

HSBC Bank USA, N.A.

Annual Income Opportunity CD™ with Minimum Return

"Industry Titans"

Initial Terms and Conditions

Issuer	HSBC Bank USA, N.A.
Issue	7 Year Annual Income Opportunity CD™ with Minimum Return
Issuer Rating	AA- (S&P), A1 (Moody's)
Denomination	U.S. Dollars (USD)
Trade Date	May 24, 2013
Settlement Date	May 30, 2013
Maturity Date	June 1, 2020
Issue Price	100.00%
Redemption Proceeds At Maturity	Principal Amount plus any Interest Payment Amount due on the Maturity Date
Interest Payment Amount	The Principal Amount multiplied by the Interest Rate
Interest Rate	The Interest Rate on each Interest Payment Date will be variable and will equal the greater of (A) the arithmetic average of the Reference Security Returns related to that Interest Payment Date, and (B) the Minimum Interest Rate
Reference Security Return	For each Reference Security and with respect to each Interest Valuation Date: If the Valuation Share Price is greater than or equal to the Initial Share Price, an amount equal to the Auto Cap Rate; or If the Valuation Share Price is less than the Initial Share Price, an amount equal to the greater of A) the quotient of 1) the Valuation Share Price minus the Initial Share Price, divided by 2) the Initial Share Price, and B) the Floor Rate
Floor Rate	-15.00% per Reference Security
Auto Cap Rate	[5.00 - 5.50]% per Reference Security, as determined on the Initial Fixing Rate, which will, in effect, make the maximum Interest Rate for the Basket [5.00 - 5.50]%, corresponding to an annual percentage yield ("APY") of [5.00 - 5.50]%
Minimum Interest Rate	0.40% (corresponding to an APY of 0.40%)
Interest Payment Date	Annually, as described herein
Minimum Denomination	\$1,000 and increments of \$1,000 thereafter
CUSIP	40434ACC1

CD Description

The Annual Income Opportunity CD™ with Minimum Return provides exposure to a basket of ten publicly traded securities. Proceeds equal to at least the full Principal Amount are payable by the Issuer if the CD is held to maturity. The CDs also offer an opportunity to receive an annual interest payment based upon the arithmetic average of the Reference Securities Returns.

Highlights

- ▶ **Annual Income Potential:** Depositors may receive an interest payment annually based upon the Reference Securities' average performance, always vs. their initial levels, subject to the Auto Cap Rate and Floor Rate on each individual stock within the basket.
- ▶ **FDIC Insurance:** This deposit qualifies for FDIC coverage generally up to \$250,000 in aggregate for all deposits per institution for individual depositors and up to \$250,000 in aggregate for all deposits per institution held in certain retirement plans and accounts, including IRAs.
- ▶ **Large-Cap Companies:** As of April 26, 2013, each of the Reference Securities had a market capitalization greater than \$23 billion.
- ▶ **Diversification by Industry:** The Reference Securities represent several different industry groups. Please see the table on the following page for more information.
- ▶ **"Auto Cap" Feature:** If on any Interest Valuation Date, the share price of any Reference Security is greater than or equal to the Initial Share Price, the Reference Security Return will be equal to the Auto Cap Rate. If not, the Reference Security Return will be equal to the share price on that Interest Valuation Date divided by the Initial Share Price, subject to the Floor Rate.
- ▶ **IRA-eligible**



HSBC 

The Reference Securities

Reference Issuer	Ticker Symbol	Industry	Market Capitalization ¹ (in billions)	7 Year Stock Price Return ²
ConocoPhillips	COP	Oil Comp-Integrated	\$72	16.75%
Freeport-McMoRan Copper & Gold Inc	FCX	Metal-Copper	\$28	-7.02%
General Mills, Inc	GIS	Food-Misc/Diversified	\$32	101.79%
Goldcorp, Inc	GG	Gold Mining	\$24	-13.45%
Intel Corp	INTC	Electronic Compo-Semicon	\$116	16.53%
Eli Lilly & Company	LLY	Medical-Drugs	\$64	7.03%
Lockheed Martin Corp	LMT	Aerospace/Defense	\$32	30.79%
McDonald's Corp	MCD	Retail-Restaurants	\$101	191.42%
Altria Group, Inc	MO	Tobacco	\$72	116.65%
AT&T Inc	T	Telephone-Integrated	\$201	40.41%

Past performance does not necessarily indicate future performance

¹ Market capitalization as of April 26, 2013. Source: Bloomberg LP

² 7 Year stock price return from April 27, 2006 to April 26, 2013. Excludes dividends. Source: Bloomberg LP

Potential Purchasers

Potential purchasers may include:

- ▶ Those who seek the full return of their principal amount, payable at maturity, but also seek equity market return potential
- ▶ Those demanding FDIC-insured instruments
- ▶ Those seeking broad-based equity sector diversification
- ▶ Long-term investors who desire to participate in the potential growth of various industry groups
- ▶ Those seeking the potential to earn an annual contingent and variable interest payment
- ▶ Those willing to accept that the CDs may pay no interest other than the Minimum Interest Rate in some or all periods, in exchange for the potential for above market interest payments

Certain Risks and Considerations

Purchasing the CDs involves a number of risks. It is suggested that prospective depositors reach a purchase decision only after careful consideration with their financial, legal, accounting, tax and other advisors regarding the suitability of the CDs in light of their particular circumstances. See "Risk Factors" on page 10 herein for a discussion of risks, which include:

- ▶ The CDs are not suitable for purchase by all people. No person should purchase the CDs unless he or she understands and is able to bear the associated market, liquidity and yield risks
- ▶ Depositors will be subject to an Early Redemption Fee and Early Withdrawal Charge if they choose to redeem the CDs early, and therefore they may not receive proceeds equal to the full Principal Amount of their CDs upon an early redemption
- ▶ Depositors will have no protection against events affecting the Reference Issuers
- ▶ Changes in the price of one or more of the Reference Securities may wholly or partially offset each other
- ▶ Investing in the CDs is not equivalent to investing in the Basket or the individual Reference Securities
- ▶ There is no current secondary market for the CDs and the Issuer may have adverse economic interests to depositors
- ▶ Market conditions and events affecting the Reference Securities may negatively impact the Interest Payment Amounts received by depositors

In the event one or more of the Reference Securities is subject to an adjustment event (as described herein), the Calculation Agent may adjust the terms of the CDs to reflect the economic impact of such event, as more fully described on pages 14 and 15 herein.

Important information regarding the CDs is also contained in the Base Disclosure Statement for Certificates of Deposit dated March 1, 2011 which forms a part of, and is incorporated by reference into, these Terms and Conditions. Therefore, these Terms and Conditions should be read in conjunction with the Base Disclosure Statement. A copy of the Base Disclosure Statement is available at <http://www.us.hsbc.com/basedisclosure> or can be obtained from the Agent offering the CDs.



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*Annual Income Opportunity CD(TM) with Minimum Return
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Initial Terms and Conditions

Deposit Highlights

June 1, 2020

GENERAL

Certificates of deposit (the "CDs") issued by HSBC Bank USA, National Association (the "Issuer")

- Proceeds equal to at least the full Principal Amount payable by the Issuer if the CDs are held to maturity
- CDs are obligations of the Issuer and not its affiliates or agents, and amounts due under the CDs are subject to the Issuer's creditworthiness, and FDIC insurance limits
- CDs are FDIC insured within the limits and to the extent described herein and in the Base Disclosure Statement dated March 1, 2011 under the section entitled "FDIC Insurance"
- As described more fully herein, early withdrawals are permitted at par in the event of the death or adjudication of incompetence of the beneficial owner of the CDs

SUMMARY OF TERMS

Set forth in these Terms and Conditions is a summary of certain terms and conditions of the 7 Year Annual Income Opportunity CDTM with Minimum Return maturing June 1, 2020. The following summary of certain terms of the CDs is subject to the more detailed terms of the CDs included elsewhere in these Terms and Conditions and should be read in conjunction with the Base Disclosure Statement.

Issuer:	HSBC BANK USA, NATIONAL ASSOCIATION, acting through its New York Branch
Issuer Rating:	Senior unsecured deposit obligations of the Issuer are currently rated A1 by Moody's Investors Service, Inc. and AA- by Standard & Poor's Financial Services LLC, a subsidiary of the McGraw-Hill Companies, Inc. The credit ratings pertain only to the creditworthiness of the Issuer and are not indicative of the market risk associated with the CDs. The CDs are not individually rated.
CDs:	7 Year Annual Income Opportunity CD TM with Minimum Return maturing June 1, 2020.
Book-Entry Form:	The CDs will be represented by one or more master CDs held by and registered in the name of Cede & Co., as nominee of Depository Trust Company ("DTC"). Beneficial interests in the CDs will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants.
Aggregate Principal Amount:	\$TBD
Minimum Deposit Amount:	\$1,000 Principal Amount (except that each Agent may, in its discretion, impose a higher minimum deposit amount with respect to the CD sales to its customers) and multiples of \$1,000 Principal Amounts thereafter.
Principal Amount:	The CDs will be issued in denominations of \$1,000 for each CD
Initial Fixing Date:	May 24, 2013
Trade Date:	May 24, 2013
Settlement Date:	May 30, 2013
Maturity Date:	June 1, 2020, subject to adjustment as described herein
Issue Price:	100.00% of Principal Amount

Basket:

An equally weighted basket comprised of the common stock (each a “Reference Security” and together, the “Reference Securities”) of the following public companies (each, a “Reference Issuer” and together, the “Reference Issuers”)

Reference Issuer	Bloomberg Ticker Symbol	Relevant Exchange	Initial Share Price
ConocoPhillips	COP	NYSE	TBD
Freeport-McMoRan Copper & Gold Inc	FCX	NYSE	TBD
General Mills, Inc	GIS	NYSE	TBD
Goldcorp, Inc	GG	NYSE	TBD
Intel Corp	INTC	NASDAQ	TBD
Eli Lilly & Company	LLY	NYSE	TBD
Lockheed Martin Corp	LMT	NYSE	TBD
McDonald's Corp	MCD	NYSE	TBD
Altria Group, Inc	MO	NYSE	TBD
AT&T Inc	T	NYSE	TBD

For summary descriptions of the Reference Securities, please refer to Annex A.

Payment at Maturity:

For each CD, the Maturity Redemption Amount.

Maturity Redemption Amount:

The Maturity Redemption Amount is the total amount due and payable on each CD on the Maturity Date. On the Maturity Date, the depositor of each CD will receive an amount equal to the Principal Amount plus any additional Interest Payment Amount due on the Maturity Date.

Interest Payment Amount:

The Principal Amount multiplied by the Interest Rate

Interest Rate:

The Interest Rate on each Interest Payment Date will be variable and will be equal to the greater of A) the arithmetic average of the Reference Security Returns for the Reference Securities, and B) the Minimum Interest Rate

Reference Security Return:

For each Reference Security and with respect to each Interest Valuation Date:

If the Valuation Share Price is greater than or equal to the Initial Share Price, an amount equal to the Auto Cap Rate; or

If the Valuation Share Price is less than the Initial Share Price, an amount equal to the greater of A) the Reference Security Performance, and B) the Floor Rate.

Reference Security**Performance:**

For each Reference Security as of each Interest Valuation Date, the quotient of A) the Valuation Share Price minus the Initial Share Price, divided by B) the Initial Share Price

Valuation Share Price:

With respect to each Reference Security and as of each Interest Payment Date, the Closing Price of that Reference Security on the related Interest Valuation Date

Initial Share Price:

With respect to each Reference Security, the Closing Price of that Reference Security on the Initial Fixing Date, as listed under “Basket” in the section “Summary of Terms” beginning on page 3

Auto Cap Rate:

[5.00 - 5.50]% per Reference Security as determined on the Initial Fixing Date, which will, in effect, make the maximum Interest Rate for the Basket [5.00 - 5.50]%, corresponding to an annual percentage yield (“APY”) of [5.00 - 5.50]%

Minimum Interest Rate:

0.40% (corresponding to an APY of 0.40%%)

Floor Rate:

-15.00%, per Reference Security

Interest Payment Dates and**Interest Valuation Dates:**

The Interest Valuation Dates and Interest Payment Dates are summarized in the table below.

Interest Valuation Date (subject to adjustment as described herein)	Interest Payment Date (subject to adjustment as described herein)
May 27, 2014	May 30, 2014
May 27, 2015	June 1, 2015
May 25, 2016	May 31, 2016
May 24, 2017	May 30, 2017
May 24, 2018	May 30, 2018
May 24, 2019	May 30, 2019
May 27, 2020	June 1, 2020

On each Interest Payment Date, the Issuer will pay an Interest Payment Amount equal to the Principal Amount multiplied by the applicable Interest Rate determined on the Interest Valuation Date related to that Interest Payment Date.

Closing Price:

For any date of determination and with respect to any Reference Security, the official closing price of the Reference Security on the Relevant Exchange as of the close of the regular trading session on the Relevant Exchange and as reported in the official price determination mechanism for the Relevant Exchange.

