

HSBC HOLDINGS PLC

EMPLOYEE SHARE PLANS

30 June 2011

Employee Share Plans

In accordance with the terms of a waiver granted by the Hong Kong Stock Exchange on 24 December 2010, full details of options under Employee Share Plans required pursuant to Listing Rules 17.07 and 17.09 are disclosed below. These disclosures are also available on the Hong Kong Stock Exchange's website at www.hkex.com.hk and can be obtained upon request from the Group Company Secretary, 8 Canada Square, London E14 5HQ.

To help align the interests of employees with those of shareholders, options are granted under all-employee share option plans. Set out on pages 224 to 227 are particulars of outstanding options, including those held by employees working under employment contracts that are regarded as 'continuous contracts' for the purposes of the Hong Kong Employment Ordinance. The options were granted for nil consideration. No options have been granted to substantial shareholders, suppliers of goods or services or in excess of the individual limit for each share plan. No options were cancelled by HSBC during the period. Share options may also be granted under the HSBC Share Plan 2011, which replaced the HSBC Share Plan on 27 May 2011, following shareholder approval at the Annual General Meeting. No share options have been granted under this plan. The options which were awarded, exercised or lapsed during the period are detailed in the tables below. Particulars of options held by Directors of HSBC Holdings are set out on page 221 in the *Interim Report 2011*.

All-employee share option plans

All employees employed within the Group on the first working day of the year may be granted options to acquire HSBC Holdings ordinary shares under shareholder-approved all-employee share option plans. Options under the plans are usually exercisable after one, three or five years.

The exercise of the options may be advanced to an earlier date in certain circumstances, for example, on retirement, and may be extended in certain circumstances, for example, on the death of a participant, the executors may exercise the options up to six months beyond the normal exercise period. The middle market closing price per HSBC Holdings ordinary share quoted on the London Stock Exchange, as derived from the Daily Official List on 19 April 2011, the day before options were awarded in 2011, was £6.41. The options are exercisable at a 20% discount to the average market value of the shares on the five business days immediately preceding the invitation date, unless otherwise indicated.

HSBC Holdings Savings-Related Share Option Plan

HSBC Holdings ordinary shares of US\$0.50

Date of award	Exercise price (£)	Exercisable		At 1 Jan 2011	Awarded during period	Exercised during period ¹	Lapsed during period	At 30 Jun 2011
		from	until					
24 May 2005	5.8205	1 Aug 2010	31 Jan 2011	247,967	–	99,602	148,082	283
26 Apr 2006	6.6870	1 Aug 2011	31 Jan 2012	1,015,989	–	6,895	34,857	974,237
25 Apr 2007	6.1760	1 Aug 2010	31 Jan 2011	561,828	–	127,323	433,713	792
25 Apr 2007	6.1760	1 Aug 2012	31 Jan 2013	1,182,431	–	4,735	59,021	1,118,675
30 Apr 2008	5.9397	1 Aug 2011	31 Jan 2012	1,672,121	–	21,221	46,431	1,604,469
30 Apr 2008	5.9397	1 Aug 2013	31 Jan 2014	1,586,320	–	3,565	79,949	1,502,806
29 Apr 2009	3.3116	1 Aug 2012	31 Jan 2013	27,946,815	–	182,688	713,055	27,051,072
29 Apr 2009	3.3116	1 Aug 2014	31 Jan 2015	27,721,528	–	48,206	558,285	27,115,037
21 Apr 2010	5.4573	1 Aug 2013	31 Jan 2014	3,677,049	–	5,277	444,443	3,227,329
21 Apr 2010	5.4573	1 Aug 2015	31 Jan 2016	2,125,817	–	810	197,170	1,927,837
20 Apr 2011	5.0971	1 Aug 2014	31 Jan 2015	–	5,323,998	–	354	5,323,644
20 Apr 2011	5.0971	1 Aug 2016	31 Jan 2017	–	2,418,932	–	–	2,418,932

¹ The weighted average closing price of the shares immediately before the dates on which options were exercised was £6.73.

The fair value of options granted in the period under the Plan was US\$17m.

