and the Parent Ordinary Shares (the "Parent Listing Particulars" and, together with the Parent Circular, the "Parent Documents"). Each of the Company (solely to the extent such information is provided by the Company for inclusion therein) and Parent agrees that the Parent Documents and any supplements thereto and any other circulars or documents issued to shareholders, employees or debentureholders of Parent, will contain all particulars required to comply in all respects with all applicable United Kingdom and Hong Kong statutory and other legal and regulatory provisions (including, without limitation, the Companies Act 1985, the Financial Services and Markets Act 2000, the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) and the rules and regulations made thereunder, and the rules and requirements of the UKLA and the HKSE) and all other applicable legal and regulatory provisions and all such information contained in such documents will be in accordance with the facts and will not omit anything material likely to affect the import of such information or would make any statement therein misleading. The Company shall notify Parent as promptly as practicable of any alterations in the information provided by it for the purposes of this Section 8.1(c) resulting in any statement in the Parent Documents containing an untrue statement of a material fact or omitting a material fact which renders such statement misleading and the Company shall

cooperate with Parent in the provision of new information relating to it and in the preparation of resulting supplementary documents required by the UKLA or the HKSE.

8.2 Shareholder Meetings. (a) The Company will take all action reasonably necessary to convene a meeting of the holders of Company Common Stock (the "Company Shareholder Meeting"), at which such holders shall consider of the approval of the agreement of merger contained herein as promptly as reasonably practicable (subject to applicable law and to this Section 8.2) after the Form F-4 has been declared effective by the SEC. Parent will take all action reasonably necessary to convene an extraordinary general meeting of Parent's shareholders (the "Parent Shareholder Meeting"), as promptly as reasonably practicable (subject to applicable law and to this Section 8.2) after the Parent Circular has been approved by the UKLA and HKSE, at which such holders shall consider one or more resolutions to, *inter alia*, (A) approve the agreement of merger and the other transactions contemplated hereby, (B) authorize the issue of Parent Ordinary Shares and allotment of relevant securities, including in connection with the continued operation of the Company Stock Plans and the exercise of rights pursuant to the Units and other derivative instruments of the Company. The Company's obligations under this Section 8.2(a) shall not be affected by any determination of the Company's Board of Directors not to recommend the Merger or to no longer deem it advisable.

(b) Parent and the Company shall each use reasonable best efforts such that, to the extent reasonably practicable, the Company Shareholder Meeting and the Parent Shareholder Meeting shall be held on the same day and as promptly as reasonably practicable (subject to applicable law) after the conditions precedent to holding such meetings have been fulfilled. Subject to the requirements of applicable law and the terms of this Agreement (including, in the case of Parent, the fiduciary duties of its board of directors under applicable law and, in the case of the Company, the provisions of Section 7.2), the board of directors of each of Parent and the Company shall recommend to its respective shareholders the approval of the Merger and the other transactions contemplated hereby and shall use reasonable best efforts to solicit such approval.

8.3 Access to Information; Confidentiality. Subject to the Confidentiality Agreement, dated October 11, 2002 between Parent and the Company (the "Confidentiality Agreement"), and subject to the restrictions contained in confidentiality agreements to which the Company and its subsidiaries are subject (which restrictions the Company and its subsidiaries will use its reasonable best efforts to have waived) and applicable law, Company shall, and shall cause each of its subsidiaries to, afford to Parent and to the officers, employees, accountants, counsel, financial advisors and other representatives of Parent, reasonable access during normal business hours during the period prior to the Effective Time to all their respective properties, books, contracts, commitments, personnel and records and, during such period, the Company shall, and shall cause each of its subsidiaries to, furnish promptly to Parent (i) a copy of each report, schedule, registration statement and other document filed by it during such period pursuant to the requirements of federal or state securities laws and (ii) all other information concerning its business, properties and personnel as such other party may reasonably request. In addition, the Company will deliver, or cause to be delivered, to Parent the internal or external reports reasonably required by Parent promptly after such reports are made available to the Company's personnel. Parent will hold, and will cause its respective officers, employees, accountants,

counsel, financial advisors and other representatives and affiliates to hold, any nonpublic information in accordance with the terms of the Confidentiality Agreement.

8.4 Filings; Other Actions; Notification. (a) Subject to the other provisions of this Agreement, the Company and Parent shall cooperate with each other and use (and shall cause their respective subsidiaries to use) reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, necessary, proper or advisable on its part under this Agreement and applicable laws to consummate and make effective the Merger and the other transactions contemplated by this Agreement as soon as reasonably practicable, including preparing and filing as promptly as reasonably practicable all documentation to effect all necessary notices, reports, applications and other filings and to obtain as promptly as reasonably practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any Governmental Entity in order to consummate the Merger or any of the other transactions contemplated by this Agreement (including, without limitation, the Government Consents); provided, however, that nothing in this Section 8.4 shall require, or be construed to require, Parent, in connection with the receipt of any regulatory approval, to proffer to, or agree (or for Parent to permit the Company to proffer to or to agree) to (i) sell or hold separate or agree to sell, divest, discontinue or limit, before or after the Effective Time, any assets, businesses, or interest in any assets or businesses of Parent, the Company or any of their respective affiliates (or to consent to any discontinuance or limitation by Parent or the Company, as the case may be, of any of its assets or businesses) or (ii) agree to any conditions relating to, or changes or restriction in, the operations of any such asset or businesses which, in the case of either clause (i) or (ii), is reasonably likely, individually or in the aggregate, to have a Material Adverse Effect on Parent or the Company or a material adverse effect on the Parent Intermediate Holding Subsidiary (consolidated with its subsidiaries) (any such requirement, a "Burdensome Condition"). Subject to applicable laws relating to the exchange of information, Parent shall have the right to review in advance any material filing made with, or written materials submitted by the Company to, any third party and/or any Governmental Entity in connection with the Merger and the other transactions contemplated by this Agreement. In exercising the foregoing right, Parent shall act reasonably and as promptly as reasonably practicable.