Interest Due:

Any accrued Interest Payment Amount due and owed to the depositor

Scheduled Trading Day:

Any day on which all of the Relevant Exchanges and Related Exchanges are scheduled to be open for trading for each Reference Security

Relevant Exchange:

The primary exchange for each Reference Security, as set forth in the table above

Related Exchange:

The exchanges or quotation systems, if any, on which options or futures contracts on the Reference Securities are traded or quoted, and as may be selected from time to time by the Calculation Agent

Early Redemption by Depositor:

Although not obligated to do so, and subject to regulatory constraints, the Issuer or its affiliate is generally willing to repurchase or purchase the CDs from depositors at any time for so long as the CDs are outstanding. A depositor may request early redemption of the CDs in whole, but not in part, by notifying the Agent from whom he or she bought the CDs (who must then notify the Issuer). All early redemption requests (whether written or oral) are irrevocable. In the event that a depositor were able to redeem the CDs prior to the Maturity Date, the depositor would receive the Early Redemption Amount (as defined below) and will not be entitled to an amount in respect of any further interest or any other return on his or her CDs. Further, the Early Redemption Amount will be adjusted by an Early Redemption Fee and Early Withdrawal Charge. As a result, the Early Redemption Amount may be substantially less than the Principal Amount of the CDs. Redemptions made pursuant to the Successor Option are calculated differently. See "Successor Option" herein.

Current Market Value:

The bid price of a CD, as determined by the Calculation Agent based on its financial models and objective market factors

Early Redemption Amount:

The Early Redemption Amount means the full Principal Amount, plus any Interest Due, plus the Early Redemption Fee (which may be positive or negative), and less the Early Withdrawal Charge. As described above, the Early Redemption Amount may be substantially less than the Principal Amount of the CDs. A depositor, through the Agent from whom he or she bought the CDs, may obtain from the Calculation Agent an estimate of the Early Redemption Amount which is provided for informational purposes only. Neither the Issuer nor the Calculation Agent will be bound by the estimate.

Early Redemption Fee:

The Current Market Value, minus any Interest Due, and minus the Principal Amount of the CD

Early Withdrawal Charge:

An amount equal to the Principal Amount multiplied by the applicable Early Withdrawal Charge as set forth in the table below:

Year	1	2	3	4	5	6	7
Early Withdrawal Charge	3.00%	2.00%	1.00%	0.00%	0.00%	0.00%	0.00%

For purposes of the Early Withdrawal Charges:

- Year 1 is defined as: from and including the Trade Date to (but excluding) the 1st anniversary of the Trade Date;
- Year 2 is defined as: from and including the 1st anniversary of the Trade Date to (but excluding) the 2nd anniversary of the Trade Date;
- Year 3 is defined as: from and including the 2nd anniversary of the Trade Date to (but excluding) the 3rd anniversary of the Trade Date;
- Year 4 is defined as: from and including the 3rd anniversary of the Trade Date to (but excluding) the 4th anniversary of the Trade Date;
- Year 5 is defined as: from and including the 4th anniversary of the Trade Date to (but excluding) the 5th anniversary of the Trade Date;
- Year 6 is defined as: from and including the 5th anniversary of the Trade Date to (but excluding) the 6th anniversary of the Trade Date;
- Year 7 is defined as: from and including the 6th anniversary of the Trade Date to (but excluding) the 7th anniversary of the Trade Date;

Successor Option:

In the event of the death or adjudication of incompetence of the Initial Depositor (as defined herein) of the CDs, subject to certain conditions and limitations, the CDs may be redeemed pursuant to the exercise of the Successor Option. See “Successor Option” herein. CDs so redeemed will not be entitled to a return in respect of any further Interest Payment Amount or any other return on his or her CDs.

Redemption for Extraordinary

Event:

If any early redemption by the Issuer occurs as described in the section entitled “Redemption for Extraordinary Event” in the Base Disclosure Statement, depositors shall receive at least the Principal Amount of their CDs, plus any Interest Due.

Market Disruption Event:

As described in the Base Disclosure Statement

Calculation Agent:

HSBC Bank USA, National Association

All determinations and calculations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will, in the absence of manifest error, be conclusive for all purposes and binding on the depositors of the CDs.

Listing:

The CDs will not be listed on any U.S. securities exchange or quotation system. See “Risk Factors” herein.

FDIC Insurance:

See “FDIC Insurance” herein and in the Base Disclosure Statement for details.

ERISA Plans:

See “Certain ERISA Considerations” in the Base Disclosure Statement for details.

Risk Factors:

The purchase of the CDs involves certain risks. See “Risk Factors” herein for a discussion of some of the factors which should be considered by prospective purchasers of the CDs.

Tax:

See “Certain U.S. Federal Income Tax Considerations” herein for a description of the tax treatment applicable to this instrument.

Governing Law:

New York

CUSIP:

40434ACC1

Purchasing the CDs involves a number of risks. See “Risk Factors” beginning on page 10.

The CDs offered hereby are time deposit obligations of HSBC Bank USA, National Association, a national banking association organized under the laws of the United States, the deposits of which are insured by the Federal Deposit Insurance Corporation (the “FDIC”) within the limits and to the extent described in the section entitled “FDIC Insurance” herein and in the Base Disclosure Statement.

Our affiliate, HSBC Securities (USA) Inc., and other unaffiliated distributors of the CDs may use these terms and conditions and the accompanying Base Disclosure Statement in connection with offers and sales of the CDs after the date hereof. HSBC Securities (USA) Inc. may act as principal or agent in those transactions. As used herein, references to the “Issuer”, “we”, “us” and “our” are to HSBC Bank USA, National Association.

HSBC BANK USA, NATIONAL ASSOCIATION

Member FDIC

These Terms and Conditions were not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. These Terms and Conditions were written and provided by the Issuer in connection with the promotion or marketing by the Issuer and/or distributors of the CDs. Each depositor should seek advice based on its particular circumstances from an independent tax advisor.

Important information regarding the CDs is also contained in the Base Disclosure Statement for Certificates of Deposit, which forms a part of, and is incorporated by reference into, these Terms and Conditions. Therefore, these Terms and Conditions should be read in conjunction with the Base Disclosure Statement. In the event of any inconsistency between the Base Disclosure Statement and these Terms and Conditions, these Terms and Conditions will govern. A copy of the Base Disclosure Statement is available at <http://www.us.hsbc.com/basedisclosure> or can be obtained from the Agent offering the CDs.

QUESTIONS AND ANSWERS

What are the CDs?

The CDs are certificates of deposit issued by the Issuer. The CDs mature on the Maturity Date. Although not obligated to do so, and subject to regulatory constraints, the Issuer or its affiliate is generally willing to repurchase or purchase the CDs from depositors upon request as described herein and for so long as the CDs are outstanding. Redemptions may also occur optionally upon the death or adjudication of incompetence of a depositor. See the section entitled “Successor Option” below.

Each CD represents an initial deposit by a depositor to the Issuer of \$1,000 Principal Amount (except that each Agent may, in its discretion, impose a higher minimum deposit amount with respect to the CD sales to its customers), and the CDs will be issued in integral multiples of \$1,000 Principal Amount in excess thereof. Depositors will not have the right to receive physical certificates evidencing their ownership of the CDs except under limited circumstances; instead the Issuer will issue the CDs in book-entry form. Persons acquiring beneficial ownership interests in the CDs will hold the CDs through DTC in the United States, if they are participants of DTC, or indirectly through organizations which are participants in DTC.

What amount will depositors receive at maturity in respect of the CDs?

At the scheduled maturity (and not upon an early redemption by the depositor), the amount depositors will receive for each CD will be equal to the Maturity Redemption Amount, which will equal A) the Principal Amount of the CD plus B) any Interest Payment Amount due on the Maturity Date, as described in the Summary of Terms above and the “Payment at Maturity” section in the Base Disclosure Statement. The annual percentage yield on the CD is only determinable at maturity.

The Maturity Redemption Amount and the Interest Payment Amounts, if any, will not include dividends paid on the Reference Securities. Apart from the Interest Payment Amounts, if any, no interest will be paid, either for periods prior to the Settlement Date, during the term of the CDs or at or after maturity.

For more information, see “Summary of Terms” above, together with the Base Disclosure Statement.

What Interest Payment Amount will be paid on the CDs?

On each Interest Payment Date, the Interest Payment Amount will equal the Principal Amount multiplied by the Interest Rate. The Interest Rate on each such Interest Payment Date will be variable and will be equal to the greater of the A) the arithmetic average of the Reference Security Returns for the Reference Securities, and B) the Minimum Interest Rate. With respect to any Reference Security, the Reference Security Return as of any Interest Valuation Date will be:

If the Valuation Share Price is greater than or equal to the Initial Share Price, an amount equal to the Auto Cap Rate; or

If the Valuation Share Price is less than the Initial Share Price, an amount equal to the greater of A) the Reference Security Performance, and (B) the Floor Rate.

The Reference Security Performance with respect to any Reference Security on any Interest Valuation Date will be equal to the quotient of A) the Valuation Share Price minus the Initial Share Price, divided by B) the Initial Share Price.

What amount will Depositors receive if they are able to sell their CDs prior to maturity through an early redemption?

Historically, it has been a practice of the Issuer or its affiliate to repurchase or purchase from depositors the certificates of deposit issued by the Issuer on terms described in this paragraph. Although not obligated to do so, and subject to regulatory constraints, the Issuer or its affiliate is generally willing to repurchase or purchase the CDs from depositors at any time for so long as the CDs are outstanding. The redemption proceeds paid by the Issuer upon an early redemption will be the Early Redemption Amount. Because of the Early Redemption Fee and Early Withdrawal Charge components of the Early Redemption Amount, there is no guarantee that a depositor who redeems a CD early, other than as a result of the exercise of the Successor Option, which may be subject to a Successor Option Limit Amount (as described herein), will receive his or her full Principal Amount or any return on his or her CD, after deducting these fees. See “Early Redemptions by Depositors” above in the Summary of Terms.

Are the CDs FDIC Insured?

The payment of principal at maturity of this CD is insured by the FDIC up to the standard maximum deposit insurance amount in effect. In general, deposits held by an individual depositor in the same ownership capacity at the same depository institution are insured by the FDIC up to \$250,000. Please see “FDIC Insurance” in the Base Disclosure Statement for more details.

What are the U.S. federal income tax consequences of purchasing the CDs?

The proper U.S. federal income tax treatment of the CDs is uncertain. The Issuer intends to treat the CDs as variable rate debt instruments. Under this treatment, U.S. Holders (as defined below) will recognize interest paid on a CD as ordinary interest income at the time the U.S. Holder accrues or receives the Interest Payment Amount in accordance with the U.S. Holder's normal method of accounting for tax purposes. Pursuant to the terms of the CDs, you agree to treat the CDs consistent with our treatment for all U.S. federal income tax purposes.

Prospective depositors should see "Certain U.S. Federal Income Tax Considerations" below and consult their tax advisors regarding the tax consequences to them of a purchase of the CDs.

What about liquidity?

Although not obligated to do so, historically it has been a practice of the Issuer or its affiliate to repurchase or purchase from depositors the certificates of deposit issued by the Issuer on terms described herein (see "—What amount will depositors receive if they are able to sell their CDs prior to maturity?"). There is currently no established secondary trading market for the CDs. There is no assurance that a secondary market for the CDs will develop, or if it develops, that it will continue. In the event that a depositor could find a buyer of his or her CD, it is likely that the price the depositor would receive would be net of fees, commissions and/or discounts payable in connection with the sale of the CD prior to its maturity in the secondary market. Prospective depositors should carefully consider all of the information set forth in these Terms and Conditions and the Base Disclosure Statement and, in particular, should evaluate the specific risk factors set forth under "Risk Factors".

What about fees?

The CDs will initially be distributed through an affiliate of the Issuer, HSBC Securities (USA) Inc. and certain other unaffiliated third party distributors (the "Agents"). Agents may receive a commission or be allowed a discount as compensation for their services. See "The Distribution" in the Base Disclosure Statement and below. The actual compensation paid may vary depending upon various factors including market conditions and the duration of the CD.

What about ERISA eligibility?

The CDs are not eligible for purchase by, on behalf of or with the assets of, Plans (as defined in the Base Disclosure Statement) unless the purchase and holding of the CDs does not and will not constitute a non-exempt prohibited transaction under Section 406 of ERISA, Section 4975 of the Code or Similar Law. In view of the fact that the CDs represent deposits with the Issuer, fiduciaries should take into account the prohibited transaction exemption described in ERISA Section 408(b)(4), relating to the investment of plan assets in deposits bearing a reasonable rate of interest in a financial institution supervised by the United States or a state, and/or Part IV of PTCE 81-8, relating to transactions involving short-term investments, specifically certificates of deposit. (See "Certain ERISA Considerations" in the Base Disclosure Statement.) Each initial purchaser of a CD and each transferee thereof shall be deemed to represent and covenant that, throughout the period that it holds CDs, either A) it is not, and is not acquiring CDs with the assets of, a Plan, or B) that its purchase, holding and disposition of the CDs will not constitute a non-exempt prohibited transaction under Section 406 of ERISA, section 4975 of the Code, or Similar Law.

RISK FACTORS

Purchasing the CDs is not equivalent to investing directly in the Reference Securities. It is suggested that prospective depositors considering purchasing CDs reach a decision to purchase only after carefully considering, with their financial, legal, tax, accounting and other advisors, the suitability of the CDs in light of their particular circumstances and the risk factors set forth below and other information set forth in these Terms and Conditions and the accompanying Base Disclosure Statement.

As you review the “Risk Factors” in the accompanying Base Disclosure Statement, you should pay particular attention to the following sections:

“— Risks Relating to All CD Issuances”;

“— Additional Risks Related to CDs with a Reference Asset that is an Equity Share, Equity Index or Fund Share or Fund Index with Underlying Equity Investments”; and

“— Additional Risks Relating to Certain CDs with More Than One Instrument Comprising the Reference Asset.”

You will be subject to certain risks not associated with conventional fixed-rate or floating-rate CDs or debt securities. Furthermore, amounts due under the CDs are subject to the Issuer’s credit risk.