Employee Share Plans (continued)

HSBC Holdings Savings-Related Share Option Plan: International

HSBC Holdings ordinary shares of US\$0.50

Date of award	Exercise price	Exercisable		At 1 Jan 2011	Awarded during period	Exercised during period ¹	Lapsed during period	At 30 Jun 2011
		from	until					
	(£)							
24 May 2005	5.8205	1 Aug 2010	31 Jan 2011	342,372	–	79,460	262,912	–
26 Apr 2006	6.6870	1 Aug 2011	31 Jan 2012	126,741	–	–	17,040	109,701
25 Apr 2007	6.1760	1 Aug 2010	31 Jan 2011	345,431	–	94,043	251,388	–
25 Apr 2007	6.1760	1 Aug 2012	31 Jan 2013	269,804	–	–	22,476	247,328
30 Apr 2008	5.9397	1 Aug 2011	31 Jan 2012	979,490	–	301	83,682	895,507
30 Apr 2008	5.9397	1 Aug 2013	31 Jan 2014	313,197	–	2,719	38,284	272,194
29 Apr 2009	3.3116	1 Aug 2012	31 Jan 2013	11,429,704	–	18,919	356,306	11,054,479
29 Apr 2009	3.3116	1 Aug 2014	31 Jan 2015	7,543,673	–	6,698	232,115	7,304,860
21 Apr 2010	5.4573	1 Aug 2011	31 Oct 2011	4,657,510	–	1,077	333,711	4,322,722
21 Apr 2010	5.4573	1 Aug 2013	31 Jan 2014	2,017,611	–	–	220,469	1,797,142
21 Apr 2010	5.4573	1 Aug 2015	31 Jan 2016	635,409	–	404	109,162	525,843
20 Apr 2011	5.0971	1 Aug 2012	31 Oct 2012	–	5,665,397	–	–	5,665,397
20 Apr 2011	5.0971	1 Aug 2014	31 Jan 2015	–	1,408,660	–	–	1,408,660
20 Apr 2011	5.0971	1 Aug 2016	31 Jan 2017	–	483,614	–	–	483,614
	(US\$)							
26 Apr 2006	11.6154	1 Aug 2011	31 Jan 2012	155,714	–	–	20,418	135,296
25 Apr 2007	12.0958	1 Aug 2010	31 Jan 2011	297,952	–	11,835	286,117	–
25 Apr 2007	12.0958	1 Aug 2012	31 Jan 2013	244,388	–	–	37,641	206,747
30 Apr 2008	11.8824	1 Aug 2011	31 Jan 2012	713,459	–	595	143,496	569,368
30 Apr 2008	11.8824	1 Aug 2013	31 Jan 2014	197,985	–	–	27,310	170,675
29 Apr 2009	4.8876	1 Aug 2012	31 Jan 2013	4,513,868	–	32,212	261,949	4,219,707
29 Apr 2009	4.8876	1 Aug 2014	31 Jan 2015	2,373,036	–	4,418	109,547	2,259,071
21 Apr 2010	8.6309 ²	1 Aug 2011	31 Oct 2011	592,838	–	–	74,683	518,155
21 Apr 2010	8.1232	1 Aug 2011	31 Oct 2011	335,154	–	2,334	32,527	300,293
21 Apr 2010	8.1232	1 Aug 2013	31 Jan 2014	1,180,206	–	1,908	75,845	1,102,453
21 Apr 2010	8.1232	1 Aug 2015	31 Jan 2016	294,815	–	236	21,967	272,612
20 Apr 2011	8.7225 ²	1 Aug 2012	31 Oct 2012	–	596,439	–	–	596,439
20 Apr 2011	8.2094	1 Aug 2012	31 Oct 2012	–	406,601	–	–	406,601
20 Apr 2011	8.2094	1 Aug 2014	31 Jan 2015	–	914,620	–	–	914,620
20 Apr 2011	8.2094	1 Aug 2016	31 Jan 2017	–	271,390	–	–	271,390
	(€)							
26 Apr 2006	9.5912	1 Aug 2011	31 Jan 2012	10,418	–	–	2,308	8,110
25 Apr 2007	9.0818	1 Aug 2010	31 Jan 2011	24,400	–	702	23,698	–
25 Apr 2007	9.0818	1 Aug 2012	31 Jan 2013	31,318	–	–	2,160	29,158
30 Apr 2008	7.5571	1 Aug 2011	31 Jan 2012	137,494	–	–	11,553	125,941
30 Apr 2008	7.5571	1 Aug 2013	31 Jan 2014	31,525	–	–	2,799	28,726
29 Apr 2009	3.6361	1 Aug 2012	31 Jan 2013	1,365,692	–	–	29,788	1,335,904
29 Apr 2009	3.6361	1 Aug 2014	31 Jan 2015	994,459	–	–	25,066	969,393
21 Apr 2010	6.0657	1 Aug 2011	31 Oct 2011	209,210	–	–	10,488	198,722
21 Apr 2010	6.0657	1 Aug 2013	31 Jan 2014	240,855	–	–	22,697	218,158
21 Apr 2010	6.0657	1 Aug 2015	31 Jan 2016	83,137	–	–	7,472	75,665
20 Apr 2011	5.7974	1 Aug 2012	31 Oct 2012	–	257,119	–	–	257,119
20 Apr 2011	5.7974	1 Aug 2014	31 Jan 2015	–	234,640	–	–	234,640
20 Apr 2011	5.7974	1 Aug 2016	31 Jan 2017	–	89,538	–	–	89,538
	(HK\$)							
26 Apr 2006	90.1414	1 Aug 2011	31 Jan 2012	36,911	–	–	9,571	27,340
25 Apr 2007	94.5057	1 Aug 2010	31 Jan 2011	63,279	–	783	62,496	–
25 Apr 2007	94.5057	1 Aug 2012	31 Jan 2013	47,403	–	–	100	47,303
30 Apr 2008	92.5881	1 Aug 2011	31 Jan 2012	78,600	–	–	29,998	48,602
30 Apr 2008	92.5881	1 Aug 2013	31 Jan 2014	47,518	–	–	3,241	44,277
29 Apr 2009	37.8797	1 Aug 2012	31 Jan 2013	21,966,243	–	59,813	593,508	21,312,922
29 Apr 2009	37.8797	1 Aug 2014	31 Jan 2015	20,343,809	–	17,272	290,510	20,036,027
21 Apr 2010	62.9770	1 Aug 2011	31 Oct 2011	2,781,249	–	10,317	272,238	2,498,694
21 Apr 2010	62.9770	1 Aug 2013	31 Jan 2014	1,518,865	–	5,682	89,263	1,423,920
21 Apr 2010	62.9770	1 Aug 2015	31 Jan 2016	545,015	–	544	44,574	499,897
20 Apr 2011	63.9864	1 Aug 2012	31 Oct 2012	–	3,461,659	–	–	3,461,659
20 Apr 2011	63.9864	1 Aug 2014	31 Jan 2015	–	1,260,494	–	–	1,260,494
20 Apr 2011	63.9864	1 Aug 2016	31 Jan 2017	–	405,759	–	–	405,759