(b) The Company and Parent each shall, upon reasonable request by the other and subject to applicable law, furnish the other with all information concerning itself, its subsidiaries, directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with the Company Proxy Statement, the Form F-4, the Parent Documents, the Press Announcements or any other statement, filing, notice or application made by or on behalf of Parent, the Company or any of their respective subsidiaries to any third party and/or any Governmental Entity in connection with the Merger and the transactions contemplated by this Agreement. The Company shall procure that William F. Aldinger, as a proposed director of Parent, will take responsibility for the Parent Documents to the extent required by the UKLA, the HKSE and Euronext Paris.

(c) To the fullest extent permitted by applicable law, the Company and Parent each shall keep the other apprised of the status of matters relating to completion of the Merger and the other transactions contemplated hereby, including promptly furnishing the other with copies of material notices or other communications received by Parent or the Company, as the

case may be, or any of its subsidiaries, from any third party and/or any Governmental Entity with respect to the Merger and the other transactions contemplated by this Agreement. The Company and Parent each shall give prompt notice to the other of any change that, individually or in the aggregate, is reasonably likely to result in a Material Adverse Effect with respect to it or to cause the non-satisfaction of any condition to the Merger.

(d) In the event any claim, action, suit, investigation or other proceeding by any Governmental Entity or other Person or other legal or administrative proceeding is commenced that questions the validity or legality of this Agreement, or the Merger or the other transactions contemplated by this Agreement or claims damages in connection therewith, the Company and Parent each agree to cooperate and use their reasonable best efforts, subject to the limitations set forth in Section 8.4(a), to defend against and respond thereto.

8.5 Accountants' Letters. Each of the Company and Parent shall use reasonable best efforts to cause to be delivered to the other party, (i) a letter of KPMG LLP and KPMG Audit plc, respectively, independent auditors, dated (A) the date on which the Form F-4 shall become effective and (B) a date shortly prior to the Effective Date, and addressed to such other party, in form and substance customary for "comfort" letters delivered by independent accountants in accordance with Statement of Accounting Standards No. 72 and (ii) letters of KPMG LLP and KPMG Audit plc dated (A) the date on which the Parent Documents are sent to shareholders or, in the case of the Parent Listing Particulars, approved by the UKLA and (B) (if the parties so determine) a date shortly prior to the Effective Date and addressed to the other party and, in the case of Parent, to its sponsor pursuant to the Listing Rules of the UKLA, in relation to the financial and other information to be included in the Parent Documents, in form and substance customary for comfort letters in relation to such documents.

8.6 Listing Applications. Parent shall promptly prepare and submit to the UKLA, the HKSE and Euronext Paris a listing application and to the LSE an application for admission to trading with respect to the Parent Ordinary Shares, and to the NYSE a listing application in respect of the Parent Ordinary Shares and Parent Depositary Shares issuable in the Merger or, as necessary, upon exercise of Assumed Options, and shall use its reasonable best efforts to obtain, prior to the Effective Time, approval for the listing of such Parent Ordinary Shares, in the case of the UKLA, the HKSE, Euronext Paris and the LSE, and such Parent Ordinary Shares and Parent Depositary Shares in the case of the NYSE, subject to official notice of issuance. The Surviving Corporation shall use its reasonable best efforts to cause the Common Shares to be de-listed from the NYSE and de-registered under the Exchange Act as soon as practicable following the Effective Time.

8.7 Tax Opinions. Each of the Company and Parent shall cooperate with each other in obtaining the opinions of Cleary, Gottlieb, Steen & Hamilton, counsel to Parent (the "Parent Counsel Tax Opinion"), and Wachtell, Lipton, Rosen & Katz, counsel to the Company (the "Company Counsel Tax Opinion"), each dated the Closing Date, to the effect that (i) the Merger will be treated for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code and (ii) each transfer of property to Parent by a shareholder of the Company pursuant to the Merger will not be subject to Section 367(a)(1) of the Code. In rendering the Parent Counsel Tax Opinion and the Company Counsel Tax Opinion, Cleary, Gottlieb, Steen & Hamilton and Wachtell, Lipton, Rosen & Katz, respectively, may rely upon

and require such certificates of the Company and Parent and/or their officers or principal shareholders as are customary for such opinions. Each opinion may assume that any shareholder who is a "five-percent transferee shareholder" with respect to Parent within the meaning of U.S. Treasury Regulations Section 1.367(a)-3(c)(5)(ii) will file the agreement described in U.S. Treasury Regulations Section 1.367(a)-3(c)(1)(iii)(B).