The CDs are not suitable for purchase by all people. No person should purchase the CDs unless he or she understands and is able to bear the associated market, liquidity and yield risks.

Depositors must understand that they have no interest in the Reference Securities or other asset and neither they, nor the Issuer on their behalf nor any Agent on their behalf, will have any recourse against any Reference Issuer (as defined herein) or rights in the Reference Securities either contractually or statutorily. Depositors in the CDs will not receive any payments in respect of dividends or other distributions that may be payable on the Reference Securities, nor will depositors be entitled to any voting rights or other control rights that holders of the Reference Securities may have with respect to the Reference Issuers. None of the Reference Issuers are affiliates of the Issuer, and none are involved in the CDs in any way. The obligations represented by the CDs are obligations of the Issuer and are not obligations of the Reference Issuers.

Depositors will be subject to an Early Redemption Fee and Early Withdrawal Charge if they choose to redeem the CDs early, and therefore they may not receive proceeds equal to the full Principal Amount of their CDs upon an early redemption.

The CDs are designed so that if, and only if, they are held to maturity, the depositor will receive no less than the Principal Amount of his or her CDs. Unless the redemption is the result of the exercise of the Successor Option and the principal amount of such redemption does not exceed the Successor Option Withdrawal Limit (as described further herein), if a depositor chooses to redeem the CDs early, and is able to do so, such depositor will not be entitled to any further Interest Payment Amount or any other return on his or her CDs. In addition, the proceeds received by such a depositor, though based on the full Principal Amount, will be adjusted by an Early Redemption Fee and Early Withdrawal Charge (see “Summary of Terms-Early Redemption Amount”). As a result, the proceeds payable upon an early redemption may be less (and may be substantially less) than the Principal Amount of the CDs.

Depositors will have no protection against events affecting the Reference Issuers.

A depositor of the CDs will be subjected to the same events affecting the Reference Issuers and the price of the Reference Securities to which shareholders of the Reference Issuers are subjected, but will not have direct rights against either the Reference Issuers or us. Prospective purchasers of the CDs should review the various risk factors contained in the reports and other information which have been filed with the Securities and Exchange Commission (the “Commission”), posted on websites or otherwise made publicly available by the Reference Issuers with respect to themselves and the Reference Securities.

Depositors of the CDs are hereby informed that the reports and other information on file with the Commission or that is otherwise publicly available to which depositors are referred are not and will not be “incorporated by reference” herein. Neither the Issuer of the CDs nor any of its affiliates will undertake to review the financial condition or affairs of the Reference Issuers during the life of the CDs or to advise any depositor or potential depositor in the CDs of any information coming to the attention of the Issuer of the CDs or any affiliate thereof. Additional information with respect to the Reference Securities is set forth in Annex A.

Changes in the price of one or more of the Reference Securities may wholly or partially offset each other.

Price movements in the Reference Securities may not correlate with each other. At a time when the price of one or more of the Reference Securities increases, the price of one or more of the other Reference Securities may not increase as much, or may even

decrease. Therefore, in calculating the Interest Rate, increases in the price of one or more of the Reference Securities may be moderated, or wholly offset, by lesser increases or decreases in the price of one or more of the other Reference Securities.

You cannot predict the future performance of any of the Reference Securities or of the Basket as a whole, or whether increases in the price of any of the Reference Securities will be offset by decreases in the price of other Reference Securities, based on their historical performance. In addition, there can be no assurance that the Reference Security Return in the aggregate for the Reference Securities will be positive on any given Interest Valuation Date such that you will receive any Interest Payment Amount based on a rate greater than the Minimum Interest Rate on the corresponding Interest Payment Date. You may not receive any Interest Payment Amount during the entire term of the CDs.

Investing in the CDs is not equivalent to investing in the Basket or the individual Reference Securities.

Because the Reference Security Return of each of the Reference Securities is limited to the Auto Cap Rate of [5.00 - 5.50]% per Reference Security, when each annual Interest Payment Amount is calculated, it is possible for the Interest Rate on the CDs for any given Interest Payment Date to be substantially less than the simple price return of the Basket as measured from the Initial Fixing Date to the applicable Interest Valuation Date.

In addition, while the Auto Cap Rate will operate to limit your participation in the increase in the price of any Reference Security on a given annual Interest Valuation Date to [5.00 - 5.50]% per Reference Security, you will be exposed to any decline in the price of any other Reference Security down to the Floor Rate of -15.00%.

Because the Floor Rate of -15.00% is larger than the Auto Cap Rate of [5.00 - 5.50]% per Reference Security, the negative performance of one Reference Security may more than offset the positive performance of one or more of the other Reference Securities.

Consequently, it is possible that declines in one or a few of the Reference Securities could offset any increases in the price of one or more Reference Securities that are limited by the Auto Cap Rate and that you could earn no Interest Payment Amount even though the simple price return of the Basket would have been positive on the applicable Interest Valuation Date.

Further, the Auto Cap Rate of [5.00 - 5.50]% per Reference Security in effect makes the maximum interest rate for the Basket [5.00 - 5.50]%.

Variable rate debt Instrument consequences of the CDs; U.S. federal income tax consequences.

The proper U.S. federal income tax treatment of the CDs is uncertain. The Issuer intends to treat the CDs as variable rate debt instruments. Under this treatment, U.S. Holders (as defined below) will recognize interest paid on a CD as ordinary interest income at the time the U.S. Holder accrues or receives the Interest Payment Amount in accordance with the U.S. Holder's normal method of accounting for tax purposes. Pursuant to the terms of the CDs, you agree to treat the CDs consistent with our treatment for all U.S. federal income tax purposes. However, if the CDs are not in fact treated as variable rate debt instruments for U.S. federal income tax purposes, then the U.S. federal income tax consequences of owning and disposing of the CDs and the timing and character of income and gain or loss recognized in respect of a CD could differ from the treatment described above and described below under "Certain U.S. Federal Income Tax Considerations."

Prospective depositors should see "Certain U.S. federal income tax considerations" below and consult their tax advisors regarding the tax consequences to them of a purchase of the CDs.

There is no current secondary market for the CDs.

The CDs will not be listed on any securities exchange or quotation system, and as a result, it is unlikely that a secondary market for the CDs will develop. Even if there is a secondary market, it may not provide enough liquidity to allow you to sell the CDs easily, and you may only be able to sell your CDs, if at all, at a price less than the Principal Amount of your CDs. These CDs are designed to be held to maturity.

Adverse economic interests to depositors.

HSBC Bank USA, National Association is the Calculation Agent and will be solely responsible for the determination and calculation of the Maturity Redemption Amount (including the components thereof in connection with the Interest Payment Amount) and any other determinations and calculations in connection with the CDs. Because the Issuer is the Calculation Agent, it may have economic interests adverse to those of the depositors, including with respect to certain determinations and judgments that the Calculation Agent must make in determining, for example, the Interest Payment Amount, if any, on any Interest Payment Date or if a Market Disruption

Event has occurred. However, the Calculation Agent is obligated to carry out its duties and functions as calculation agent in good faith and using its reasonable judgment.

Market conditions and events affecting the Reference Securities may negatively impact the Interest Payment Amounts received by depositors.

Depositors should be aware that a considerable decrease in the price of any particular Reference Security in any year (whether due to general economic conditions or an extraordinary event affecting such Reference Security) may limit the Interest Rate applicable in that year to the and potentially subsequent years for the remainder of the CD term to the Minimum Interest Rate. For example, upon an event such as a delisting of a Reference Security, the likelihood of a depositor receiving an Interest Payment Amount in the year of the event and for the remainder of the CD term, notwithstanding the positive performance of other Reference Securities, may be materially limited. Such an event would also negatively impact the value of the CD in the secondary market, if any.

The CDs are subject to the credit risk of HSBC.

The CDs are deposit obligations of HSBC and are not, either directly or indirectly, an obligation of any third party. Any Principal Amount of a CD, together with any other deposits held in the same right and capacity at HSBC, that exceeds the applicable FDIC insurance limits, as well as any amounts payable under the CDs that are not insured by FDIC insurance, are subject to the creditworthiness of HSBC, as Issuer of the CDs. As a result, the actual and perceived creditworthiness of HSBC may affect the market value of the CDs and, in the event HSBC were to default on its obligations, you may not receive any of the amounts owed to you under the terms of the CDs in excess of the amounts covered by the applicable FDIC insurance.

DESCRIPTION OF THE CERTIFICATES OF DEPOSIT

The following information is a summary of the CD itself and the Reference Securities to which the CD is linked. Prospective depositors should also carefully review the “Description of the CDs” section in the Base Disclosure Statement. All disclosures contained in these Terms and Conditions regarding the Reference Securities are derived from publicly available information prepared by the Reference Issuer.

Information with respect to the Reference Securities

Each potential depositor of a CD should review the reports and other information which have been filed with the Commission, posted on websites or otherwise made publicly available by the Reference Issuers with respect to the Reference Securities. Depositors of the CDs are hereby informed that the reports and other information on file with the Commission or that is otherwise publicly available to which depositors are referred are not and will not be “incorporated by reference” herein. Neither the Issuer of the CDs nor any of its affiliates will undertake to review the financial condition or affairs of the Reference Issuers during the life of the CDs or to advise any depositor or potential depositor in the CDs of any information coming to the attention of the Issuer of the CDs or any affiliate thereof. Additional information with respect to the Reference Securities is set forth in Annex A.

Adjustments to Interest Valuation Dates

If an Interest Valuation Date with respect to any Reference Security is not a Scheduled Trading Day, then the Interest Valuation Date for such Reference Security will be the next day that is a Scheduled Trading Day. If a Market Disruption Event with respect to any Reference Security exists on an Interest Valuation Date, then that Interest Valuation Date for such Reference Security will be the next Scheduled Trading Day on which a Market Disruption Event does not exist with respect to such Reference Security. If a Market Disruption Event with respect to a Reference Security exists on five consecutive Scheduled Trading Days, then that fifth Scheduled Trading Day will be the Interest Valuation Date with respect to such Reference Security, and the Calculation Agent will determine the Closing Price on that date in good faith and in its sole discretion. For the avoidance of doubt, if no Market Disruption Event exists with respect to a Reference Security in the Basket, the determination of such Reference Security’s value will be made on the originally scheduled Observation Date, irrespective of the existence of a Market Disruption Event with respect to one or more of the other Reference Securities. If an Interest Valuation Date with respect to a Reference Security is postponed, then the related Interest Payment Date and, if the Interest Payment Date coincides with the Maturity Date, the Maturity Date will also be postponed until the third business day following the postponed Interest Valuation Date and no interest will be payable in respect of such postponement.

Maturity Redemption Amount and Interest Payment Amount

At maturity, the amount depositors will receive for each CD will be equal to the Maturity Redemption Amount, which will equal A) the Principal Amount of the CD plus B) any additional Interest Payment Amount due on the Maturity Date, as described in the Summary of Terms above and the “Payment at Maturity” section in the Base Disclosure Statement. On each Interest Payment Date, the Interest Rate will be variable and will equal the greater of A) the arithmetic average of the Reference Security Returns for the Reference Securities, and B) the Minimum Interest Rate. For each Reference Security and with respect to any Interest Valuation Date, the Reference Security Return will be:

If the Valuation Share Price is greater than or equal to the Initial Share Price, an amount equal to the Auto Cap Rate; or

If the Valuation Share Price is less than the Initial Share Price, an amount equal to the greater of A) the Reference Security Performance, which, for each Reference Security as of each Interest Valuation Date, is the quotient of 1) the Valuation Share Price minus the Initial Share Price, divided by 2) the Initial Share Price, and (B) the Floor Rate. The payment of the Interest Payment Amount, if any, will be made on scheduled Interest Payment Dates, as set forth in the “Summary of Terms – Interest Valuation Dates and Interest Payment Dates” above.

The Maturity Redemption Amount and the Interest Payment Amount, if any, will not include dividends paid on the Reference Securities. Apart from the Interest Payment Amount, if any, no interest will be paid, either for periods prior to the Settlement Date, during the term of the CDs or at or after maturity.

For more information, see “Summary of Terms” above, together with the Base Disclosure Statement.

Market Disruption Events

If a Market Disruption Event occurs on an Interest Valuation Date with respect to a Reference Security, then that Interest Valuation Date with respect to such Reference Security shall be postponed as described in “Adjustments to Interest Valuation Dates” above and the “Market Disruption Events” section of the Base Disclosure Statement.

Potential Adjustment Events

If a Potential Adjustment Event, such as a Merger Event, Tender Offer, Delisting, Nationalization, Insolvency, Share Value Modification Event, or Fund Share Alteration Event (each as described in the Base Disclosure Statement) occurs with respect to a Reference Security or Reference Issuer, the Calculation Agent may, in its reasonable discretion, adjust the terms of the CDs, and in certain instances may accelerate the stated maturity date of the CDs. Please refer to the section entitled "Potential Adjustment Events" in the Base Disclosure Statement for more details.

In the event of an adjustment to the terms of the CDs due to a Potential Adjustment Event, such adjustment may adversely affect the value of the CDs, any applicable periodic payments or the payment that you will receive at maturity or upon any acceleration of the CDs.