Employee Share Plans (continued)

- 1 The weighted average closing price of the shares immediately before the dates on which the options were exercised was £6.75.
- 2 Exercisable at a 15% discount to the average market value of the ordinary shares on the five business days immediately preceding the invitation date.

The fair value of options granted in the period under the Plan was US\$33m.

Fair values of options granted under all-employee share option plans in 2011, estimated at the date of grant of the share option, are calculated using a Black-Scholes model.

The expected life of options depends on the behaviour of option holders, which is incorporated into the option model on the basis of historic observable data. The fair values calculated are inherently subjective and uncertain due to the assumptions made and the limitations of the model used. The significant weighted average assumptions used to estimate the fair value of the options granted in 2011 were as follows:

	1-year savings-related share option plan	3-year savings-related share option plans	5-year savings-related share option plans
Risk-free interest rate (%) ¹	0.8	1.7	2.5
Expected life (years) ²	1	3	5
Expected volatility (%) ³	25	25	25

- 1 The risk-free interest rate was determined from the UK gilts zero-coupon yield curve for the HSBC Holdings Savings-Related Share Option Plan. A similar yield curve was used for the HSBC Holdings Savings-Related Share Option Plan: International.
- 2 Expected life is not a single input parameter but a function of various behavioural assumptions.
- 3 Expected volatility is estimated by considering historic average HSBC share price volatility and implied volatility for traded options over HSBC shares of similar maturity to those of the employee options.