8.8 Affiliates. Not later than the fifteenth day prior to the mailing of the Proxy Statement, the Company shall deliver to Parent a list of names and addresses of those Persons who are or are expected to be, to the knowledge of the Company, as of the time of the Company Shareholder Meeting, "affiliates" of the Company within the meaning of Rule 145 under the Securities Act. There shall be added to such lists the names and addresses of any other Person subsequently identified by the Company as a Person who may be deemed to be such an affiliate; provided, however, that no such Person identified by the Company shall remain on such list of affiliates if Parent shall receive from the Company, on or before the date of the Company Shareholder Meeting, an opinion of counsel reasonably satisfactory to Parent to the effect that such Person is not such an affiliate. The Company shall exercise its reasonable best efforts to deliver or cause to be delivered to Parent, prior to the date of the Company Shareholder Meeting, from each such affiliate identified in the list delivered pursuant to the first sentence of this Section 8.8 (as the same may be supplemented as aforesaid) a letter dated as of the Company Shareholder Meeting in a form to be mutually agreed by Parent and the Company (the "Affiliate Letters"). Parent shall not be required to maintain the effectiveness of the Form F-4 or any other registration statement under the Securities Act for the purposes of resale of Parent Ordinary Shares or Parent Depositary Shares received in the Merger by such affiliates and the Parent ADRs representing Parent Depositary Shares received by such affiliates shall bear a customary legend regarding applicable Securities Act restrictions and the provisions of this Section 8.8.

8.9 Indemnification, Exculpation and Insurance. (a) Parent agrees that all rights to indemnification, expense advancement and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time now existing in favor of the current or former directors or officers of the Company and its subsidiaries as provided in their respective certificates of incorporation or by-laws (or comparable organizational documents) and any indemnification agreements or arrangements of the Company listed in Section 5.18 of the Company Disclosure Schedule shall survive the Merger and shall continue in full force and effect in accordance with their terms. The Surviving Corporation shall cooperate in the defense of any such matter. From and after the Effective Time, Parent shall cause the Surviving Corporation to indemnify, defend and hold harmless, to the fullest extent permitted by the DGCL and other applicable laws, the present and former officers and directors of the Company or any of its subsidiaries in their capacities as such against all losses, expenses, claims, damages or liabilities arising out of actions or omissions occurring on or prior to the Effective Time (including, without limitation, actions or omissions relating to the transactions contemplated hereby).

(b) In the event that the Surviving Corporation or any of its successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper

provision will be made so that the successors and assigns of the Surviving Corporation will assume the obligations thereof set forth in this Section 8.9.

(c) The provisions of this Section 8.9 are intended to be for the benefit of, and will be enforceable by, each indemnified party, his or her heirs and his or her representatives and are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have by contract or otherwise.

(d) For six years after the Effective Time, the Surviving Corporation shall maintain in effect the Company's current directors' and officers' liability insurance covering acts or omissions occurring prior to the Effective Time with respect to those Persons who are currently covered by the Company's directors' and officers' liability insurance policy on terms with respect to such coverage and amount no less favorable to the Company's directors and officers currently covered by such insurance than those of such policy in effect on the date hereof; provided, however, that the Surviving Corporation may substitute therefor policies of Parent or its subsidiaries containing terms with respect to coverage and amount no less favorable to such directors or officers; provided, further, that in no event shall the Surviving Corporation be required to pay aggregate premiums for insurance under this Section 8.9(d) in excess of 250% of the aggregate premiums paid by the Company as of the date hereof on an annualized basis for such purpose; provided, further, that in the event the Surviving Corporation is unable to obtain such insurance it shall use its reasonable best efforts to obtain as much comparable insurance coverage as is available for the maximum premium indicated above.

(e) Parent shall cause the Surviving Corporation or any successor thereto to comply with its obligations under this Section 8.9.

8.10 Employee Matters. (a) For the one year period ending on the first anniversary of the Effective Date (the "Continuation Period"), Parent shall, or shall cause the Surviving Corporation or its subsidiaries to, (i) pay to the employees of the Surviving Corporation or its subsidiaries, during any portion of the Continuation Period that such employee is employed by the Surviving Corporation or any such subsidiary, an annual salary or hourly wage rate and bonus and annual incentives (other than equity-based awards), as applicable, that are no less than the annual salary or hourly wage rate and bonus and annual incentives (other than equity-based awards) payable to such employee immediately prior to the Effective Time and (ii) provide such employees in the aggregate with employee benefits, during any portion of the Continuation Period that such employees are employed by the Surviving Corporation or any such subsidiary, that are substantially similar in the aggregate to the employee benefits provided to such employees pursuant to the Company Benefit Plans (other than equity-based benefits) immediately prior to the Effective Time, except with regard to employees covered by employment agreement with the Company, effective as of the Effective Time. Notwithstanding any other provision herein, none of the Parent, the Surviving Corporation nor any of its subsidiaries will have any obligation to continue the employment of any such employee for any period following the Effective Time.

