

HSBC HOLDINGS PLC

**(WEBSITE ONLY)
EMPLOYEE SHARE PLANS**

31 December 2014

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.

Employee share plans

Share options and discretionary awards of shares are granted under HSBC share plans to help align the interests of employees with those of shareholders.

Set out on pages 2 to 4 are particulars of outstanding share 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 at 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 year.

Employee share plans are subject to the following limits on the number of HSBC Holdings ordinary shares that may be subscribed for. In any 10-year period not more than 10% of HSBC Holdings ordinary shares in issue from time to time (approximately 1,922 million HSBC Holdings ordinary shares at 23 February 2015) may be issued or committed to be issued under the HSBC Share Plan 2011 and all other employee share plans operated by HSBC Holdings. In any 10-year period not more than 5% of HSBC Holdings ordinary shares in issue from time to time (approximately 961 million HSBC Holdings ordinary shares on 23 February 2015) may be issued or committed to be issued under the HSBC Share Plan 2011 and all other discretionary share plans adopted by HSBC Holdings. The number of HSBC Holdings ordinary shares which may be issued upon exercise of all options under the HSBC Share Plan 2011 and options granted under any other employee share plan operated by HSBC Holdings must not exceed 1,781,741,789 HSBC Holdings ordinary shares. Under the HSBC Holdings savings-related share option plans, the HSBC Share Plan and HSBC Holdings Group Share Option Plan there were options outstanding over 72,825,654 HSBC Holdings ordinary shares at 31 December 2014 (0.38% of the issued ordinary shares). The number of shares which may be issued upon exercise of options under the HSBC Share Plan 2011 and options granted under any other employee share plan operated by HSBC Holdings outstanding at any one time must not exceed 30% of the shares in issue from time to time. No further options may be granted under any such plan if this will result in the limit being exceeded. Particulars of options over HSBC Holdings shares held by Directors of HSBC Holdings are set out on page 320 of the Directors' Remuneration Report in the *Annual Report and Accounts 2014*.

The effect on earnings per share of granting share options and share awards which are satisfied by the issue of new shares is shown in diluted earnings per share on the face of the consolidated income statement, with further details disclosed in the Earnings per share Note 10 on the Financial Statements in the *Annual Report and Accounts 2014*.

All-employee share plans

The HSBC Holdings Savings-Related Share Option Plan and the HSBC Holdings Savings-Related Share Option Plan: International are all-employee share option plans under which eligible employees have been granted options to acquire HSBC Holdings ordinary shares. There will be no further grant of options under the HSBC Holdings Savings-Related Share Option Plan: International; the final grant was in 2012. A new international all-employee share purchase plan was launched in the third quarter of 2013.

For options granted under the HSBC Holdings Savings-Related Option Plan, employees may make contributions of up to £500 each month over a period of three or five years which may be used within six months following the third or fifth anniversary of the commencement of the relevant savings contract, at the employee's election, to exercise the options. Alternatively, the employee may elect to have the savings, plus (where applicable) any interest or bonus, repaid in cash. In the case of redundancy, retirement on grounds of injury or ill health, retirement, the transfer of the employing business to another party, or a change of control of the employing company, options may be exercised before completion of the relevant savings contract. In certain circumstances, the exercise period of options awarded under the all-employee share option plans may be extended, for example, on the death of a participant, the executors may exercise the option up to six months beyond the normal exercise period.

The terms set out in the preceding paragraph also applied to options granted up to April 2012 under the HSBC Holdings Savings-Related Share Option Plan: International with the exception that contributions were capped at the equivalent of £250. In addition, employees granted options under the HSBC Holdings Savings-Related Share Option Plan: International could elect to make monthly contributions over a period of one year which were exercisable within three months following the first anniversary of the commencement of the savings contract.

Under the HSBC Holdings Savings-Related Share Option Plan and the HSBC Holdings Savings-Related Share Option Plan: International the option exercise price is determined by reference to the average market value of HSBC Holdings ordinary shares on the five business days immediately preceding the invitation date, then applying a discount of 20% (for details on each plan see tables on pages 2 to 3 for further information) (except for the one-year options granted under the US sub-plan where a 15% discount has applied). Where applicable, the US dollar, Hong Kong dollar and euro exercise prices were converted from the sterling exercise price at the applicable exchange rate on the working day preceding the relevant

Employee Share Plans (continued)

invitation date. The closing price per HSBC Holdings ordinary share on 22 September 2014, the day before options were granted in 2014 under the HSBC Holdings Savings-Related Share Option Plan was £6.58.

There will be no further grants under the HSBC Holdings Savings-Related Share Option Plan: International. A new international all employee share purchase plan was launched in the third quarter of 2013. The HSBC Holdings Savings-Related Share Option Plan and the HSBC Holdings Savings-Related Share Option Plan: International will terminate on 27 May 2015 unless the Directors resolve to terminate the plans at an earlier date.