Expected dividend yield was determined to be 4.5% per annum, in line with consensus analyst forecasts.

Discretionary share option plans

There have been no awards of discretionary share options under employee share plans since 30 September 2005.

HSBC Holdings Group Share Option Plan¹

HSBC Holdings ordinary shares of US\$0.50

Date of award	Exercise price (£)	Exercisable		At	Exercised	Lapsed	At
		from	until	1 Jan 2011	during period ²	during period	30 Jun 2011
23 Apr 2001	7.5919	23 Apr 2004	23 Apr 2011	28,712,145	459	28,711,686	–
30 Aug 2001	7.1702	30 Aug 2004	30 Aug 2011	151,784	–	2,267	149,517
7 May 2002	7.3244	7 May 2005	7 May 2012	30,564,512	–	391,953	30,172,559
30 Aug 2002	6.4966	30 Aug 2005	30 Aug 2012	385,401	–	–	385,401
2 May 2003	6.0216	2 May 2006	2 May 2013	26,540,940	622,819	214,723	25,703,398
29 Aug 2003	7.0848	29 Aug 2006	29 Aug 2013	371,782	–	23,765	348,017
3 Nov 2003	7.9606	3 Nov 2006	3 Nov 2013	4,612,854	–	–	4,612,854
30 Apr 2004	7.2181	30 Apr 2007	30 Apr 2014	54,837,666	17,963	768,412	54,051,291
27 Aug 2004	7.5379	27 Aug 2007	27 Aug 2014	308,434	–	16,513	291,921
20 Apr 2005	7.2869	20 Apr 2008	20 Apr 2015	6,704,069	–	36,607	6,667,462

- 1 The HSBC Holdings Group Share Option Plan expired on 26 May 2005. No options have been granted under the Plan since that date.
- 2 The weighted average closing price of the ordinary shares immediately before the dates on which options were exercised was £6.91.

HSBC Share Plan

HSBC Holdings ordinary shares of US\$0.50

Date of award	Exercise price (£)	Exercisable		At	Exercised	Lapsed	At
		from	until	1 Jan 2011	during period	during period	30 Jun 2011
30 Sep 2005	7.9911	30 Sep 2008	30 Sep 2015	86,046	–	–	86,046

Employee Share Plans (continued)

Subsidiary company share plans

HSBC Private Bank France

When it was acquired in 2000, HSBC Private Bank France operated employee share option plans under which options could be granted over its shares. No options under the plan have been granted since the acquisition and no further options will be granted under the plan. The following are details of options to acquire shares in HSBC Private Bank France.

HSBC Private Bank France

Shares of €2

Date of award	Exercise price (€)	Exercisable		At 1 Jan 2011	Exercised during period ¹	Lapsed during period	At 30 Jun 2011 ¹
		from	until				
15 May 2001	20.80	15 May 2002	15 May 2011	141,525	–	141,525	–
1 Oct 2002	22.22	2 Oct 2005	1 Oct 2012	145,575	–	–	145,575

¹ Following exercise of the options, the HSBC Private Bank France shares are exchangeable for HSBC Holdings ordinary shares in the ratio of 2.099984 HSBC Holdings ordinary shares for each HSBC Private Bank France share. At 30 June 2011, The CCF Employee Benefit Trust 2001 held 989,502 HSBC Holdings ordinary shares which may be exchanged for HSBC Private Bank France shares arising from the exercise of these options.

HSBC Finance

Following the acquisition of HSBC Finance in 2003, all outstanding options and equity-based awards over HSBC Finance common shares were converted into rights to receive HSBC Holdings ordinary shares in the same ratio as the share exchange offer for the acquisition of HSBC Finance (2.675 HSBC Holdings ordinary shares for each HSBC Finance common share) and the exercise prices per share were adjusted accordingly. No further options will be granted under any of these plans.