Successor Option

Notwithstanding anything to the contrary in the Base Disclosure Statement, in the event of the death or adjudication of incompetence of any depositor of a CD, the redemption of the principal amount of the CDs, plus any Interest Due, of that depositor will be permitted, without any Early Redemption Fee or Early Withdrawal Charge, subject to the limits and restrictions described herein (such right to redeem the deposit shall be referred to as the "Successor Option"). In such circumstances, a written notice of the proposed redemption must be given to the depositor's Agent and the Issuer, together with appropriate documentation to support the request, each within 180 days of the death or adjudication of incompetence of the depositor. Such depositor (i) must have owned the CDs being submitted for early redemption at the time of his or her death or adjudication of incompetence and (ii) must have been the initial depositor of the CDs (excluding any Agents) (such depositor, the "Initial Depositor"). If the foregoing conditions are not met, redemptions of any principal amount of CDs prior to maturity will be subject to the terms of the section in these Terms and Conditions entitled "Early Redemption by Depositor" and the terms of the section in the Base Disclosure Statement entitled "Depositor Redemption". CDs that are redeemed early will not be entitled to any future interest, amounts in respect of a minimum return, or other sum that would otherwise have been due and payable after the date of redemption of the CDs if the Successor Option had not been exercised.

These CDs are Limited Successor Option CDs (as defined below). As such, the redemption of the aggregate principal amount under the Successor Option provision across all Limited Successor Option CDs held by an Initial Depositor may not exceed the Successor Option Limit Amount (as defined below). Any redemption request in excess of this amount shall be subject to the terms of the section in these Terms and Conditions entitled "Early Redemption by Depositor" and the terms of the section in the Base Disclosure Statement entitled "Depositor Redemption". In addition, if redemption is requested from more than one issuance or by more than one beneficiary of Limited Successor Option CDs, the Successor Option Limit Amount will be applied to the aggregate of all such multiple redemption requests, and shall be applied to such redemption requests in the order received by the Issuer.

"Limited Successor Option CDs" are any certificates of deposit designated as such in the applicable Terms and Conditions. The "Successor Option Limit Amount" is \$1,000,000. In the event the Initial Depositor has purchased Limited Successor Option CDs with different Successor Option Limit Amounts, the Successor Option Limit Amount applicable to the aggregate amount of such CDs being simultaneously redeemed will be the highest Successor Option Limit Amount applicable to any of such Limited Successor Option CDs.

Early Redemptions by Depositor

Although not obligated to do so, and subject to regulatory constraints, the Issuer or its affiliate is generally willing to repurchase or purchase the CDs from depositors upon request as described herein and for so long as the CDs are outstanding. Please refer to the section herein entitled "Summary of Terms—Early Redemption by Depositor" and the "Early Redemptions" section of the Base Disclosure Statement.

Redemption upon the death or adjudication of incompetence of a Depositor

Please refer to the section herein entitled "Summary of Terms – Successor Option" and the section entitled "Redemption upon the Death or Adjudication of a Depositor" in the Base Disclosure Statement.

Ratings

The CDs will not be rated by any rating agency.

The Calculation Agent

The Issuer is the Calculation Agent with regard to the CDs and is solely responsible for the determination and calculation of the Maturity Redemption Amount (including the components thereof), the Interest Payment Amounts, if any, payable on corresponding Interest Payment Dates, and any other determinations and calculations with respect to any distributions of cash in connection with the CDs, as well as for determining whether a Market Disruption Event has occurred and for making certain other determinations with regard to a Reference Security. All determinations and calculations made by the Calculation Agent will be at the sole discretion of the Calculation Agent and will be conclusive for all purposes and binding on the Issuer and depositors of the CDs, absent manifest error and provided that the Calculation Agent shall be required to act in good faith in making any determination or calculation. If the Calculation Agent uses discretion to make a determination or calculation, the Calculation Agent will notify the Issuer, who will provide notice to DTC in respect of the CDs. The Calculation Agent may have economic interests adverse to those of the depositors of the CDs, including with respect to certain determinations and judgments that the Calculation Agent must make in determining the Closing Prices, the Initial Share Prices, the Maturity Redemption Amount and any Interest Payment Amount payable on corresponding Interest Payment Dates, in determining whether a Market Disruption Event has occurred, and in making certain other determinations with regard to any Reference Security. The Calculation Agent is obligated to carry out its duties and functions in good faith and using its reasonable judgment. The Calculation Agent will not be liable for any loss, liability, cost, claim, action, demand or expense (including, without limitation, all costs, charges and expenses paid or incurred in disputing or defending any of the foregoing) arising out of or in relation to or in connection with its appointment or the exercise of its functions, except such as may result from its own willful default or gross negligence or that of its officers or agents. Nothing shall prevent the Calculation Agent or its affiliates from dealing in the CDs or from entering into any related transactions, including any swap or hedging transactions, with any depositor of CDs. The Calculation Agent may resign at any time; however, resignation will not take effect until a successor Calculation Agent has been appointed.

ILLUSTRATIVE EXAMPLES

The following examples are provided for illustration purposes only and are hypothetical; they do not purport to be representative of every possible scenario concerning increases or decreases in the return of the CDs. We cannot predict the Closing Prices of the Reference Securities on the Interest Valuation Dates. The assumptions we have made in connection with the illustrations set forth below may not reflect actual events, and the hypothetical initial share prices of the Reference Securities used in the illustrations below are not the actual Initial Share Prices of the Reference Securities. You should not take these examples as an indication or assurance of the expected performance of the Reference Securities or the CDs.

The following examples indicate how changes in the performance of the Reference Securities over the term of the CDs, rounded to two decimal points, will affect the Interest Payment Amount payable on the CDs for any Interest Payment Date.

These examples assume the Auto Cap Rate is 5.00%, the lower end of the Auto Cap Rate range of [5.00 - 5.50]%, a Floor Rate of -15.00%, a Minimum Interest Rate of 0.40% and the initial investment is \$1,000.

Example 1: The securities generally rise over the term of the CDs.

Closing Price per Reference Security on the Applicable Interest Valuation Dates

Securities	Initial Share Price	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Reference Security 1	100.00	92.00	86.00	86.00	102.00	125.00	143.00	157.00
Reference Security 2	100.00	111.00	110.00	110.00	101.00	121.00	143.00	146.00
Reference Security 3	100.00	112.00	138.00	166.00	156.00	175.00	177.00	195.00
Reference Security 4	100.00	106.00	96.00	115.00	117.00	136.00	124.00	145.00
Reference Security 5	100.00	119.00	132.00	132.00	162.00	183.00	214.00	261.00
Reference Security 6	100.00	109.00	129.00	148.00	158.00	142.00	151.00	187.00
Reference Security 7	100.00	125.00	125.00	138.00	126.00	147.00	132.00	141.00
Reference Security 8	100.00	123.00	128.00	142.00	153.00	162.00	146.00	156.00
Reference Security 9	100.00	94.00	111.00	130.00	139.00	129.00	155.00	150.00
Reference Security 10	100.00	90.00	104.00	95.00	109.00	128.00	116.00	122.00

Reference Security Returns from Initial Level, capped at 5.25% and floored at -15.00%

Securities		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Reference Security 1		-8.00%	-14.00%	-14.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 2		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 3		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 4		5.00%	-4.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 5		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 6		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 7		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 8		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 9		-6.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 10		-10.00%	5.00%	-5.00%	5.00%	5.00%	5.00%	5.00%

Average of the Reference Security Returns:	1.10%	2.20%	2.10%	5.00%	5.00%	5.00%	5.00%
Interest Rate for the Applicable Period:	1.10%	2.20%	2.10%	5.00%	5.00%	5.00%	5.00%
						APY:	3.63%

In this example, as of each Interest Valuation Date, the Valuation Share Price of each of the Reference Securities has generally increased from the Initial Share Price for that Reference Security. On each Interest Payment Date, therefore, the CDs will pay an Interest Payment Amount equal to the Principal Amount multiplied by the Interest Rate for that Interest Payment Date. Furthermore, for certain of the Reference Securities and with respect to certain Interest Payment Dates, the Reference Security Return as of such Interest Payment Dates is greater than the Auto Cap Rate. The Reference Security Return for those Reference Securities that will contribute to the calculation of the Interest Rate with respect to those Interest Payment Dates is therefore limited by the Auto Cap Rate.

Example 2: The securities' performances are mixed over the term of the CDs.

Closing Price per Reference Security on the Applicable Interest Valuation Dates

Securities	Initial Share Price	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Reference Security 1	100.00	97.00	90.00	115.00	111.00	97.00	106.00	116.00
Reference Security 2	100.00	108.00	86.00	107.00	118.00	112.00	95.00	97.00
Reference Security 3	100.00	106.00	97.00	97.00	106.00	97.00	112.00	101.00
Reference Security 4	100.00	116.00	80.00	76.50	111.00	112.00	104.00	105.00
Reference Security 5	100.00	110.00	97.00	117.00	115.00	103.00	99.00	114.00
Reference Security 6	100.00	103.00	86.00	101.00	99.00	106.00	110.00	106.00
Reference Security 7	100.00	108.00	98.00	105.00	97.00	98.00	111.00	106.00
Reference Security 8	100.00	99.00	99.00	104.00	106.00	117.00	95.00	97.00
Reference Security 9	100.00	119.00	92.00	105.00	106.00	96.00	112.00	103.00
Reference Security 10	100.00	110.00	90.00	120.00	102.00	117.00	115.00	97.00

Reference Security Returns from Initial Level, capped at 5.25% and floored at -15.00%

Securities	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Reference Security 1	-3.00%	-10.00%	5.00%	5.00%	-3.00%	5.00%	5.00%
Reference Security 2	5.00%	-14.00%	5.00%	5.00%	5.00%	-5.00%	-3.00%
Reference Security 3	5.00%	-3.00%	-3.00%	5.00%	-3.00%	5.00%	5.00%
Reference Security 4	5.00%	-15.00%	-15.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 5	5.00%	-3.00%	5.00%	5.00%	5.00%	-1.00%	5.00%
Reference Security 6	5.00%	-14.00%	5.00%	-1.00%	5.00%	5.00%	5.00%
Reference Security 7	5.00%	-2.00%	5.00%	-3.00%	-2.00%	5.00%	5.00%
Reference Security 8	-1.00%	-1.00%	5.00%	5.00%	5.00%	-5.00%	-3.00%
Reference Security 9	5.00%	-8.00%	5.00%	5.00%	-4.00%	5.00%	5.00%
Reference Security 10	5.00%	-10.00%	5.00%	5.00%	5.00%	5.00%	-3.00%

Average of the Reference Security Returns:	3.60%	-8.00%	2.20%	3.60%	1.80%	2.40%	2.60%
Interest Rate for the Applicable Period:	3.60%	0.40%	2.20%	3.60%	1.80%	2.40%	2.60%
						APY:	2.37%

*** Declines in Reference Security Returns highlighted in bold are mitigated by the Floor Rate.**

In this example, on any Interest Valuation Date, the Valuation Share Price of some of the Reference Securities has declined with respect to the Initial Share Price for that Reference Security, while the Valuation Share Price of other Reference Securities has increased. On the Interest Payment Date in years one and two, the average of the Reference Security Returns for the Reference Securities is less than the Minimum Interest Rate, and therefore the Interest Rate is equal to the Minimum Interest Rate. In each subsequent year, the average of the Reference Security Returns for the Reference Securities is greater than the Minimum Interest Rate, and therefore the Interest Rate is equal to the average of the Reference Security Returns for the Reference Securities. Accordingly, in years one and two the CDs will pay an Interest Payment Amount equal to the Minimum Interest Rate, whereas in each subsequent year, the CDs will pay an Interest Payment Amount equal to the Principal Amount multiplied by the arithmetic average of the Reference Security Returns as of each Interest Payment Date.

Example 3: The securities generally decline over the term of the CDs.

Closing Price per Reference Security on the Applicable Interest Valuation Dates

Securities	Initial Share Price	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Reference Security 1	100.00	105.00	108.00	110.00	107.00	90.00	78.00	63.00
Reference Security 2	100.00	84.00	80.00	77.00	62.00	57.00	47.00	39.00
Reference Security 3	100.00	98.00	74.00	81.00	76.00	84.00	81.00	73.00
Reference Security 4	100.00	102.00	106.00	86.00	85.00	71.00	63.00	62.00
Reference Security 5	100.00	101.00	110.00	120.00	130.00	127.00	128.00	105.00
Reference Security 6	100.00	92.00	81.00	66.00	57.00	44.00	33.00	34.00
Reference Security 7	100.00	89.00	69.00	76.00	76.00	73.00	58.00	57.00
Reference Security 8	100.00	98.00	100.00	82.00	78.00	75.00	73.00	71.00
Reference Security 9	100.00	84.00	91.00	73.00	69.00	55.00	53.00	57.00
Reference Security 10	100.00	97.00	79.00	67.00	53.00	55.00	46.00	35.00

Reference Security Returns from Initial Level, capped at 5.25% and floored at -15.00%

Securities		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Reference Security 1		5.00%	5.00%	5.00%	5.00%	-10.00%	-15.00%	-15.00%
Reference Security 2		-15.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%
Reference Security 3		-2.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%
Reference Security 4		5.00%	5.00%	-14.00%	-15.00%	-15.00%	-15.00%	-15.00%
Reference Security 5		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 6		-8.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%
Reference Security 7		-11.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%
Reference Security 8		-2.00%	5.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%
Reference Security 9		-15.00%	-9.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%
Reference Security 10		-3.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%

Average of the Reference Security Returns:	-4.10%	-6.40%	-10.90%	-11.00%	-12.50%	-13.00%	-13.00%
Interest Rate for the Applicable Period:	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
						APY:	0.40%

*** Declines in Reference Security Returns highlighted in bold are mitigated by the Floor Rate.**

In this example, on each Interest Valuation Date, the average of the Reference Security Returns on each Interest Payment Date is less than the Minimum Interest Rate. Therefore, the Interest Rate for those Interest Payment Dates will be equal to the Minimum Interest Rate. As a result, the CDs do not pay any Interest Payment Amount during their entire term, and depositors receive only the Principal Amount at maturity without any return on their investment.