HSBC Holdings Savings-Related Share Option Plan

Date of award	Exercise price (£)	Exercisable		HSBC Holdings ordinary shares				
		from	until	At 1 Jan 2014	Granted during year	Exercised during year ¹	Lapsed during year	At 31 Dec 2014
30 Apr 2008	5.9397	1 Aug 2013	1 Feb 2014	76,623	–	46,621	30,002	–
29 Apr 2009	3.3116	1 Aug 2014	1 Feb 2015	22,639,846	–	21,808,763	204,048	627,035
21 Apr 2010	5.4573	1 Aug 2013	1 Feb 2014	210,336	–	147,385	62,951	–
21 Apr 2010	5.4573	1 Aug 2015	1 Feb 2016	1,268,403	–	44,806	65,067	1,158,530
20 Apr 2011	5.0971	1 Aug 2014	1 Feb 2015	2,870,885	–	2,522,957	123,499	224,429
20 Apr 2011	5.0971	1 Aug 2016	1 Feb 2017	1,438,431	–	39,203	90,802	1,308,426
24 Apr 2012	4.4621	1 Aug 2015	1 Feb 2016	13,491,512	–	426,112	1,035,080	12,030,320
24 Apr 2012	4.4621	1 Aug 2017	1 Feb 2018	3,518,307	–	44,214	246,579	3,227,514
20 Sep 2013	5.4738	1 Nov 2016	1 May 2017	6,477,354	–	15,472	1,127,476	5,334,406
20 Sep 2013	5.4738	1 Nov 2018	1 May 2019	1,959,189	–	1,892	318,266	1,639,031
23 Sep 2014	5.1887	1 Nov 2017	1 May 2018	–	18,553,870	–	367,085	18,186,785
23 Sep 2014	5.1887	1 Nov 2019	1 May 2020	–	10,134,833	–	127,354	10,007,479
				53,950,886	28,688,703	25,097,425	3,798,209	53,743,955

1 The weighted average closing price of the shares immediately before the dates on which options were exercised was £6.36.

HSBC Holdings Savings-Related Share Option Plan: International

Date of award	Exercise Price (£)	Exercisable		HSBC Holdings ordinary shares			
		from	until	At 1 Jan 2014	Exercised during year ¹	Lapsed during year	At 31 Dec 2014
30 Apr 2008	5.9397	1 Aug 2013	1 Feb 2014	53,915	21,930	31,985	–
29 Apr 2009	3.3116	1 Aug 2014	1 Feb 2015	5,521,719	4,985,327	150,469	385,923
21 Apr 2010	5.4573	1 Aug 2013	1 Feb 2014	151,634	93,490	58,144	–
21 Apr 2010	5.4573	1 Aug 2015	1 Feb 2016	218,919	1,094	14,895	202,930
20 Apr 2011	5.0971	1 Aug 2014	1 Feb 2015	685,034	485,431	110,080	89,523
20 Apr 2011	5.0971	1 Aug 2016	1 Feb 2017	186,806	–	34,153	152,653
24 Apr 2012	4.4621	1 Aug 2015	1 Feb 2016	2,669,788	36,791	244,637	2,388,360
24 Apr 2012	4.4621	1 Aug 2017	1 Feb 2018	534,635	1,120	38,845	494,670
				10,022,450	5,625,183	683,208	3,714,059

HSBC Holdings Savings-Related Share Option Plan: International (continued)