The following are details of options and equity-based awards to acquire shares in HSBC Holdings. At 30 June 2011, the HSBC (Household) Employee Benefit Trust 2003 held 2,335,315 HSBC Holdings ordinary shares and 1,445 American Depositary Shares, each of which represents five HSBC Holdings ordinary shares, which may be used to satisfy the exercise of employee share options.

HSBC Finance: 1996 Long-Term Executive Incentive Compensation Plan

HSBC Holdings ordinary shares of US\$0.50

Date of award	Exercise price (US\$)	Exercisable		At 1 Jan 2011	Exercised during period	Lapsed during period	At 30 Jun 2011
		from	until				
12 Nov 2001	18.62	12 Nov 2002	12 Nov 2011	8,688,288	–	–	8,688,288
20 Nov 2002	9.29	20 Nov 2003	20 Nov 2012	2,429,538	–	–	2,429,538

HSBC Bank Bermuda

Following the acquisition of HSBC Bank Bermuda in 2004, all outstanding options over HSBC Bank Bermuda shares were converted into rights to receive HSBC Holdings ordinary shares based on the consideration of US\$40 for each HSBC Bank Bermuda share and the average closing price of HSBC Holdings ordinary shares, derived from the London Stock Exchange Daily Official List, for the five business days preceding the closing date of the acquisition. No further options will be granted under any of these plans.

All outstanding options over HSBC Bank Bermuda shares vested on completion of the acquisition. The following are details of options to acquire HSBC Holdings ordinary shares. At 30 June 2011, the HSBC (Bank of Bermuda) Employee Benefit Trust 2004 held 2,108,830 HSBC Holdings ordinary shares which may be used to satisfy the exercise of employee share options.

Employee Share Plans (continued)*HSBC Bank Bermuda: Executive Share Option Plan 1997*

HSBC Holdings ordinary shares of US\$0.50

Date of award	Exercise price (US\$)	Exercisable		At 1 Jan 2011	Exercised during period	Lapsed during period	At 30 Jun 2011
		from	until				
11 Jan 2001	12.44	11 Jan 2002	11 Jan 2011	61,901	–	61,901	–

HSBC Bank Bermuda: Share Option Plan 2000

HSBC Holdings ordinary shares of US\$0.50

Date of award	Exercise price (US\$)	Exercisable		At 1 Jan 2011	Exercised during period	Lapsed during period	At 30 Jun 2011
		from	until				
11 Jan 2001	12.44	11 Jan 2002	11 Jan 2011	154,753	–	154,753	–
6 Feb 2001	14.30	6 Feb 2002	6 Feb 2011	637,501	–	637,501	–
29 Mar 2001	13.41	29 Mar 2002	29 Mar 2011	310	–	310	–
16 Apr 2001	13.57	16 Apr 2002	16 Apr 2011	619	–	619	–
6 Jun 2001	15.99	6 Jun 2002	6 Jun 2011	9,285	–	9,285	–
16 Jul 2001	14.70	16 Jul 2002	16 Jul 2011	17,133	–	–	17,133
28 Aug 2001	13.41	28 Aug 2002	28 Aug 2011	15,476	–	–	15,476
26 Sep 2001	11.15	26 Sep 2002	26 Sep 2011	401,863	–	–	401,863
30 Jan 2002	13.59	30 Jan 2003	30 Jan 2012	1,407	–	–	1,407
5 Feb 2002	14.02	5 Feb 2003	5 Feb 2012	848,626	–	–	848,626
10 Jul 2002	13.80	10 Jul 2003	10 Jul 2012	14,069	–	–	14,069
4 Feb 2003	9.32	4 Feb 2004	4 Feb 2013	142,082	–	–	142,082
21 Apr 2003	10.33	21 Apr 2004	21 Apr 2013	7,842	–	–	7,842

HSBC Bank Bermuda: Directors' Share Option Plan

HSBC Holdings ordinary shares of US\$0.50

Date of award	Exercise price (US\$)	Exercisable		At 1 Jan 2011	Exercised during period	Lapsed during period	At 30 Jun 2011
		from	until				
28 Mar 2001	13.73	28 Mar 2002	28 Mar 2011	9,285	–	9,285	–
3 Apr 2002	13.95	3 Apr 2003	3 Apr 2012	16,881	–	–	16,881