(b) With respect to employee benefit plans, if any, of Parent or its subsidiaries in which employees of the Surviving Corporation or its subsidiaries ("Company Employees") become eligible to participate after the Effective Time (the "Parent Plans"), Parent shall, or shall

cause the Surviving Corporation or its subsidiaries to: (i) with respect to each Parent Plan that is a medical or health plan, (x) waive any exclusions for pre-existing conditions under such Parent Plan that would result in a lack of coverage for any condition for which the applicable Company Employee would have been entitled to coverage under the corresponding Company Benefit Plan in which such Company Employee was an active participant immediately prior to his or her transfer to the Parent Plan; (y) waive any waiting period under such Parent Plan, to the extent that such period exceeds the corresponding waiting period under the corresponding Company Benefit Plan in which such Company Employee was an active participant immediately prior to his or her transfer to the Parent Plan (after taking into account the service credit provided for herein for purposes of satisfying such waiting period); and (z) provide each Company Employee with credit for any co-payments and deductibles paid by such Company Employee prior to his or her transfer to the Parent Plan (to the same extent such credit was given under the analogous Company Benefit Plan prior to such transfer) in satisfying any applicable deductible or out-of-pocket requirements under such Parent Plan for the plan year that includes such transfer; and (ii) recognize service of the Company Employees with the Company or any of its subsidiaries (or their respective predecessors) for purposes of eligibility to participate and vesting credit, and, solely with respect to vacation and severance benefits, benefit accrual in any Parent Plan in which the Company Employees are eligible to participate after the Effective Time, to the extent that such service was recognized for that purpose under the analogous Company Benefit Plan prior to such transfer; provided, however, that the foregoing shall not apply to the extent it would result in duplication of benefits. Nothing in this paragraph shall be interpreted to require Parent to provide for the participation of any Company Employee in any Parent Plan.

(c) Parent shall cause the Surviving Corporation to honor the Employment Agreements, Employment Protection Agreements and Severance Plans (subject to the right of the Surviving Corporation to amend and/or terminate such plan pursuant to the terms thereof) set forth in Section 8.10(c) of the Company Disclosure Schedule.

(d) Parent shall cause the Surviving Corporation to honor the accrued benefits under each of the Company's non-qualified deferred compensation and retirement plans. The Company shall take such action as may be necessary so that it will not be required to fund or otherwise set aside any cash or other assets to provide for any employee benefits as a result of this Agreement or the consummation of the transactions contemplated herein.

(e) The Company and Parent agree to the terms and conditions set forth on Exhibit 8.10(e) with respect to certain employee benefits matters.

8.11 Section 16 Matters. Prior to the Effective Time, Parent and the Company shall take all such steps as may be required to cause any dispositions of Common Shares (including derivative securities with respect to Common Shares) resulting from the transactions contemplated by this Agreement by each individual who is subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company, to be exempt under Rule 16b-3 promulgated under the Exchange Act.

8.12 Public Announcements. Parent and the Company will consult with each other before issuing, and provide each other the opportunity to review, comment upon and concur with, and use reasonable efforts to agree on, any press release or other public statements and any

internal communications with respect to the transactions contemplated by this Agreement, including the Merger, and shall not issue any such press release or make any such public statement prior to such consultation. Notwithstanding the foregoing, either party may issue or make, directly or indirectly, any report, statement or release required by applicable law, its fiduciary obligations or any listing agreement or arrangement with a national securities exchange or national market system (including, without limitation, the NYSE, the LSE, the HKSE and Euronext Paris) to which such party is subject, if the other party has, to the extent practicable, been notified and given a reasonable opportunity to review and comment on the report, statement or release.

8.13 Conveyance Taxes. Parent and the Company shall cooperate in the preparation, execution and filing of all returns, questionnaires, applications or other documents regarding any sales, use, value added, transfer, recording, registration and other fees or any similar taxes which become payable in connection with the transactions contemplated by this Agreement that are required or permitted to be filed on or before the Effective Time. Subject to Section 3.2(a)(iii), the Company shall pay, without deduction or withholding from any amount payable to the holders of Company Common Stock, any such taxes or fees imposed by any Governmental Entity which become payable in connection with Merger or the payment of the Common Merger Consideration and the Preferred Merger Consideration for which the Company is primarily liable and in no event shall Parent pay such amounts.

8.14 Tax Free Merger. Parent and the Company will use their respective reasonable best efforts, and agree to cooperate with the other parties and provide one another with such documentation, information and materials as may be reasonably necessary, proper or advisable, to (i) cause the Merger to qualify as a reorganization within the meaning of Section 368(a) of the Code and (ii) avoid gain recognition to the shareholders of the Company pursuant to Section 367(a)(i) of the Code. Parent and the Surviving Corporation shall comply with the "reporting requirements" of Treasury Regulations Section 1.367(a)-3(c)(6).

