

HSBC HOLDINGS PLC

EMPLOYEE SHARE PLANS

30 June 2012

Employee Share Plans (continued)

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, share options and discretionary awards of shares are granted under HSBC Share plans. Set out on pages 2 to 5 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. No discretionary share options have been granted under the HSBC Share Plan 2011, which replaced the HSBC Share Plan on 27 May 2011. 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 267 in the *Interim Report 2012*.

All-employee share option plans

The HSBC Holdings Savings-Related Share Option Plan and the HSBC Holdings Savings-Related Share Option Plan: International are all-employee share plans under which eligible employees (those employed within the Group on the first working day of the year of grant) may be granted options to acquire HSBC Holdings ordinary shares. Employees may make contributions of up to £250 (or equivalent) each month over a period of one, three or five years which may be used on the first, 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. One-year options are only available under the HSBC Holdings Savings-Related Share Option Plan: International and will be exercisable within three months following the first anniversary of the commencement of the savings contract. Three or five-year options are exercisable within six months following the third or fifth anniversary of the commencement of the relevant savings contract. 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.

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 the ordinary shares on the five business days immediately preceding the invitation date, then applying a discount of 20% (except for the one-year options awarded under the US sub-plan where a 15% discount is applied). Where applicable, the US dollar, Hong Kong dollar and euro exercise prices are converted from the sterling exercise price at the applicable exchange rate on the working day preceding the relevant invitation date. The exercise period of the options awarded under all-employee share plans 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 option up to six months beyond the normal exercise period. The closing price per HSBC Holdings ordinary share on 23 April 2012, the day before options were granted in 2012 was £5.46. The all-employee share option plans will terminate on 27 May 2015 unless the Directors resolve to terminate the plans at an earlier date.

Employee Share Plans (continued)

HSBC Holdings Savings-Related Share Option Plan

Date of award	Exercise price (£)	Exercisable		HSBC Holdings ordinary shares of US\$0.50				
		from	until	At 1 Jan 2012	Awarded in period	Exercised in period ¹	Lapsed in period	At 30 Jun 2012
26 Apr 2006	6.6870	1 Aug 2011	31 Jan 2012	872,757	–	–	872,757	–
25 Apr 2007	6.1760	1 Aug 2012	31 Jan 2013	1,052,843	–	–	49,989	1,002,854
30 Apr 2008	5.9397	1 Aug 2011	31 Jan 2012	1,031,571	–	315	1,025,259	5,997
30 Apr 2008	5.9397	1 Aug 2013	31 Jan 2014	1,422,427	–	–	166,861	1,255,566
29 Apr 2009	3.3116	1 Aug 2012	31 Jan 2013	26,081,469	–	541,030	532,130	25,008,309
29 Apr 2009	3.3116	1 Aug 2014	31 Jan 2015	26,313,260	–	252,237	648,337	25,412,686
21 Apr 2010	5.4573	1 Aug 2013	31 Jan 2014	2,878,202	–	4,331	479,495	2,394,376
21 Apr 2010	5.4573	1 Aug 2015	31 Jan 2016	1,822,874	–	1,265	330,037	1,491,572
20 Apr 2011	5.0971	1 Aug 2014	31 Jan 2015	4,762,092	–	6,082	1,115,011	3,640,999
20 Apr 2011	5.0971	1 Aug 2016	31 Jan 2017	2,261,614	–	1,179	513,862	1,746,573
24 Apr 2012	4.4621	1 Aug 2015	31 Jan 2016	–	16,615,156	–	105,220	16,509,936
24 Apr 2012	4.4621	1 Aug 2017	31 Jan 2018	–	4,111,142	–	12,365	4,098,777
				68,499,109	20,726,298	806,439	5,851,323	82,567,645

¹ The weighted average closing price of the shares immediately before the dates on which options were exercised was £5.44.

