



April 25, 2008

Ms. Lauren J. Noether
Bureau Chief
Consumer Protection & Anti-Trust
33 Capitol Street
Concord, NH 03301

RE: Notice of Possible Unauthorized Disclosure of Customer Information

Dear Ms. Noether:

HSBC Card and Retail Services and HSBC Bank Nevada, N.A. are providing this letter as notice of possible unauthorized disclosure of customer information. HSBC recently discovered irregular activity on the Forgot Login Password page of one of our websites, which was caused by unauthorized third parties using scripting that would allow them to view account information after providing the account numbers and the last four digits of the customer Social Security number. HSBC further confirmed that the accounts involved in this security incident had a 95 percent match rate with the accounts compromised by the third party Hannaford Brothers breach, which was announced to the industry by a recent MasterCard Alert. HSBC has taken a number of actions to strengthen the authentication process of the relevant website to mitigate the risk of any further such attacks.

At this time, we have determined that there were 19 residents of the State of New Hampshire affected. Attached is a copy of the customer notification being provided to the residents of your State which was mailed between April 14th and 17th.

Should you have any questions, please contact me at 630-521-3232.

Sincerely,

A handwritten signature in blue ink that reads "Thomas W. Chambers".

Thomas W. Chambers
Vice President - Compliance

<Logo Image>
<Return Address>

<Date>

<Cardmember Name>
<Address>
<City, State ZIP>

Re: Possible Account Security Compromise
Account ending in <Last 4 digits>

Dear <Cardmember Name>:

We are writing to you regarding your <Name> credit card account referenced above issued by HSBC Bank Nevada, N.A.

We have reason to believe that your account number or information pertaining to your account may have been compromised. We understand that security is a prime concern for our customers so, as a protective measure, we have issued you a new Account number and you should receive your new credit card within 10 business days from the date of this letter.

For additional protection, we would like to extend to you a **complimentary** one-year membership in PrivacyGuard[®], a program that offers credit reporting, credit monitoring, and identity theft protection, all in one. You will receive your enrollment materials in the mail in about 14 days.

We apologize for any inconvenience this may cause you. As with all account number changes, please be sure to notify merchants with whom you have set-up recurring charges and provide them with your new account number.

At HSBC, security has always been, and will continue to be a high priority. We appreciate the opportunity to serve your credit card needs. If you have any questions or concerns, please contact one of our Fraud Prevention representatives toll-free at <Phone Number>

Sincerely,

HSBC Card Services
Customer Service Department