8.15 Redemption of Certain Designations of Preferred Stock. Within one Business Day after such time as Parent and Merger Sub have certified to the Company in writing that all conditions to the obligation of Parent to consummate the transactions contemplated by this Agreement have been irrevocably deemed satisfied or waived by Parent (other than the condition set forth in Sections 9.1(e) and 9.1(f)), the Company shall deposit the redemption price of each of the Company 5% Preferred Stock, the Company $4.30 Preferred Stock and the Company $4.50 Preferred Stock in trust for the holders thereof with a bank or trust company as set forth in the applicable provisions of the Company's respective certificate of designations in respect thereof, so as to cause each of the Company 5% Preferred Stock, the Company $4.30 Preferred Stock and the Company $4.50 Preferred Stock to be deemed not outstanding after the making of such deposit pursuant to the certificate of designations thereof, and shall thereafter take all other steps necessary to redeem each of the Company 5% Preferred Stock, the Company $4.30 Preferred Stock and the Company $4.50 Preferred Stock.

8.16 Retirement of Treasury Stock. Prior to the Effective Time, the Company shall take all steps necessary to retire and return to the status of authorized but unissued shares any Common Shares held by the Company as treasury stock.

ARTICLE IX

CONDITIONS PRECEDENT TO CLOSING

9.1 Conditions to the Obligation of Each Party to Effect the Merger. The respective obligations of each party to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) Effectiveness of Registration Statement. The Form F-4 shall have become effective under the Securities Act. No stop order suspending the effectiveness of the Form F-4 shall have been issued, and no proceeding for that purposes shall have been initiated or been threatened, by the SEC.

(b) Exchange Listing. The Parent Ordinary Shares issuable to holders of Common Shares pursuant to this Agreement shall have been approved for admission or admitted to listing on the Official List of the UKLA, approved for admission or admitted to trading by the LSE and approved for admission or admitted to trading by Euronext Paris, and the listing thereof by the Main Board of the HKSE shall have been granted by the HKSE, in accordance with the rules and regulations of the UKLA, the LSE, Euronext Paris and the HKSE, respectively, and such Parent Ordinary Shares and related Parent Depositary Shares shall have been authorized for listing on the NYSE, subject to official notice of issuance.

(c) Shareholder Approvals. Each of the Company Shareholder Approval and the Parent Shareholder Approval shall have been obtained.

(d) Governmental and Regulatory Approvals. (i) The waiting periods applicable to the consummation of the Merger under all applicable laws, including the HSR Act, applicable banking laws and applicable insurance laws shall have expired or been terminated, (ii) confirmation shall have been received by Parent from the OFT, in terms reasonably satisfactory to Parent, that the United Kingdom Secretary of State for Trade and Industry does not intend to refer the transactions contemplated by this Agreement, or any matters arising therefrom, to the United Kingdom Competition Commission, (iii) the transactions contemplated hereby (including Parent's plan to, immediately following the Effective Time, contribute the Surviving Corporation to a newly formed and wholly owned subsidiary of Parent) shall have been approved by the Federal Reserve Board (or, if Parent has determined that no formal approval by the Federal Reserve Board is required, the Federal Reserve Board or its staff shall not have indicated that it objects to, or that it intends to impose Burdensome Conditions as a result of, such transactions) or Parent shall have determined that no such approval is required, (iv) the transactions contemplated hereby shall have been approved by the OCC, (v) the transactions contemplated hereby shall have been approved under applicable U.S. state insurance and consumer lending laws (to the extent such approval is required to be obtained prior to the Closing under applicable law), (vi) the transactions contemplated hereby shall have been approved by the FSA, (vii) any special consent of H.M. Treasury pursuant to Section 765 of the Income and Corporation Taxes Act 1988 with respect to any of the transactions contemplated by this Agreement shall have been obtained in a form reasonably satisfactory to Parent, (viii) the Depositary (and, as applicable, its affiliates and custodians) shall have received any required prior approval of or any relevant waiting period shall have expired without any objection being

received from the Federal Reserve Board, the FSA and the Hong Kong Monetary Authority to acquire the Parent Ordinary Shares contemplated to be deposited with the Depositary in accordance with this Agreement, and (ix) other than the filing provided for in Section 2.3, all other notices, reports and other filings required by applicable law to be made prior to the Effective Time by the Company or Parent or any of their respective subsidiaries or affiliates, or the Depositary or its affiliates, or any custodian under the Deposit Agreement with, and all other consents, registrations, approvals, permits and authorizations required to be obtained prior to the Effective Time by the Company or Parent or any of their respective subsidiaries or affiliates or the Depositary (or, as applicable, its parent undertakings) or any custodian under the Deposit Agreement from, any Governmental Entity ((i) through (ix) collectively, "Governmental Consents"), in connection with the execution and delivery of this Agreement and the consummation of the Merger and the other transactions contemplated hereby, shall have been made or obtained.

(e) Governmental Actions. No court or Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any law, statute, ordinance, rule, regulation, judgment, decree, injunction or other order (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins or otherwise prohibits consummation of the Merger (collectively, an "Order").