Example 4: One of the securities is delisted in Year 4.

Closing Price per Reference Security on the Applicable Interest Valuation Dates

Securities	Initial Share Price	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Reference Security 1	100.00	99.00	108.00	104.00	102.00	106.00	96.00	91.00
Reference Security 2	100.00	95.00	88.00	84.00	0.00	0.00	0.00	0.00
Reference Security 3	100.00	105.00	110.00	103.00	103.00	93.00	102.00	92.00
Reference Security 4	100.00	99.00	91.00	100.00	104.00	114.00	125.00	138.00
Reference Security 5	100.00	90.00	92.00	98.00	88.00	92.00	90.00	91.00
Reference Security 6	100.00	96.00	91.00	91.00	86.00	78.00	84.00	76.00
Reference Security 7	100.00	108.00	118.00	120.00	132.00	121.00	111.00	120.00
Reference Security 8	100.00	95.00	101.00	111.00	122.00	133.00	121.00	116.00
Reference Security 9	100.00	96.00	91.00	83.00	79.00	78.00	86.00	95.00
Reference Security 10	100.00	97.00	103.00	103.00	98.00	103.00	109.00	110.00

Reference Security Returns from Initial Level, capped at 5.25% and floored at -15.00%

Securities		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Reference Security 1		-1.00%	5.00%	5.00%	5.00%	5.00%	-4.00%	-9.00%
Reference Security 2		-5.00%	-12.00%	-15.00%	-15.00%	-15.00%	-15.00%	-15.00%
Reference Security 3		5.00%	5.00%	5.00%	5.00%	-7.00%	5.00%	-8.00%
Reference Security 4		-1.00%	-9.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 5		-10.00%	-8.00%	-2.00%	-12.00%	-8.00%	-10.00%	-9.00%
Reference Security 6		-4.00%	-9.00%	-9.00%	-14.00%	-15.00%	-15.00%	-15.00%
Reference Security 7		5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 8		-5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Reference Security 9		-4.00%	-9.00%	-15.00%	-15.00%	-15.00%	-14.00%	-5.00%
Reference Security 10		-3.00%	5.00%	5.00%	-2.00%	5.00%	5.00%	5.00%

Average of the Reference Security Returns:	-2.30%	-2.20%	-1.10%	-3.30%	-3.50%	-3.30%	-4.10%
Interest Rate for the Applicable Period:	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
						APY:	0.40%

*** Declines in Reference Security Returns highlighted in bold are mitigated by the Floor Rate.**

In this example, one of the Reference Securities is delisted in Year 2. In this case, the Calculation Agent may deem a zero value for such Reference Security during year two and each subsequent year for the remainder of the term of the CDs, in which case the Reference Security Return of such Reference Security would be the Floor Rate of -15.00% for each of these years. If such a determination is made by Calculation Agent, the likelihood of a depositor receiving an Interest Payment Amount for such years following any such delisting may be materially limited, despite the generally positive performance of the remaining Reference Securities. However, such treatment of the Reference Security in the event of a delisting represents only one such potential treatment of a delisting by the Calculation Agent. The Calculation Agent, in its reasonable discretion, may also use other methodologies to adjust the terms of the CDs to reflect the economic impact of such delisting on the value of the CDs and is not required to follow any specific course of action to effect this result.

THE DISTRIBUTION

Please refer to the section entitled “The Distribution” in the Base Disclosure Statement.

FDIC INSURANCE

The following disclosures are intended to supplement and, where conflicting, supersede the disclosures regarding deposit insurance herein and in the accompanying Base Disclosure Statement dated March 1, 2011, including the section entitled FDIC Insurance included therein.

The CDs are protected by federal deposit insurance provided by the Deposit Insurance Fund (the “DIF”), which is administered by the FDIC and backed by the full faith and credit of the U.S. Government, up to a maximum amount for all deposits held in the same ownership capacity per depository institution (the “Maximum Insured Amount”), which in general, is \$250,000. The maximum amount of deposit insurance available in the case of deposits in certain retirement accounts (the “Maximum Retirement Account Amount”) also is \$250,000 per participant per insured depository institution. The Maximum Insured Amount and the Maximum Retirement Account Amount may be adjusted for inflation beginning April 1, 2010 and each fifth year thereafter. Accordingly, holders of CDs whose Principal Amount plus accrued Interest Payment Amount exceed the applicable federal deposit insurance limit will not be insured by the FDIC for the Principal Amount plus accrued Interest Payment Amount exceeding such limits. Any accounts or deposits a holder maintains directly with the Issuer in the same ownership capacity as such holder maintains its CDs would be aggregated with such CDs for purposes of the Maximum Insured Amount or the Maximum Retirement Account Amount, as applicable.

You should not rely on the availability of FDIC insurance to the extent the Principal Amount of CDs and any unpaid return in excess of the Principal Amount which, together with any other deposits that you maintain with us in the same ownership capacity, is in excess of the applicable FDIC insurance limits. The FDIC has taken the position that any secondary market premium paid by you in excess of the Principal Amount is not covered by FDIC insurance. In addition, the FDIC may also take the position that no portion of the return in excess of the Principal Amount for any interest period is insured unless the total applicable return in excess of the Principal Amount for that interest period has been determined at the point that FDIC insurance payments become necessary.

You are responsible for determining and monitoring the FDIC insurance coverage limits that are applicable to you in purchasing any CDs. We do not undertake to determine or monitor the FDIC insurance coverage that may be available to you. You should make your own investment decision regarding the CDs and FDIC insurance coverage after consulting with your legal, tax, and other advisors. Please consult with your attorney or tax advisor to fully understand all of the legal consequences associated with any account ownership change you may be considering to maximize your deposit insurance coverage. Please also refer to www.fdic.gov for a full explanation and examples of deposit coverage for the account ownership types below, particularly for revocable trusts, and for other forms of ownership as the following information is a general summary and is not a complete statement of the FDIC insurance coverage limits.

The application of the federal deposit insurance limitation per depository institution in certain common factual situations is illustrated below. Please also refer to www.fdic.gov for a full explanation and examples of deposit coverage for the account ownership types below as the following information is a general summary and is not a complete statement of the FDIC insurance coverage limits.

- *Individual Customer Accounts.* Funds owned by an individual and held in an account in the name of an agent or nominee of such individual (such as the CDs held in a brokerage account) are not treated as owned by the agent or nominee, but are added to other deposits of such individual held in the same legal capacity and are insured up to the Maximum Insured Amount in the aggregate.
- *Custodial Accounts.* Funds in accounts held by a custodian, guardian or conservator (for example, under the Uniform Gifts to Minors Act) are not treated as owned by the custodian, but are added to other deposits of the minor or other beneficiary held in the same legal capacity and are insured up to the Maximum Insured Amount in the aggregate.
- *Joint Accounts.* The interest of each co-owner in funds in an account held under any form of joint ownership valid under applicable state law may be insured up to the Maximum Insured Amount in the aggregate with other jointly held funds of such co-owner, separately and in addition to the Maximum Insured Amount allowed on other deposits individually owned by any of the co-owners of such account (hereinafter referred to as a “Joint Account”). Joint Accounts will be insured separately from such individually owned accounts only if each of the co-owners is an individual person, has a right of withdrawal on the same basis as the other co-owners and has signed the deposit account signature card (unless the account is a CD or is established by an agent, nominee, guardian, custodian, executor or conservator). If the Joint Account meets the foregoing criteria then it will be deemed to be jointly owned; as

long as the account records of the Bank are clear and unambiguous as to the ownership of the account. However, if the account records are ambiguous or unclear as to the manner in which the account is owned, then the FDIC may consider evidence other than such account records to determine ownership. The names of two or more persons on a deposit account will be conclusive evidence that the account is a Joint Account unless the deposit records as a whole are ambiguous and some other evidence indicates that there is a contrary ownership capacity. In the event an individual has an interest in more than one Joint Account and different co-owners are involved, his or her interest in all of such Joint Accounts (subject to the limitation that such individual's insurable interest in any one account may not exceed the Maximum Insured Amount divided by the number of owners of such account) is then added together and insured up to the Maximum Insured Amount in the aggregate, with the result that no individual's insured interest in the joint account category can exceed the Maximum Insured Amount. For deposit insurance purposes, the co-owners of any Joint Account are deemed to have equal interests in the Joint Account unless otherwise stated in the Bank's records.

- *Entity Accounts.* The deposit accounts of any corporation, partnership or unincorporated association that is operated primarily for some purpose other than to increase deposit insurance are added together and insured up to the Maximum Insured Amount in the aggregate per depository institution.
- *Retirement and Employee Benefit Plans and Accounts.*
 - *Generally.* You may have interests in various retirement and employee benefit plans and accounts that are holding deposits of the Bank. The amount of deposit insurance you will be entitled to will vary depending on the type of plan or account and on whether deposits held by the plan or account will be treated separately or aggregated with the deposits of the Issuer held by other plans or accounts. It is therefore important to understand the type of plan or account holding the CD. The following sections entitled "Pass-Through Deposit Insurance for Retirement and Employee Benefit Plan Deposits" and "Aggregation of Retirement and Employee Benefit Plans and Accounts" generally discuss the rules that apply to deposits of retirement and employee benefit plans and accounts.
 - *Pass-Through Deposit Insurance for Retirement and Employee Benefit Plan Deposits.* Subject to the limitations discussed below, under FDIC regulations, an individual's non-contingent interest in the deposits of one depository institution held by certain types of employee benefit plans are eligible for insurance on a "pass-through" basis up to the applicable deposit insurance limits for that type of plan. This means that, instead of an employee benefit plan's deposits at one depository institution being entitled to deposit insurance based on its aggregated deposits in the Bank, each participant in the employee benefit plan is entitled to insurance of his or her interest in the employee benefit plan's deposits of up to the applicable deposit insurance limits per institution (subject to the aggregation of the participant's interests in different plans, as discussed below). The pass-through insurance provided to an individual as an employee benefit plan participant is in addition to the deposit insurance allowed on other deposits held by the individual at the issuing institution. However, pass-through insurance is aggregated across certain types of accounts. See the section entitled "Aggregation of Retirement and Employee Benefit Plans and Accounts."
 - A deposit held by an employee benefit plan that is eligible for pass-through insurance is not insured for an amount equal to the number of plan participants multiplied by the applicable deposit insurance limits. For example, assume an employee benefit plan that is a Qualified Retirement Account (defined below), i.e., a plan that is eligible for deposit insurance coverage up to the Maximum Retirement Account Amount per qualified beneficiary, owns \$500,000 in deposits at one institution and the plan has two participants, one with a vested non-contingent interest of \$350,000 and one with a vested non-contingent interest of \$150,000. In this case, the individual with the \$350,000 interest would be insured up to the \$250,000 Maximum Retirement Account Amount limit, and the individual with the \$150,000 interest would be insured up to the full value of such interest.
 - Moreover, the contingent interests of employees in an employee benefit plan and overfunded amounts attributed to any employee defined benefit plan are not insured on a pass-through basis. Any interests of an employee in an employee benefit plan deposit which are not capable of evaluation in accordance with FDIC rules (i.e., contingent interests) will be aggregated with the contingent interests of other participants and insured up to the applicable deposit insurance limits. Similarly, overfunded amounts are insured, in the aggregate for all participants, up to the applicable deposit insurance limits separately from the insurance provided for any other funds owned by or attributable to the employer or an employee benefit plan participant.
 - *Aggregation of Retirement and Employee Benefit Plans and Accounts.*
 - *Self-Directed Retirement Accounts.* The principal amount of deposits held in Qualified Retirement Accounts, plus accrued but unpaid interest, if any, are protected by FDIC insurance up to a maximum of the Maximum Retirement Account Amount for all such deposits held by you at the issuing depository institution. "Qualified Retirement Accounts" consist of (i) any individual retirement account ("IRA"), (ii) any eligible deferred compensation plan described in section 457 of the Code, (iii) any individual

account plan described in section 3(34) of ERISA, to the extent the participants and beneficiaries under such plans have the right to direct the investment of assets held in the accounts and (iv) any plan described in section 401(d) of the Code, to the extent the participants and beneficiaries under such plans have the right to direct the investment of assets held in the accounts. The FDIC sometimes generically refers to this group of accounts as “self-directed retirement accounts.” Supplementary FDIC materials indicate that Roth IRAs, self-directed Keogh Accounts, Simplified Employee Pension plans, Savings Incentive Match Plans for Employees and self-directed defined contribution plans (such as 401(k) plans) are intended to be included within this group of Qualified Retirement Accounts. Coverdell education savings accounts, Health Savings Accounts, Medical Savings Accounts, accounts established under section 403(b) of the Code and defined-benefit plans are NOT Qualified Retirement Accounts and do NOT receive the Maximum Retirement Account Amount of federal deposit insurance.