Date of award	Exercise price (US\$)	Exercisable		HSBC Holdings ordinary shares			
		from	until	At 1 Jan 2014	Exercised during year ¹	Lapsed during year	At 31 Dec 2014
30 Apr 2008	11.8824	1 Aug 2013	1 Feb 2014	43,932	–	43,932	–
29 Apr 2009	4.8876	1 Aug 2014	1 Feb 2015	1,497,456	1,222,861	98,833	175,762
21 Apr 2010	8.1232	1 Aug 2013	1 Feb 2014	216,423	59,605	156,818	–
21 Apr 2010	8.1232	1 Aug 2015	1 Feb 2016	129,756	–	14,291	115,465
20 Apr 2011	8.2094	1 Aug 2014	1 Feb 2015	447,961	228,821	73,723	145,417
20 Apr 2011	8.2094	1 Aug 2016	1 Feb 2017	111,396	–	13,979	97,417
24 Apr 2012	7.1456	1 Aug 2015	1 Feb 2016	1,261,942	14,404	142,080	1,105,458
24 Apr 2012	7.1456	1 Aug 2017	1 Feb 2018	288,203	3,147	57,247	227,809
	(€)			3,997,069	1,528,838	600,903	1,867,328
30 Apr 2008	7.5571	1 Aug 2013	1 Feb 2014	8,329	–	8,329	–
29 Apr 2009	3.6361	1 Aug 2014	1 Feb 2015	843,087	795,030	4,755	43,302
21 Apr 2010	6.0657	1 Aug 2013	1 Feb 2014	15,417	10,363	5,054	–
21 Apr 2010	6.0657	1 Aug 2015	1 Feb 2016	37,852	–	3,287	34,565
20 Apr 2011	5.7974	1 Aug 2014	1 Feb 2015	151,415	125,770	7,364	18,281
20 Apr 2011	5.7974	1 Aug 2016	1 Feb 2017	44,841	–	3,008	41,833
24 Apr 2012	5.3532	1 Aug 2015	1 Feb 2016	384,509	3,828	27,400	353,281
24 Apr 2012	5.3532	31 Aug 2017	1 Feb 2018	89,202	186	8,776	80,240
	(HK\$)			1,574,652	935,177	67,973	571,502
30 Apr 2008	92.5881	1 Aug 2013	1 Feb 2014	13,316	–	13,316	–
29 Apr 2009	37.8797	1 Aug 2014	1 Feb 2015	17,205,856	16,783,784	148,192	273,880
21 Apr 2010	62.9770	1 Aug 2013	1 Feb 2014	82,670	58,016	24,654	–
21 Apr 2010	62.9770	1 Aug 2015	1 Feb 2016	220,985	2,565	18,103	200,317
20 Apr 2011	63.9864	1 Aug 2014	1 Feb 2015	384,366	305,638	8,983	69,745
20 Apr 2011	63.9864	1 Aug 2016	1 Feb 2017	162,426	1,770	10,119	150,537
24 Apr 2012	55.4701	1 Aug 2015	1 Feb 2016	5,466,147	52,198	261,533	5,152,416
24 Apr 2012	55.4701	1 Aug 2017	1 Feb 2018	679,575	3,027	54,661	621,887
				24,215,341	17,206,998	539,561	6,468,782

1 The weighted average closing price of the shares immediately before the dates on which options were exercised was £6.36.

Discretionary Share Plans

Note 6 on the Financial Statements in the *Annual Report and Accounts 2014* gives detail on share-based payments, including discretionary awards granted under HSBC's share plans.

Restricted Share awards may be granted on a discretionary basis to senior executives and are the delivery mechanism for the Group's bonus deferral policy. A conditional award of a Restricted Share defines the number of shares to which the employee will become entitled, generally up to three years from the date of the award, and normally subject to the individual remaining in employment. In some cases the employee's entitlement depends upon the satisfaction of a performance condition.

The Group Performance Share Plan ('GPSP') and fixed pay allowances are incorporated in the HSBC Share Plan 2011. See page 303 of the *Annual Report and Accounts 2014* for further details.

The maximum value of awards or options that may be granted to an employee in any one year under the HSBC Share Plan 2011 is 600% of the employee's annual salary. For the purpose of the limit, any Restricted Share awards made on or shortly after the commencement of employment or in substitution for all or any part of any bonus to which the employee would otherwise have been entitled, are excluded.

Since September 2005, no discretionary share options have been granted. There are no performance conditions that remain to be satisfied for the exercise of outstanding discretionary share options. Options are generally exercisable between the third and the tenth anniversary of the date of grant.

The exercise price of options granted under the HSBC Share Plan, and the HSBC Holdings Group Share Option Plan, is the higher of the average market value of the ordinary shares on the five business days prior to the grant of the option or the market value of the ordinary shares on the date of grant of the option, or the nominal value of a share.

Employee Share Plans (continued)

Discretionary Share Option Plans

Date of award	Exercise price (£)	Exercisable		HSBC Holdings ordinary shares			
		from	until	At 1 Jan 2014	Exercised during year	Lapsed during year	At 31 Dec 2014
HSBC Holdings Group Share Option Plan^{1,2}							
30 Apr 2004	7.2181	30 Apr 2007	30 Apr 2014	48,256,628	1,434	48,255,194	–
27 Aug 2004	7.5379	27 Aug 2007	27 Aug 2014	281,651	–	281,651	–
20 Apr 2005	7.2869	20 Apr 2008	20 Apr 2015	6,487,589	–	113,607	6,373,982
				55,025,868	1,434	48,650,452	6,373,982
HSBC Share Plan							
30 Sep 2005	7.9911	30 Sep 2008	30 Sep 2015	86,046	–	–	86,046

1 The HSBC Holdings Group Share Option Plan expired on 26 May 2005 and the HSBC Share Plan expired on 27 May 2011. No options have been granted under the HSBC Share Plan 2011.

2 The weighted average closing price of the shares immediately before the dates on which options were exercised was £6.09.