(f) Redemption of Preferred Stock. Each of the 5% Preferred Stock, the Company $4.30 Preferred Stock and the Company $4.50 Preferred Stock shall, pursuant to the certificate of designations thereof as a result of the action taken by the Company pursuant to Section 8.15, be deemed not to be outstanding for any purpose whatsoever and the rights of the holders thereof shall be limited to the right to receive the redemption price of such shares.

9.2 Conditions to the Obligation of Parent to Effect the Merger. The obligation of Parent to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. Subject to Section 4.2, the representations and warranties of the Company set forth in this Agreement shall be true and correct as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date.

(c) Parent Counsel Tax Opinion. Parent shall have received from Cleary, Gottlieb, Steen & Hamilton the Parent Counsel Tax Opinion.

(d) Governmental Consents. The Governmental Consents shall not be conditioned upon the imposition of any requirements or conditions that, individually or in the aggregate, would constitute a Burdensome Condition.

(e) Governmental Actions. There shall not be pending or threatened by any Governmental Entities any suits, actions or proceedings (i) seeking to restrain or prohibit the consummation of the Merger or any of the other transactions contemplated by this Agreement, (ii) seeking to impose any requirements or conditions that, if imposed prior to the Closing, would, individually or in the aggregate, constitute a Burdensome Condition or (iii) which otherwise would reasonably be expected to have a Material Adverse Effect on Parent or the Company.

(f) Officer's Certificate. Parent shall have received a certificate, duly executed on behalf of the Company, that conditions specified in Sections 9.2(a) and 9.2(b) have been satisfied.

9.3 Conditions to the Obligation of the Company to Effect the Merger. The obligation of the Company to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. Subject to Section 4.2, the representations and warranties of Parent set forth in this Agreement shall be true and correct as of the date of this Agreement and (except to the extent such representations and warranties speak as of an earlier date) as of the Closing Date as though made on and as of the Closing Date.

(b) Performance of Obligations of Parent. Parent shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date.

(c) Company Counsel Tax Opinion. The Company shall have received from Wachtell, Lipton, Rosen & Katz the Company Counsel Tax Opinion.

(d) Officer's Certificate. The Company shall have received a certificate, duly executed on behalf of Parent, that conditions specified in Sections 9.3(a) and 9.3(b) have been satisfied.

ARTICLE X

TERMINATION, AMENDMENT AND WAIVER

10.1 Termination. This Agreement may be terminated at any time prior to the Effective Time, and whether before or after the Company Shareholder Approval or the Parent Shareholder Approval:

(a) by the mutual written consent of Parent and the Company in a written instrument;

(b) by either Parent or the Company:

(i) if the Merger shall not have been consummated by June 30, 2003; provided, however, that the right to terminate this Agreement pursuant to this Section 10.1(b)(i) shall not be available to any party whose failure to perform any of its

obligations under this Agreement results in the failure of the Merger to be consummated by such time;

(ii) if the Company Shareholder Approval shall not have been obtained at the Company Shareholder Meeting duly convened therefor or at any adjournment or postponement thereof at which a vote on such approval was taken;

(iii) if the Parent Shareholder Approval shall not have been obtained at the Parent Shareholder Meeting duly convened therefor or at any adjournment or postponement thereof at which a vote on such approval was taken;

(iv) if a court of competent jurisdiction or governmental, regulatory or administrative agency or commission shall have issued a nonappealable final order, decree or ruling or taken any other nonappealable final action having the effect of permanently restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement; or

(v) if a Governmental Entity which must grant or satisfy, as the case may be, a regulatory approval required pursuant to Sections 9.1(b) or 9.1(d) has denied approval of the Merger (or, in the case of a termination by Parent, if such approval is subject to a Burdensome Condition) and such action has become final and nonappealable, or any Governmental Entity has issued a final nonappealable injunction permanently enjoining or otherwise prohibiting the consummation of the transactions contemplated by this Agreement;

(c) by either Parent or the Company if there shall have been a breach of any of the representations, warranties, covenants or agreements set forth in this Agreement on the part of the Company (in the case of the Parent) or on the part of the Parent (in the case of the Company), which breach is not cured within 30 days following written notice to the party committing such breach, or which breach, by its nature or timing, cannot reasonably be cured within such period; provided that such breach, if occurring or continuing on the Closing Date, would constitute, individually or in the aggregate with such other breaches, the failure of a condition set forth in Sections 9.2(a), 9.2(b), 9.3(a) or 9.3(b), as applicable;

(d) by Parent, if the Company shall have willfully and materially breached its obligations under Section 7.2, or if the Board of Directors of the Company shall have failed to recommend in the Proxy Statement the adoption of the agreement of merger set forth in this Agreement, effected a Change in Company Recommendation or recommended any Alternative Proposal (or resolved to take any such action), whether or not permitted by the terms hereof, or shall have breached its obligations under this Agreement by reason of a material failure to call or convene the Company Shareholder Meeting in compliance with Section 8.2(a);

(e) by Parent, if the Company or its representatives shall have engaged in discussions with any Person in connection with an Acquisition Proposal in accordance with the provisions of Section 7.2, and the Company and its representatives shall not have ceased all such discussions with such Person within 20 days of the first date of any of the foregoing actions; or

(f) by the Company, if the Board of Directors of Parent shall have failed to recommend the Merger in the Parent Documents, whether or not permitted by the terms hereof, or shall have breached its obligations under this Agreement by reason of a failure to call or convene the Parent Shareholder Meeting in accordance with Section 8.2(b).