- *Other Employee Benefit Plans.* Any employee benefit plan, as defined in Section 3(3) of ERISA, plan described in Section 401(d) of the Code, or eligible deferred compensation plan under section 457 of the Code, that does not constitute a Qualified Retirement Account – for example, certain employer-sponsored profit sharing plans -- can still satisfy the requirements for pass-through insurance with respect to non-contingent interests of individual plan participants, provided that FDIC requirements for recordkeeping and account titling are met (“Non-Qualifying Benefit Plans”). Defined contribution plan accounts and Keogh accounts that are not “self-directed” also generally would be treated as Non-Qualifying Benefit Plans. For Non-Qualifying Benefit Plans, the amount subject to federal deposit insurance is the Maximum Insured Amount. Under FDIC regulations, an individual’s interests in Non-Qualifying Benefit Plans maintained by the same employer or employee organization (e.g., a union) which are holding deposits at the same institution will be insured up to the Maximum Insured Amount in the aggregate, separate from other accounts held at the same depository institution in other ownership capacities.
- This general rule regarding pass-through insurance is subject to the following limitations and exceptions:
 - *Total Coverage Might Not Equal the Maximum Retirement Account Amount Times the Number of Participants.* Each deposit held by an employee benefit plan may not necessarily be insured for an amount equal to the number of participants multiplied by the Maximum Retirement Account Amount. For example, suppose an employee benefit plan owns \$500,000 in CDs at one institution. Suppose, further, that the employee benefit plan has two participants, one with a vested non-contingent interest of \$300,000 and one with a vested non-contingent interest of \$200,000. The individual with the \$300,000 interest would be insured up to the \$250,000 Maximum Retirement Account Amount limit and the individual with the \$200,000 interest would be insured up to the full value of such interest.
 - *Aggregation.* An individual’s non-contingent interests in funds deposited with the same depository institution by different employee benefit plans of the same employer or employee organization are aggregated for purposes of applying this pass-through Maximum Retirement Account Amount per participant deposit insurance limit, and are insured in aggregate only up to the Maximum Retirement Account Amount per participant.
 - *Contingent Interests/Overfunding.* Any portion of an employee benefit plan’s deposits that is not attributable to the non-contingent interests of employee benefit plan participants is not eligible for pass-through deposit insurance coverage, and is insured, in aggregate, only up to the Maximum Insured Amount.

To the extent that a CD purchaser expects its beneficial interest in the CDs to be fully covered by FDIC insurance, such purchaser, by purchasing a CD, is deemed to represent to the Bank and its broker that its beneficial interest (or if it is an agent, nominee, custodian or other person who is purchasing a CD for its beneficial owners, that each beneficial owner’s beneficial interest) in other deposits in the Issuer, when aggregated with the beneficial interest in the CD so purchased, to the extent that aggregation is required in determining insurance of accounts under the federal deposit insurance regulations, does not exceed the Maximum Insured Amount (or the Maximum Retirement Account Amount per participant in the case of certain retirement accounts as described above).

Payments Under Adverse Circumstances

As with all deposits, if it becomes necessary for federal deposit insurance payments to be made on the CDs, there is no specific time period during which the FDIC must make insurance payments available. Accordingly, you should be prepared for the possibility of an indeterminate delay in obtaining insurance payments.

As explained above, the deposit insurance limits apply to the principal and any interest that has been ascertained and become due on all CDs and other deposit accounts maintained by you at the Issuer in the same legal ownership category. The records maintained by the Issuer and your broker regarding ownership of CDs will be used to establish your eligibility for federal deposit insurance payments. In addition, you may be required to provide certain documentation to the FDIC and to your Broker before insurance payments are

released to you. For example, if you hold CDs as trustee for the benefit of trust participants, you may also be required to furnish an affidavit to that effect; you may be required to furnish other affidavits and provide indemnities regarding an insurance payment.

In the event that insurance payments become necessary for your CDs, the FDIC is required to pay the original Principal Amount plus accrued Interest Payment Amount that have been ascertained and become due subject to the federal deposit insurance limits. No Interest Payment Amounts will be earned on deposits from the time the Issuer is closed until insurance payments are received.

As an alternative to a direct deposit insurance payment from the FDIC, the FDIC may transfer the insured deposits of an insolvent institution to a healthy institution. Subject to insurance verification requirements and the limits on deposit insurance coverage, the healthy institution may assume the CDs under the original terms or offer you a choice between paying the CD off and maintaining the deposit at a different rate. Your Broker will advise you of your options in the event of a deposit transfer.

Your broker will not be obligated to you for amounts not covered by deposit insurance nor will your broker be obligated to make any payments to you in satisfaction of a loss you might incur as a result of (i) a delay in insurance payouts applicable to your CD, (ii) your receipt of a decreased interest rate on an investment replacing your CD as a result of the payment of the principal of your CD prior to its stated maturity, or (iii) payment in cash of the principal of your CD prior to its stated maturity in connection with the liquidation of the Issuer or the assumption of all or a portion of its deposit liabilities. In connection with the latter, the amount of a payment on a CD which had been purchased at a premium in the secondary market is based on the original Principal Amount and not on any premium amount. Therefore, you can lose up to the full amount of the premium as a result of such a payment. Also, your broker will not be obligated to credit your account with funds in advance of payments received from the FDIC.

CERTAIN ERISA CONSIDERATIONS

Please refer to the section entitled “Certain ERISA Considerations” in the Base Disclosure Statement.

CERTAIN U.S. FEDERAL INCOME TAX CONSIDERATIONS

Set forth below is a summary of certain U.S. federal income tax considerations relevant to the purchase, beneficial ownership, and disposition of a CD.

For purposes of this summary, a “U.S. Holder” is a beneficial owner of a CD that is:

- an individual who is a citizen or a resident of the United States for U.S. federal income tax purposes;
- a corporation (or other entity that is treated as a corporation for U.S. federal tax purposes) that is created or organized in or under the laws of the United States or any State thereof (including the District of Columbia);
- an estate whose income is subject to U.S. federal income taxation regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration, and one or more United States persons, as defined for U.S. federal income tax purposes, have the authority to control all of its substantial decisions.

For purposes of this summary, a “Non-U.S. Holder” is a beneficial owner of a CD that is:

- a nonresident alien individual for U.S. federal income tax purposes;
- a foreign corporation for U.S. federal income tax purposes;
- an estate whose income is not subject to U.S. federal income tax on a net income basis; or
- a trust if no court within the United States is able to exercise primary jurisdiction over its administration or if no United States persons, as defined for U.S. federal income tax purposes, have the authority to control all of its substantial decisions.

An individual may, subject to certain exceptions, be deemed to be a resident of the United States by reason of being present in the United States for at least 31 days in the calendar year and for an aggregate of at least 183 days during a three-year period ending in the current calendar year (counting for such purposes all of the days present in the current year, one-third of the days present in the immediately preceding year, and one-sixth of the days present in the second preceding year).

This summary is based on interpretations of the Internal Revenue Code of 1986, as amended (the “Code”), regulations issued there under, and rulings and decisions currently in effect (or in some cases proposed), all of which are subject to change. Any such change may be applied retroactively and may adversely affect the U.S. federal income tax consequences described herein. This summary addresses only holders that purchase CDs at initial issuance and beneficially own such CDs as capital assets and not as part of a “straddle,” “hedge,” “synthetic security” or a “conversion transaction” for U.S. federal income tax purposes, or as part of some other integrated investment. This summary does not discuss all of the tax consequences that may be relevant to particular depositors or to depositors subject to special treatment under the U.S. federal income tax laws (such as banks, thrifts, or other financial institutions; insurance companies; securities dealers or brokers, or traders in securities electing mark-to-market treatment; mutual funds or real estate investment trusts; small business investment companies; S corporations; depositors that hold their CDs through a partnership or other entity treated as a partnership for U.S. federal tax purposes; depositors whose functional currency is not the U.S. dollar; certain former citizens or residents of the United States; persons subject to the alternative minimum tax; retirement plans or other tax-exempt entities, or persons holding the CDs in tax-deferred or tax-advantaged accounts; or “controlled foreign corporations” or “passive foreign investment companies” for U.S. federal income tax purposes). This summary also does not address the tax consequences to shareholders, or other equity holders in, or beneficiaries of, a holder of CDs, or any state, local or foreign tax consequences of the purchase, ownership or disposition of the CDs.

The following summary was not intended or written to be used, and cannot be used, for the purpose of avoiding U.S. federal, state, or local tax penalties. The following summary was written in connection with the promotion or marketing by the Issuer, HSBC Securities (USA) Inc. and/or other distributors of the CDs. Each holder should seek advice based on its particular circumstances from an independent tax advisor.

PROSPECTIVE PURCHASERS OF CDS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES TO THEM OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF CDS.

Tax Characterization of the CDs

The proper U.S. federal income tax characterization of the CDs is uncertain. The Issuer intends to treat the CDs for U.S. federal income tax purposes as “variable rate debt instruments.” Notwithstanding the foregoing, there can be no assurance that the IRS or a court will agree with the characterization of the CDs as variable rate debt instruments. Moreover, the IRS could possibly assert that the CDs should be characterized for U.S. federal income tax purposes as contingent payment debt instruments. In such event, each CD would be subject to the special U.S. Treasury regulations governing contingent payment debt instruments, and among other tax consequences, each CD would be treated as having been issued with original issue discount that must be accrued over the term of the CD. Prospective investors should consult their own tax advisors concerning the proper U.S. federal income tax characterization of the CDs. The remainder of the following discussion assumes that the CDs are properly characterized for U.S. federal income tax purposes as variable rate debt instruments. Pursuant to the terms of the CDs, you agree to treat the CDs consistent with this treatment for all U.S. federal income tax purposes.

Tax Treatment of U.S. Holders

Payments of Interest

Interest on a CD will be taxable to a U.S. Holder as ordinary interest income as it accrues or is received in accordance with the U.S. Holder’s normal method of accounting for tax purposes.

Sale, Exchange Redemption, Maturity or Other Disposition of the CDs

Upon the disposition of a CD by sale, exchange, redemption, repayment of principal at maturity or other taxable disposition, a U.S. Holder will generally recognize taxable gain or loss equal to the difference between (i) the amount realized on the disposition (other than amounts attributable to accrued but untaxed interest which will be taxable as such) and (ii) the U.S. Holder’s tax basis in the CD. A U.S. Holder’s tax basis in a CD generally will equal the cost of the CD to the U.S. Holder. Any such gain or loss will generally constitute capital gain or loss. Capital gain of individual taxpayers from the sale, exchange or other disposition of a CD held for more than one year may be eligible for reduced rates of taxation. The deductibility of a capital loss realized on the sale, exchange, or other disposition of a CD is subject to limitations.

Tax Treatment of Non-U.S. Holders

Taxation of Interest and Disposition of the CDs

In general, Non-U.S. Holders will not be subject to any U.S. federal income or withholding tax on any interest income from a CD so long as the income or gain is not effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States. Additionally, Non-U.S. Holders will not be subject to any U.S. federal income or withholding tax on any gain on the sale, early withdrawal, maturity or other dispositions of a CD so long as the income or gain is not effectively connected with the conduct by such Non-U.S. Holder of a trade or business within the United States and the Non-U.S. Holder is not an individual present in the United States for 183 days or more in the taxable year in which the gain is recognized.

U.S. Federal Estate Tax Treatment of Non-U.S. Holders

CDs held (or treated as held) by an individual who is a Non-U.S. Holder at the time of his or her death will not be subject to U.S. federal estate tax, provided that the individual would not be subject to any U.S. federal income or withholding tax with respect to income or gain on the CDs.

Information Reporting and Backup Withholding

Under certain circumstances, the Code requires “information reporting” annually to the IRS and to each holder of the CDs, and “backup withholding” with respect to certain payments made on or with respect to the CDs. Information reporting and backup withholding generally will not apply to U.S. Holders that are corporations or certain other “exempt recipients” if the U.S. Holder provides the Issuer with a properly completed IRS Form W-9, and will not apply to a Non-U.S. Holder if the Non-U.S. Holder provides the Issuer with a properly completed Form W-8BEN. Interest paid to a Non-U.S. Holder who is an individual who resides in Canada will be reported on IRS Form 1042S that is filed with the IRS and sent to the Non-U.S. Holder.

Backup withholding is not an additional tax and may be refunded (or credited against a depositor’s U.S. federal income tax liability, if any), if certain required information is furnished.

The preceding discussion is only a summary of certain of the tax implications of purchasing the CDs. Prospective depositors are urged to consult with their own tax advisors prior to purchasing to determine the tax implications of a purchase in light of that depositor’s particular circumstances.

ANNEX A: DESCRIPTION OF THE REFERENCE SECURITIES

General

These Terms and Conditions are not an offer to sell and are not an offer to buy interests in the Reference Securities. We have derived all information in these Terms and Conditions about the Reference Issuers and Reference Securities from publicly available documents. We have not participated and will not participate in the preparation of any of those documents. Nor have we made or will we make any “due diligence” investigation or any inquiry with respect to the Reference Issuers in connection with the offering of the CDs. We do not make any representation that any publicly available document or any other publicly available information about the Reference Issuers is accurate or complete. Furthermore, we do not know whether all events occurring before the date of these Terms and Conditions, including events that would affect the accuracy or completeness of the publicly available documents referred to above or the trading value of the Reference Securities comprising the Basket, have been publicly disclosed. Subsequent disclosure of any events of this kind or the disclosure of or failure to disclose material future events concerning the Reference Issuers could affect the value you will receive at maturity and, therefore, the market value of the CDs.

Below is a brief description of the Reference Securities and the performance of each Reference Security for each quarter from April 2006 or inception. The Reference Security information contained herein is from Bloomberg Financial Markets without independent verification by us. In addition, information regarding the Reference Issuers may have been obtained from other sources, including, but not limited to, press releases, newspaper articles and other publicly disseminated documents. The information contained herein is furnished as a matter of information only. **Fluctuations in or share prices of the Reference Securities that have occurred in the past should not be taken as indicative of fluctuations in or closing share prices of the Reference Securities that may occur over the term of the CDs. Neither the Issuer nor any of its affiliates makes any representation as to the performance of the Reference Securities.**

We make no representation as to the amount of dividends, if any, that any of the Reference Issuers may pay in the future. In any event, as an investor in the CDs, you will not be entitled to receive dividends, if any, that may be payable on any of the Reference Securities.