HSBC Holdings Savings-Related Share Option Plan: International

				HSBC Holdings ordinary shares of US\$0.50				
Date of award	Exercise price	Exercisable		At	Awarded	Exercised	Lapsed	At
		from	until	1 Jan 2012	in period	in period ¹	in period	30 Jun 2012
(£)								
26 Apr 2006	6.6870	1 Aug 2011	31 Jan 2012	83,717	—	—	83,717	—
25 Apr 2007	6.1760	1 Aug 2012	31 Jan 2013	195,195	—	—	28,370	166,825
30 Apr 2008	5.9397	1 Aug 2011	31 Jan 2012	574,069	—	—	572,488	1,581
30 Apr 2008	5.9397	1 Aug 2013	31 Jan 2014	210,791	—	194	33,492	177,105
29 Apr 2009	3.3116	1 Aug 2012	31 Jan 2013	10,212,611	—	286,454	297,491	9,628,666
29 Apr 2009	3.3116	1 Aug 2014	31 Jan 2015	6,820,865	—	126,792	330,615	6,363,458
21 Apr 2010	5.4573	1 Aug 2013	31 Jan 2014	1,541,436	—	1,201	386,111	1,154,124
21 Apr 2010	5.4573	1 Aug 2015	31 Jan 2016	449,777	—	1,468	138,254	310,055
20 Apr 2011	5.0971	1 Aug 2012	31 Oct 2012	4,878,521	—	15,885	769,556	4,093,080
20 Apr 2011	5.0971	1 Aug 2014	31 Jan 2015	1,226,836	—	1,036	321,184	904,616
20 Apr 2011	5.0971	1 Aug 2016	31 Jan 2017	421,435	—	264	146,974	274,197
24 Apr 2012	4.4621	1 Aug 2013	31 Oct 2013	—	4,813,389	—	42,905	4,770,484
24 Apr 2012	4.4621	1 Aug 2015	31 Jan 2016	—	3,071,127	—	17,180	3,053,947
24 Apr 2012	4.4621	1 Aug 2017	31 Jan 2018	—	665,054	—	13,984	651,070
				26,615,253	8,549,570	433,294	3,182,321	31,549,208
(US\$)								
26 Apr 2006	11.6154	1 Aug 2011	31 Jan 2012	89,091	—	—	89,091	—
25 Apr 2007	12.0958	1 Aug 2012	31 Jan 2013	173,753	—	—	35,814	137,939
30 Apr 2008	11.8824	1 Aug 2011	31 Jan 2012	406,720	—	—	406,720	—
30 Apr 2008	11.8824	1 Aug 2013	31 Jan 2014	148,096	—	—	21,554	126,542
29 Apr 2009	4.8876	1 Aug 2012	31 Jan 2013	3,819,677	—	148,117	247,712	3,423,848
29 Apr 2009	4.8876	1 Aug 2014	31 Jan 2015	2,087,733	—	43,298	159,015	1,885,420
21 Apr 2010	8.1232	1 Aug 2013	31 Jan 2014	920,167	—	1,806	137,673	780,688
21 Apr 2010	8.1232	1 Aug 2015	31 Jan 2016	239,340	—	1,468	36,984	200,888
20 Apr 2011	8.7225 ²	1 Aug 2012	31 Oct 2012	472,328	—	—	94,514	377,814
20 Apr 2011	8.2094	1 Aug 2012	31 Oct 2012	340,614	—	1,038	59,110	280,466
20 Apr 2011	8.2094	1 Aug 2014	31 Jan 2015	818,395	—	1,226	164,221	652,948
20 Apr 2011	8.2094	1 Aug 2016	31 Jan 2017	236,152	—	19	55,559	180,574
24 Apr 2012	7.5922 ²	1 Aug 2013	31 Oct 2013	—	471,280	—	1,923	469,357
24 Apr 2012	7.1456	1 Aug 2013	31 Oct 2013	—	314,110	—	2,469	311,641
24 Apr 2012	7.1456	1 Aug 2015	31 Jan 2016	—	1,491,085	—	4,714	1,486,371
24 Apr 2012	7.1456	1 Aug 2017	31 Jan 2018	—	389,899	—	—	389,899
				9,752,066	2,666,374	196,972	1,517,073	10,704,395