The party desiring to terminate this Agreement pursuant to clause (b), (c), (d), (e) or (f) of this Section 10.1 shall give written notice of such termination to the other party in accordance with Section 11.6, specifying the provision or provisions hereof pursuant to which such termination is effected.

10.2 Effect of Termination. In the event of the termination of this Agreement pursuant to Section 10.1, this Agreement shall forthwith become void and there shall be no liability on the part of any party hereto or any of its affiliates, directors, officers or shareholders except that the Company shall have such liability or obligations as set forth in Section 10.3. Notwithstanding the foregoing, nothing herein shall relieve the Company or Parent from liability for any willful breach hereof or willful misrepresentation herein (it being understood that the provisions of Section 10.3 do not constitute a sole or exclusive remedy for such willful breach or misrepresentation).

10.3 Fees and Expenses. (a) Except as provided in this Section 10.3, all fees and expenses incurred in connection with the Merger, this Agreement, and the transactions contemplated by this Agreement shall be paid by the party incurring such fees or expenses, whether or not the Merger is consummated.

(b) The Company shall pay to Parent a fee of $550,000,000 (the "Fee"), upon the occurrence of any of the following events (subject to Section 10.3(c)):

(i) the termination of this Agreement by Parent or the Company pursuant to Section 10.1(b)(i) without the Company Shareholders Meeting and the vote of shareholders taken thereat having occurred, if (A) an Acquisition Proposal shall have been made known to the Company or its shareholders prior to, and shall not have been irrevocably withdrawn at least 15 Business Days prior to, the date specified in Section 10.1(b)(i), and (B) any Alternative Transaction is consummated, or an agreement in principle, letter of intent, acquisition agreement or other similar agreement with respect to any Alternative Transaction (a "Company Acquisition Agreement") is entered into, within 12 months after the date of such termination;

(ii) the termination of this Agreement by Parent or the Company pursuant to Section 10.1(b)(ii), if (A) an Acquisition Proposal shall have been made known to the Company or its shareholders prior to the taking of the vote at the Company Shareholder Meeting, and (B) any Alternative Transaction is consummated, or a Company Acquisition Agreement is entered into, within 12 months after the date of such termination;

(iii) the termination of this Agreement by Parent pursuant to Section 10.1(c) as the result of a breach by the Company of its covenants or agreements set forth in this Agreement, if (A) an Acquisition Proposal shall have been made known to the Company

or its shareholders prior to the occurrence of such breach and (B) any Alternative Transaction is consummated, or a Company Acquisition Agreement is entered into, within 12 months after the date of such termination;

(iv) the termination of this Agreement by Parent pursuant to Section 10.1(d);

(v) the termination of this Agreement by Parent pursuant to Section 10.1(e), if any Alternative Transaction is consummated, or a Company Acquisition Agreement is entered into, within 12 months after the date of such termination.

(c) The Fee payable pursuant to this Section 10.3 shall be paid within one Business Day after a demand for payment following the occurrence of any of the events described in clauses (i), (ii), (iii), (iv) or (v) of Section 10.3(b), provided where more than one event is a condition for the payment of such Fee pursuant to any such clause, such Fee will be paid one Business Day after a demand for payment following the occurrence of the later to occur of such events.

(d) The Company acknowledges that the agreements contained in this Section 10.3 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Parent would not have entered into this Agreement; accordingly, if the Company fails to promptly pay any amounts due pursuant to this Section 10.3 and, in order to obtain such payment, Parent commences a suit which results in a judgment against the Company for the fee set forth in this Section 10.3, the Company shall pay to Parent its reasonable costs and expenses (including reasonable attorneys' fees and expenses of enforcement) in connection with such suit, together with interest from the date of termination of this Agreement on the amounts owed at the prime rate of The Bank of New York in effect from time to time during such period plus 2 percent per annum.

ARTICLE XI

MISCELLANEOUS AND GENERAL

11.1 Survival. The provisions of Article III, this Article XI and Sections 8.9 and 8.10 shall survive the consummation of the Merger. The provisions of this Article XI and Section 10.2 and 10.3 and the Confidentiality Agreement shall survive the termination of this Agreement. All other representations, warranties, covenants and agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall not survive the consummation of the Merger or the termination of this Agreement.

11.2 Modification or Amendment. Subject to the provisions of applicable law, at any time prior to the Effective Time the parties hereto may modify or amend this Agreement, by written agreement executed and delivered by duly authorized officers of the respective parties; provided, however, that after the approval of the agreement of merger contained herein at the Company Shareholder Meeting, there shall not be made any amendment (including, without limitation, pursuant to Section 2.4 or 11.11) that by law requires further approval by the Company's shareholders without the further approval of such shareholders; provided, further, that after the approval by Parent shareholders of the matters to be approved at the Parent

Shareholder Meeting, there shall not be made any amendment (including, without limitation, pursuant to Section 2.4 or 11.11) that by law requires further approval by the Parent's shareholders without the further approval of such shareholders.