We urge you to read the section “Information with Respect to Certain Reference Assets” on page 4 of the related Base Disclosure Statement.

ConocoPhillips

ConocoPhillips explores for, produces, transports and markets crude oil, natural gas, natural gas liquids, liquefied natural gas and bitumen on a worldwide basis.

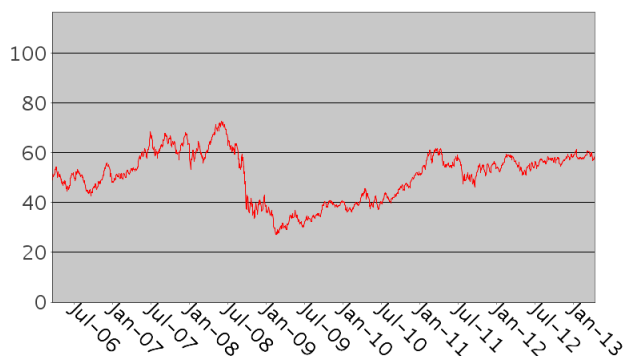
The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of ConocoPhillips for each of the quarters indicated below with the last row showing these levels from the beginning of the latest quarter through the date indicated. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of ConocoPhillips should not be taken as an indication of future performance.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
June 30, 2006	55.27	43.96	49.95
September 30, 2006	53.93	43.11	45.38
December 31, 2006	57.09	41.85	54.85
March 31, 2007	54.28	46.95	52.10
June 30, 2007	62.05	50.79	59.84
September 30, 2007	69.25	56.28	66.91
December 31, 2007	68.52	56.55	67.31
March 31, 2008	68.39	51.72	58.10
June 30, 2008	73.15	57.59	71.96
September 30, 2008	72.15	51.31	55.84
December 31, 2008	54.93	31.51	39.49
March 31, 2009	43.77	26.02	29.85
June 30, 2009	37.13	28.60	32.06
September 30, 2009	35.91	29.44	34.43
December 31, 2009	41.26	34.23	38.93
March 31, 2010	41.01	35.56	39.01
June 30, 2010	46.14	36.98	37.42
September 30, 2010	44.23	36.64	43.78
December 31, 2010	52.28	43.31	51.91
March 31, 2011	62.36	50.70	60.88
June 30, 2011	62.31	53.43	57.32
September 30, 2011	60.99	46.04	48.27
December 31, 2011	56.34	44.71	55.55
March 31, 2012	59.67	51.84	57.94
June 30, 2012	58.94	50.63	55.88
September 30, 2012	58.90	52.84	57.18
December 31, 2012	59.64	53.96	57.99
March 31, 2013	62.04	56.78	60.10
April 26, 2013	60.70	56.38	58.91

The following graph sets forth the historical levels of ConocoPhillips using monthly data obtained from Bloomberg, LP.

Historical levels of ConocoPhillips should not be taken as an indication of future performance.



Freeport-McMoRan Copper & Gold Inc

Freeport-McMoRan Copper & Gold Inc., through its subsidiary, is a copper, gold and molybdenum mining company. The company primarily mines for copper and owns mining interests in Chile and Indonesia. Freeport-McMoRan Copper & Gold also, through a subsidiary, is involved in smelting and refining of copper concentrates.

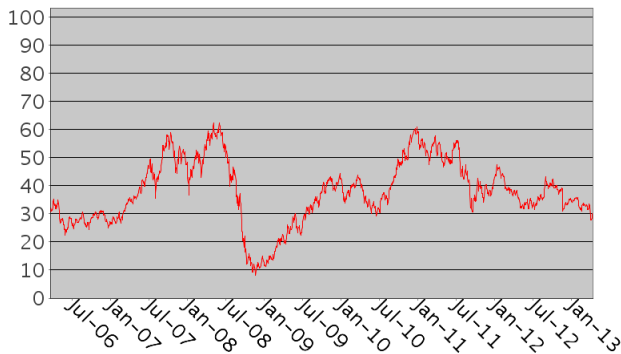
The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Freeport-McMoRan Copper & Gold Inc for each of the quarters indicated below with the last row showing these levels from the beginning of the latest quarter through the date indicated. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of Freeport-McMoRan Copper & Gold Inc should not be taken as an indication of future performance.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
June 30, 2006	36.10	21.55	27.70
September 30, 2006	31.14	23.79	26.63
December 31, 2006	31.85	23.80	27.86
March 31, 2007	33.60	24.49	33.10
June 30, 2007	42.75	32.81	41.41
September 30, 2007	55.24	33.54	52.44
December 31, 2007	60.10	42.86	51.22
March 31, 2008	53.68	34.55	48.11
June 30, 2008	63.62	46.50	58.60
September 30, 2008	58.54	25.62	28.42
December 31, 2008	28.10	7.85	12.22
March 31, 2009	21.72	10.58	19.06
June 30, 2009	30.78	18.30	25.06
September 30, 2009	36.72	21.60	34.30
December 31, 2009	43.68	31.50	40.14
March 31, 2010	45.28	33.02	41.77
June 30, 2010	44.15	29.12	29.56
September 30, 2010	43.96	28.36	42.70
December 31, 2010	60.39	43.18	60.04
March 31, 2011	61.34	46.25	55.55
June 30, 2011	58.75	46.06	52.90
September 30, 2011	56.78	30.37	30.45
December 31, 2011	43.50	28.85	36.79
March 31, 2012	48.96	36.76	38.04
June 30, 2012	39.43	31.16	34.07
September 30, 2012	43.65	31.08	39.58
December 31, 2012	42.89	30.55	34.20
March 31, 2013	36.25	30.72	33.10
April 26, 2013	34.00	27.24	29.42

The following graph sets forth the historical levels of Freeport-McMoRan Copper & Gold Inc using monthly data obtained from Bloomberg, LP.

Historical levels of Freeport-McMoRan Copper & Gold Inc should not be taken as an indication of future performance.



General Mills, Inc

General Mills, Inc. manufactures and markets branded and packaged consumer foods worldwide. The company also supplies branded and unbranded food products to the foodservice and commercial baking industries.

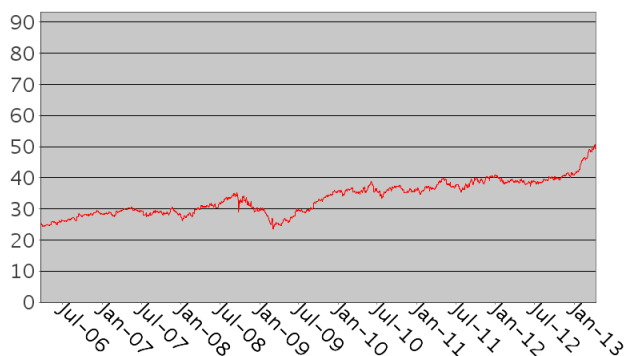
The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of General Mills, Inc for each of the quarters indicated below with the last row showing these levels from the beginning of the latest quarter through the date indicated. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of General Mills, Inc should not be taken as an indication of future performance.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
June 30, 2006	26.58	24.30	25.83
September 30, 2006	28.50	25.38	28.30
December 31, 2006	29.61	27.35	28.80
March 31, 2007	29.44	27.28	29.11
June 30, 2007	30.76	28.76	29.21
September 30, 2007	29.84	27.08	29.00
December 31, 2007	30.70	27.76	28.50
March 31, 2008	30.21	25.72	29.94
June 30, 2008	31.95	29.44	30.38
September 30, 2008	35.66	30.09	34.36
December 31, 2008	35.50	28.00	30.38
March 31, 2009	30.85	23.18	24.94
June 30, 2009	28.16	24.26	28.01
September 30, 2009	32.30	28.54	32.19
December 31, 2009	36.04	31.60	35.40
March 31, 2010	36.98	34.04	35.40
June 30, 2010	38.98	34.27	35.52
September 30, 2010	37.36	33.11	36.54
December 31, 2010	37.70	34.89	35.59
March 31, 2011	37.48	34.54	36.55
June 30, 2011	40.00	35.89	37.22
September 30, 2011	39.80	34.64	38.47
December 31, 2011	40.79	37.38	40.41
March 31, 2012	41.06	37.76	39.45
June 30, 2012	39.90	36.75	38.54
September 30, 2012	40.75	37.72	39.85
December 31, 2012	41.87	39.07	40.41
March 31, 2013	49.37	40.45	49.31
April 26, 2013	50.90	48.13	49.68

The following graph sets forth the historical levels of General Mills, Inc using monthly data obtained from Bloomberg, LP.

Historical levels of General Mills, Inc should not be taken as an indication of future performance.



Goldcorp, Inc

Goldcorp, Inc. is engaged in the acquisition, exploration, development and operation of precious metal properties in Canada, the United States, Mexico and Central and South America.

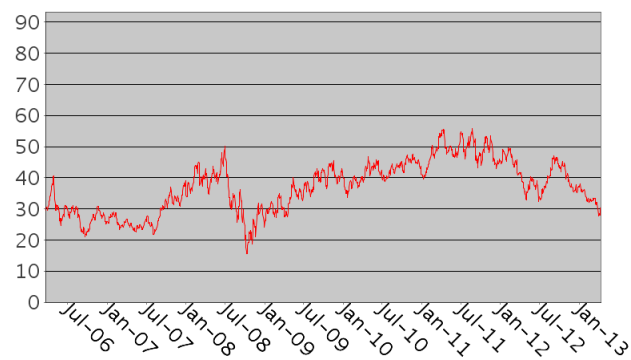
The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Goldcorp, Inc for each of the quarters indicated below with the last row showing these levels from the beginning of the latest quarter through the date indicated. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of Goldcorp, Inc should not be taken as an indication of future performance.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
June 30, 2006	41.66	24.07	30.22
September 30, 2006	31.59	21.64	23.60
December 31, 2006	31.47	20.35	28.44
March 31, 2007	29.20	23.01	24.02
June 30, 2007	26.93	22.36	23.69
September 30, 2007	30.99	21.00	30.56
December 31, 2007	37.70	29.25	33.93
March 31, 2008	46.30	31.86	38.75
June 30, 2008	47.75	33.83	46.17
September 30, 2008	52.60	24.73	31.63
December 31, 2008	33.84	13.99	31.53
March 31, 2009	35.47	23.03	33.32
June 30, 2009	40.75	26.72	34.75
September 30, 2009	43.32	31.84	40.37
December 31, 2009	46.23	35.47	39.34
March 31, 2010	43.55	32.85	37.22
June 30, 2010	47.40	37.71	43.85
September 30, 2010	45.22	38.07	43.52
December 31, 2010	48.93	41.24	45.98
March 31, 2011	50.80	39.04	49.80
June 30, 2011	56.20	45.70	48.27
September 30, 2011	56.31	43.86	45.64
December 31, 2011	54.14	41.92	44.25
March 31, 2012	50.74	42.64	45.06
June 30, 2012	46.47	32.17	37.58
September 30, 2012	47.41	31.54	45.85
December 31, 2012	46.95	35.05	36.70
March 31, 2013	38.60	31.85	33.63
April 26, 2013	33.70	27.11	28.84

The following graph sets forth the historical levels of Goldcorp, Inc using monthly data obtained from Bloomberg, LP.

Historical levels of Goldcorp, Inc should not be taken as an indication of future performance.



Intel Corp

Intel Corporation designs, manufactures, and sells computer components and related products. The company's major products include microprocessors, chipsets, embedded processors and microcontrollers, flash memory products, graphics products, network and communications products, systems management software, conferencing products, and digital imaging products.

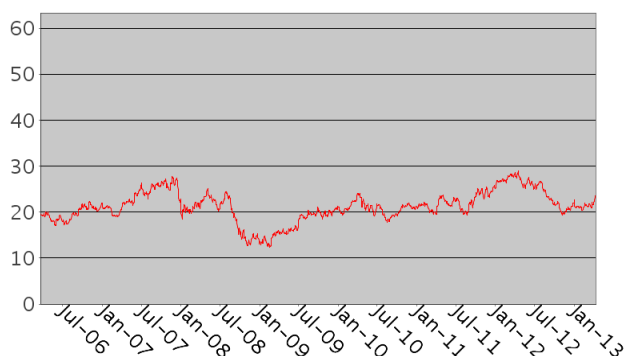
The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Intel Corp for each of the quarters indicated below with the last row showing these levels from the beginning of the latest quarter through the date indicated. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of Intel Corp should not be taken as an indication of future performance.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
June 30, 2006	20.27	16.75	18.95
September 30, 2006	20.95	16.93	20.57
December 31, 2006	22.41	20.04	20.25
March 31, 2007	22.30	18.75	19.13
June 30, 2007	24.45	19.03	23.76
September 30, 2007	26.52	22.09	25.86
December 31, 2007	27.99	24.32	26.66
March 31, 2008	26.34	18.05	21.18
June 30, 2008	25.29	20.50	21.48
September 30, 2008	24.75	17.27	18.73
December 31, 2008	18.69	12.07	14.66
March 31, 2009	15.83	12.05	15.05
June 30, 2009	16.74	14.62	16.55
September 30, 2009	20.65	15.78	19.57
December 31, 2009	21.26	18.31	20.40
March 31, 2010	22.74	18.96	22.26
June 30, 2010	24.28	19.40	19.45
September 30, 2010	22.25	17.60	19.23
December 31, 2010	22.07	18.78	21.03
March 31, 2011	22.20	19.72	20.17
June 30, 2011	23.96	19.36	22.16
September 30, 2011	23.39	19.16	21.33
December 31, 2011	25.78	20.40	24.25
March 31, 2012	28.44	24.39	28.11
June 30, 2012	29.27	24.84	26.65
September 30, 2012	26.90	22.48	22.68
December 31, 2012	23.16	19.23	20.63
March 31, 2013	23.06	20.10	21.85
April 26, 2013	23.86	20.75	23.40

The following graph sets forth the historical levels of Intel Corp using monthly data obtained from Bloomberg, LP.