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

Date of award	Exercise price	Exercisable		HSBC Holdings ordinary shares of US\$0.50				
		from	until	At 1 Jan 2012	Awarded in period	Exercised in period ¹	Lapsed in period	At 30 Jun 2012
	(€)							
26 Apr 2006	9.5912	1 Aug 2011	31 Jan 2012	8,039	–	–	8,039	–
25 Apr 2007	9.0818	1 Aug 2012	31 Jan 2013	24,629	–	–	1,410	23,219
30 Apr 2008	7.5571	1 Aug 2011	31 Jan 2012	91,266	–	–	91,266	–
30 Apr 2008	7.5571	1 Aug 2013	31 Jan 2014	25,821	–	–	3,463	22,358
29 Apr 2009	3.6361	1 Aug 2012	31 Jan 2013	1,285,256	–	21,698	30,921	1,232,637
29 Apr 2009	3.6361	1 Aug 2014	31 Jan 2015	950,101	–	2,750	22,848	924,503
21 Apr 2010	6.0657	1 Aug 2013	31 Jan 2014	199,969	–	–	23,683	176,286
21 Apr 2010	6.0657	1 Aug 2015	31 Jan 2016	57,554	–	–	9,689	47,865
20 Apr 2011	5.7974	1 Aug 2012	31 Oct 2012	234,384	–	1,122	16,276	216,986
20 Apr 2011	5.7974	1 Aug 2014	31 Jan 2015	218,897	–	–	31,813	187,084
20 Apr 2011	5.7974	1 Aug 2016	31 Jan 2017	80,349	–	–	17,541	62,808
24 Apr 2012	5.3532	1 Aug 2013	31 Oct 2013	–	278,371	–	1,008	277,363
24 Apr 2012	5.3532	1 Aug 2015	31 Jan 2016	–	443,691	–	1,512	442,179
24 Apr 2012	5.3532	31 Aug 2017	31 Jan 2018	–	105,770	–	3,362	102,408
				3,176,265	827,832	25,570	262,831	3,715,696
	(HK\$)							
26 Apr 2006	90.1414	1 Aug 2011	31 Jan 2012	19,837	–	–	19,837	–
25 Apr 2007	94.5057	1 Aug 2012	31 Jan 2013	41,606	–	–	6,838	34,768
30 Apr 2008	92.5881	1 Aug 2011	31 Jan 2012	32,131	–	–	32,131	–
30 Apr 2008	92.5881	1 Aug 2013	31 Jan 2014	35,091	–	–	4,771	30,320
29 Apr 2009	37.8797	1 Aug 2012	31 Jan 2013	20,460,735	–	529,378	287,119	19,644,238
29 Apr 2009	37.8797	1 Aug 2014	31 Jan 2015	19,355,332	–	322,382	589,019	18,443,931
21 Apr 2010	62.9770	1 Aug 2013	31 Jan 2014	1,144,610	–	6,514	287,090	851,006
21 Apr 2010	62.9770	1 Aug 2015	31 Jan 2016	417,056	–	3,448	132,393	281,215
20 Apr 2011	63.9864	1 Aug 2012	31 Oct 2012	2,543,213	–	16,813	437,890	2,088,510
20 Apr 2011	63.9864	1 Aug 2014	31 Jan 2015	1,035,482	–	5,540	528,056	501,886
20 Apr 2011	63.9864	1 Aug 2016	31 Jan 2017	337,418	–	1,488	148,123	187,807
24 Apr 2012	55.4701	1 Aug 2013	31 Oct 2013	–	5,319,347	–	13,760	5,305,587
24 Apr 2012	55.4701	1 Aug 2015	31 Jan 2016	–	5,971,576	–	8,432	5,963,144
24 Apr 2012	55.4701	1 Aug 2017	31 Jan 2018	–	807,389	–	–	807,389
				45,422,511	12,098,312	885,563	2,495,459	54,139,801

1 The weighted average closing price of the shares immediately before the dates on which the options were exercised was £5.46.

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 aggregate fair value of options granted in the period under the HSBC Savings-Related Share Option Plan was US\$34m.

The aggregate fair value of options granted in the period under the HSBC Savings-Related Share Option Plan: International was US\$39m.

The fair values of share options are calculated at the date of grant of the option using a Black-Scholes model.