11.3 Waiver. The conditions to each of the parties' obligations to consummate the Merger are for the sole benefit of such party and may be waived prior to the Effective Time by such party in whole or in part to the extent permitted by applicable law. At any time prior to the Effective Time, a party may (i) extend the time for the performance of any of the obligations or other acts of the other party, (ii) waive any inaccuracies in the representations and warranties of the other party contained in this Agreement or in any document delivered pursuant to this Agreement or (iii) subject to the provisos to Section 11.2, waive compliance by the other party with any of the agreements or conditions contained in this Agreement. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

11.4 Counterparts. This Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

11.5 Governing Law and Venue; Waiver of Jury Trial. (a) This Agreement shall be deemed to be made in and in respects shall be interpreted, construed and governed by and in accordance with the laws of the State of Delaware, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof.

(b) The parties hereby irrevocably submit to the jurisdiction of the courts of the State of Delaware and the Federal courts of the United States of America located in the State of Delaware solely in respect of the interpretation and enforcement of the provisions of this Agreement and of the documents referred to in this Agreement, and in respect of the transactions contemplated hereby, and hereby waive, and agree not to assert, as a defense in any action, suit or proceeding for the interpretation or enforcement hereof or of any such document, that it is not subject thereto or that such action, suit or proceeding may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement or any such document may not be enforced in or by such courts, and the parties hereto irrevocably agree that all claims with respect to such action or proceeding shall be heard and determined in such a Delaware State or Federal court. The parties hereby consent to and grant any such court jurisdiction over the person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such action or proceeding in the manner provided in Section 11.6 or in such other manner as may be permitted by law shall be valid and sufficient service thereof.

(c) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OF INDIRECTLY ARISING OUT OF OR RELATING TO THE AGREEMENT,

OR THE TRANSACTION CONTEMPLATED BY THE AGREEMENT. Each party certifies and acknowledges that (i) no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of litigation, seek to enforce the forgoing waiver, (ii) each party understand and has considered the implication of this waiver, (iii) each part makes this waiver voluntarily and (iv) each party has been induced to enter into this Agreement be, among other things, the mutual waivers and certifications in this Section 11.5.

11.6 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the others shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, or by facsimile:

if to Parent:

HSBC Holdings plc
Registered Office and Group Head Office
8 Canada Square, Level 42
London E14 5HQ, United Kingdom
Attn: Group Company Secretary
Telefax: 44 20 7991 4639

with a copy to:

Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, New York 10006
Attn: Victor I. Lewkow
Telefax: (212) 225-3999

if to the Company:

Household International, Inc.
2700 Sanders Road
Prospect Heights, Illinois 60070
Attn: J.W. Blenke
Telefax: (847) 564-6366

with a copy to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Attn: Edward D. Herlihy
Telefax: (212) 403-2000

or to such other Persons or addresses as may be designated in writing by the party to receive such notice as provided above.

11.7 Entire Agreement. This Agreement (including any exhibits hereto), the Company Disclosure Schedule, the Parent Disclosure Schedule and the Confidentiality Agreement constitute the entire agreement, and supersede all other prior agreements, understandings, representations and warranties both written and oral, among the parties, with respect to the subject matter hereof.

11.8 No Third Party Beneficiaries. Except for the provisions of Section 8.9, this Agreement is not intended to and does not confer upon any Person other than the parties hereto any rights or remedies hereunder.

11.9 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability or the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

11.10 Interpretation. The table of contents and headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such term. Unless otherwise stated, any agreement, instrument or statute defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or statute as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of statutes) by succession of comparable successor statutes and references to all attachments thereto and instruments incorporated therein; provided, however, that no representation made with respect to any Previously Filed Company SEC Document or Previously Filed Parent SEC Document shall be deemed modified by the filing of any amendment thereto after the date hereof by operation of this sentence. References to a Person are also to its permitted successors and assigns.

11.11 Assignment. This Agreement shall not be assignable by operation of law or otherwise; provided, however, that, subject to the restrictions set forth in Section 2.4, Parent and Merger Sub may designate, by written notice to the Company, another wholly-owned subsidiary of Parent to effect the Merger in lieu of Merger Sub, in which event all references herein to

Merger Sub shall be deemed references to such other subsidiary, except that all representations and warranties made herein with respect to Merger Sub as of the date of this Agreement shall be deemed representations and warranties made with respect to such other subsidiary as of the date of such designation.

[Remainder of page intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed on its behalf as of the day and year first above written.

HSBC HOLDINGS PLC

By: /s/ Youssef A. Nasr
Name: Youssef A. Nasr
Title: Authorised Signatory

H2 ACQUISITION CORPORATION

By: /s/ Youssef A. Nasr
Name: Youssef A. Nasr
Title: President

HOUSEHOLD INTERNATIONAL, INC.

By: /s/ William F. Aldinger
Name: William F. Aldinger
Title: Chairman and Chief Executive Officer