Historical levels of Intel Corp should not be taken as an indication of future performance.



Eli Lilly & Company

Eli Lilly and Company discovers, develops, manufactures, and sells pharmaceutical products for humans and animals. The company's products are sold in countries around the world. Eli Lilly's products include neuroscience products, endocrine products, anti-infectives, cardiovascular agents, oncology products, and animal health products.

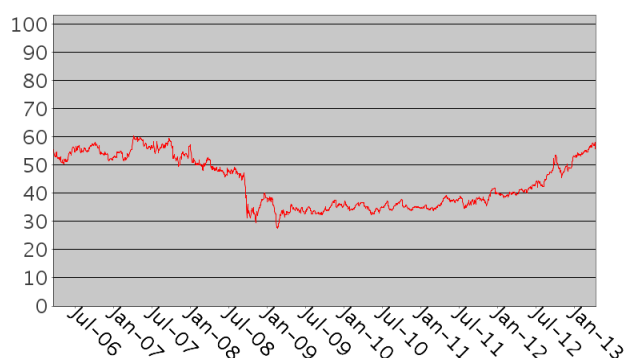
The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Eli Lilly & Company for each of the quarters indicated below with the last row showing these levels from the beginning of the latest quarter through the date indicated. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of Eli Lilly & Company should not be taken as an indication of future performance.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
June 30, 2006	55.81	50.19	55.27
September 30, 2006	57.47	53.83	57.00
December 31, 2006	58.48	51.13	52.10
March 31, 2007	55.20	51.21	53.71
June 30, 2007	60.63	53.90	55.88
September 30, 2007	59.02	53.53	56.93
December 31, 2007	59.82	49.09	53.39
March 31, 2008	57.52	47.10	51.59
June 30, 2008	53.40	45.38	46.16
September 30, 2008	49.78	42.88	44.03
December 31, 2008	44.44	28.64	40.27
March 31, 2009	40.78	27.21	33.41
June 30, 2009	36.65	31.00	34.64
September 30, 2009	35.65	32.20	33.03
December 31, 2009	38.00	32.27	35.71
March 31, 2010	37.92	33.63	36.22
June 30, 2010	36.96	32.02	33.50
September 30, 2010	37.92	32.82	36.53
December 31, 2010	38.08	33.53	35.04
March 31, 2011	35.91	33.47	35.17
June 30, 2011	39.40	34.88	37.53
September 30, 2011	39.78	33.75	36.97
December 31, 2011	41.92	35.46	41.56
March 31, 2012	42.03	38.30	40.27
June 30, 2012	42.91	39.16	42.91
September 30, 2012	47.83	41.59	47.41
December 31, 2012	53.96	44.90	49.32
March 31, 2013	56.94	49.20	56.79
April 26, 2013	58.40	55.02	56.46

The following graph sets forth the historical levels of Eli Lilly & Company using monthly data obtained from Bloomberg, LP.

Historical levels of Eli Lilly & Company should not be taken as an indication of future performance.



Lockheed Martin Corp

Lockheed Martin Corporation is a global security company that primarily researches, designs, develops, manufactures, and integrates advanced technology products and services. The company's businesses span space, telecommunications, electronics, information and services, aeronautics, energy, and systems integration. Lockheed Martin operates worldwide.

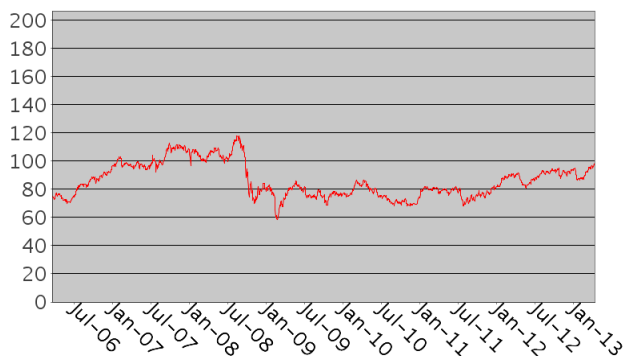
The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Lockheed Martin Corp for each of the quarters indicated below with the last row showing these levels from the beginning of the latest quarter through the date indicated. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of Lockheed Martin Corp should not be taken as an indication of future performance.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
June 30, 2006	77.95	69.93	71.74
September 30, 2006	86.45	72.01	86.06
December 31, 2006	93.24	82.83	92.07
March 31, 2007	103.50	91.08	97.02
June 30, 2007	100.10	93.14	94.13
September 30, 2007	108.75	88.86	108.49
December 31, 2007	113.74	103.69	105.26
March 31, 2008	110.25	91.00	99.30
June 30, 2008	110.60	97.80	98.66
September 30, 2008	120.29	98.01	109.67
December 31, 2008	109.65	67.38	84.08
March 31, 2009	85.88	57.43	69.03
June 30, 2009	87.04	65.24	80.65
September 30, 2009	82.91	72.20	78.08
December 31, 2009	79.65	67.39	75.35
March 31, 2010	87.16	73.61	83.22
June 30, 2010	87.05	74.37	74.50
September 30, 2010	76.34	68.20	71.28
December 31, 2010	73.70	67.69	69.91
March 31, 2011	82.42	69.62	80.40
June 30, 2011	81.92	75.11	80.97
September 30, 2011	82.15	66.39	72.64
December 31, 2011	81.85	70.50	80.90
March 31, 2012	91.09	79.05	89.86
June 30, 2012	92.24	80.14	87.08
September 30, 2012	93.98	85.65	93.38
December 31, 2012	95.89	87.12	92.29
March 31, 2013	96.59	85.88	96.52
April 26, 2013	99.48	94.01	98.97

The following graph sets forth the historical levels of Lockheed Martin Corp using monthly data obtained from Bloomberg, LP.

Historical levels of Lockheed Martin Corp should not be taken as an indication of future performance.



McDonald's Corp

McDonald's Corporation franchises and operates fast-food restaurants in the global restaurant industry. The company's restaurants serve a variety of value-priced menu products in countries around the world.

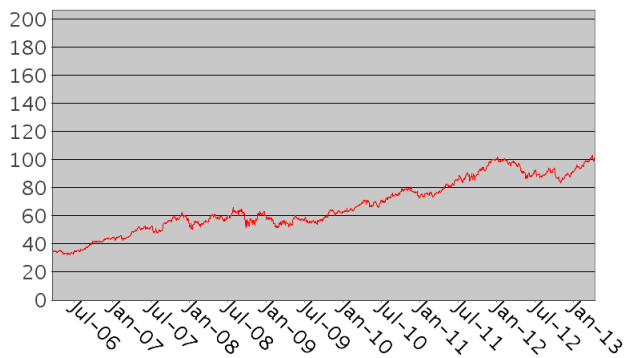
The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of McDonald's Corp for each of the quarters indicated below with the last row showing these levels from the beginning of the latest quarter through the date indicated. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of McDonald's Corp should not be taken as an indication of future performance.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
June 30, 2006	35.99	31.73	33.60
September 30, 2006	40.03	32.75	39.12
December 31, 2006	44.68	38.96	44.33
March 31, 2007	46.21	42.31	45.05
June 30, 2007	52.88	44.60	50.76
September 30, 2007	55.73	46.65	54.47
December 31, 2007	63.69	54.67	58.91
March 31, 2008	58.91	49.36	55.77
June 30, 2008	61.76	55.14	56.22
September 30, 2008	67.00	55.70	61.70
December 31, 2008	64.02	45.79	62.19
March 31, 2009	64.46	50.44	54.57
June 30, 2009	61.00	51.76	57.49
September 30, 2009	59.57	53.89	57.07
December 31, 2009	64.75	56.03	62.44
March 31, 2010	67.49	61.07	66.72
June 30, 2010	71.84	65.55	65.87
September 30, 2010	76.26	65.31	74.51
December 31, 2010	80.94	74.41	76.76
March 31, 2011	77.59	72.14	76.09
June 30, 2011	84.90	75.66	84.32
September 30, 2011	91.21	82.02	87.82
December 31, 2011	101.00	83.74	100.33
March 31, 2012	102.22	95.14	98.10
June 30, 2012	99.50	85.92	88.53
September 30, 2012	94.00	86.15	91.75
December 31, 2012	94.10	83.32	88.21
March 31, 2013	99.78	89.25	99.69
April 26, 2013	103.70	98.38	100.89

The following graph sets forth the historical levels of McDonald's Corp using monthly data obtained from Bloomberg, LP.

Historical levels of McDonald's Corp should not be taken as an indication of future performance.



Altria Group, Inc

Altria Group, Inc. is a holding company. The company, through subsidiaries, manufactures and sells cigarettes and other tobacco products, including cigars and pipe tobacco. Altria holds an interest in a brewery company.

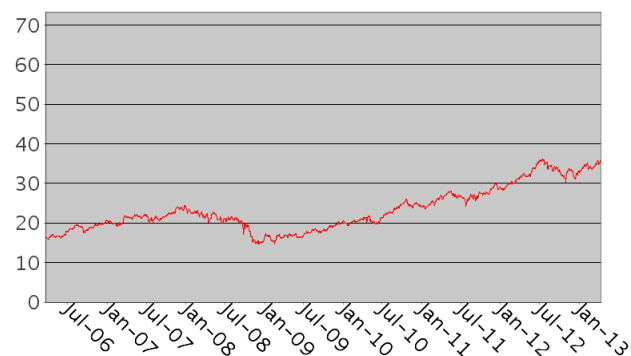
The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Altria Group, Inc for each of the quarters indicated below with the last row showing these levels from the beginning of the latest quarter through the date indicated. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of Altria Group, Inc should not be taken as an indication of future performance.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
June 30, 2006	17.22	15.82	17.00
September 30, 2006	19.67	16.91	17.72
December 31, 2006	20.01	17.46	19.86
March 31, 2007	20.95	18.79	20.32
June 30, 2007	22.27	20.64	21.63
September 30, 2007	22.27	19.47	21.44
December 31, 2007	24.21	21.31	23.31
March 31, 2008	24.55	20.97	22.20
June 30, 2008	23.02	19.95	20.56
September 30, 2008	21.86	19.26	19.84
December 31, 2008	20.91	14.34	15.06
March 31, 2009	17.63	14.50	16.02
June 30, 2009	17.62	15.90	16.39
September 30, 2009	18.70	16.10	17.81
December 31, 2009	20.47	17.28	19.63
March 31, 2010	20.85	19.15	20.52
June 30, 2010	21.91	19.20	20.04
September 30, 2010	24.38	19.89	24.02
December 31, 2010	26.21	23.66	24.62
March 31, 2011	26.27	23.35	26.03
June 30, 2011	28.13	25.81	26.41
September 30, 2011	27.40	23.20	26.81
December 31, 2011	30.40	25.94	29.65
March 31, 2012	30.99	28.00	30.87
June 30, 2012	34.59	30.75	34.55
September 30, 2012	36.29	32.72	33.39
December 31, 2012	34.25	30.01	31.42
March 31, 2013	35.45	31.85	34.39
April 26, 2013	36.11	34.08	36.07

The following graph sets forth the historical levels of Altria Group, Inc using monthly data obtained from Bloomberg, LP.

Historical levels of Altria Group, Inc should not be taken as an indication of future performance.



AT&T Inc

AT&T Inc. is a communications holding company. The company, through its subsidiaries and affiliates, provides local and long-distance phone service, wireless and data communications, Internet access and messaging, IP-based and satellite television, security services, telecommunications equipment, and directory advertising and publishing.

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of AT&T Inc for each of the quarters indicated below with the last row showing these levels from the beginning of the latest quarter through the date indicated. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of AT&T Inc should not be taken as an indication of future performance.

Quarter Ending	Quarterly High	Quarterly Low	Quarterly Close
June 30, 2006	28.03	24.72	27.89
September 30, 2006	33.76	26.36	32.56
December 31, 2006	36.21	31.57	35.75
March 31, 2007	39.86	33.21	39.43
June 30, 2007	41.54	38.38	41.50
September 30, 2007	42.97	36.53	42.31
December 31, 2007	42.79	36.25	41.56
March 31, 2008	41.94	32.95	38.30
June 30, 2008	40.70	32.64	33.69
September 30, 2008	33.58	27.51	27.92
December 31, 2008	30.65	20.90	28.50
March 31, 2009	29.46	21.62	25.20
June 30, 2009	27.09	23.38	24.84
September 30, 2009	27.68	23.19	27.01
December 31, 2009	28.61	25.00	28.03
March 31, 2010	28.67	24.61	25.84
June 30, 2010	26.75	23.78	24.19
September 30, 2010	29.15	23.89	28.60
December 31, 2010	29.55	27.50	29.38
March 31, 2011	30.96	27.20	30.60
June 30, 2011	31.93	29.91	31.41
September 30, 2011	31.77	27.29	28.52
December 31, 2011	30.30	27.41	30.24
March 31, 2012	31.97	29.02	31.23
June 30, 2012	36.00	29.95	35.66
September 30, 2012	38.58	34.24	37.70
December 31, 2012	38.43	32.71	33.71
March 31, 2013	36.87	32.76	36.69
April 26, 2013	39.00	36.63	37.04

The following graph sets forth the historical levels of AT&T Inc using monthly data obtained from Bloomberg, LP.

Historical levels of AT&T Inc should not be taken as an indication of future performance.