The fair values of share awards are based on the share price at the date of grant. The fair values of share options 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 2012 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	0.4	0.6	1.2
Expected life (years)	1	3	5
Expected volatility (%) ²	25	25	25
Share price at grant date (£)	5.535	5.535	5.535

Employee Share Plans (continued)

- 1 The risk-free interest rate was determined from the UK gilts yield curve. A similar yield curve was used for the HSBC Holdings Savings-Related Share Option Plan: International.
- 2 Expected volatility is estimated by considering both historic average share price volatility and implied volatility derived from traded options over HSBC shares of similar maturity to those of the employee options

The expected US dollar denominated dividend yield was determined to be 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 ordinary shares of US\$0.50			
Date of award	Exercise price (£)	Exercisable		At 1 Jan 2012	Exercised in period	Lapsed in period	At 30 Jun 2012
		from	until				
HSBC Holdings Group Share Option Plan ¹							
7 May 2002	7.3244	7 May 2005	7 May 2012	29,893,649	–	29,893,649	–
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	25,471,382	–	149,556	25,321,826
29 Aug 2003	7.0848	29 Aug 2006	29 Aug 2013	356,853	–	10,534	346,319
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	53,146,366	–	576,489	52,569,877
27 Aug 2004	7.5379	27 Aug 2007	27 Aug 2014	284,107	–	–	284,107
20 Apr 2005	7.2869	20 Apr 2008	20 Apr 2015	6,646,807	–	38,730	6,608,077
				120,797,419	–	30,668,958	90,128,461
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. No options have been granted under the Plan since that date.

Subsidiary company share plans

HSBC France

When it was acquired in 2000, HSBC France and certain of its subsidiary companies operated employee share option plans under which options could be granted over their respective shares. All holders of options to acquire shares of HSBC France are obliged to exchange the HSBC France shares they receive on exercise of these options for HSBC Holdings' shares.

Details of options to acquire shares in HSBC France are set out in the following table. No further options will be granted under share plans of HSBC France.

HSBC France

Date of award	Exercise price	Exercisable		HSBC France shares of €5			
		from	to	At 1 Jan 2012	Exercised in period	Lapsed in period	At 30 Jun 2012 ¹
1 Oct 2002	(€) 142.84	2 Oct 2005	1 Oct 2012	22,645	–	–	22,645

- 1 When exercised options over HSBC France shares will be exchanged for HSBC Holdings ordinary shares in the ratio of 13.499897 HSBC Holdings ordinary shares for each HSBC France share. At 30 June 2012, the CCF Employee Benefit Trust 2001 (Private Banking France) held 989,502 HSBC Holdings ordinary shares which may be exchanged for HSBC France shares arising from the exercise of these options.

HSBC Finance

Upon the acquisition of HSBC Finance in 2003, all outstanding options over and rights to receive HSBC Finance common shares were converted into options over and 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). The exercise price payable for each option was adjusted using the same exchange ratio.

Employee Share Plans (continued)

Details of options to acquire shares in HSBC Holdings under share plans of HSBC Finance are set out in the following table. No further options will be granted under share plans of HSBC Finance.

HSBC Finance: 1996 Long-Term Executive Incentive Compensation Plan

Date of award	Exercise price (US\$)	Exercisable		HSBC Holdings ordinary shares of \$0.50			
		from	to	At 1 Jan 2012	Exercised in period	Lapsed in period	At 30 Jun 2012 ¹
20 Nov 2002	9.29	20 Nov 2003	20 Nov 2012	2,429,538	–	–	2,429,538

1 At 30 June 2012, the HSBC (Household) Employee Benefit Trust 2003 held 2,335,315 HSBC Holdings ordinary shares and 1,455 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 Bank Bermuda

Upon the acquisition of HSBC Bank Bermuda Limited ('HSBC Bank Bermuda') in 2004, all outstanding options over HSBC Bank Bermuda shares were converted into options to acquire HSBC Holdings ordinary shares using an exchange ratio calculated by dividing US\$40 (being the consideration paid for each HSBC Bank Bermuda share) by the average price of HSBC Holdings ordinary shares over the five day period to the completion of the acquisition. The exercise price payable for each option was adjusted using the same ratio.

Details of options to acquire shares in HSBC Holdings under the share plans of HSBC Bank Bermuda are set out in the following table. No further options will be granted under the share plans of HSBC Bank Bermuda.

HSBC Bank Bermuda

				HSBC Holdings ordinary shares of US\$0.50			
Dates of award	Exercise price (US\$)	Exercisable		At 1 Jan 2012	Exercised in period	Lapsed in period	At 30 Jun 2012 ¹
		from	until				
Share Option Plan 2000							
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
				1,014,026	–	850,033	163,993
Directors' Share Option Plan							
3 Apr 2002	13.95	3 Apr 2003	3 Apr 2012	16,881	–	16,881	–

1 At 30 June 2012, 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.