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| B #: | 0930-15 |
| Date: | 05/14/15 |
| To: | All Participants |
| Category: | Dividends |
| From: | Supervisor, Stock Dividend Department |
| Attention: | Dividend Managers, Cashiers, and Reorganization Managers |
| Subject: | Optional Dividend: HSBC Holdings PLC CUSIP: 404280406 Record Date: 05/22/15 Payable Date: 07/08/15 Rate: \$0.50 per ADS DTC Instructions Cut-Off: 06/19/15 at 8:00 P.M. New York time |

***** WARNING TIME CRITICAL *****

HSBC Holdings PLC (“HSBC”) declared a first interim dividend for 2015, which amounts to USD \$0.50 per American Depositary Share (“ADS”). As an alternative to receiving the dividend in cash, holders may elect to receive a scrip dividend of new ADSs at rate 1 new ADS for every TBA ADSs held. The dividend will be paid on 07/08/15 to HSBC ADS holders of record at close of business on 05/22/15.

Option #1 Cash: You may elect to receive the cash dividend of USD \$0.50 per ADS (**default**).

Option #2 ADS: You may elect to receive the scrip dividend alternative in new HSBC ADSs. Fractional ADS entitlements will be paid cash in lieu at the DTC Participant level.

The number of ADSs to which holders will be entitled to will be calculated by dividing the total cash dividend due on your holdings of ADSs at the record date by the established USD ADS price of TBA per new ADS. The scrip price represents the dollar equivalent of the average closing prices of HSBC Ordinary Shares on the London Exchange for the 5 trading days ending TBA.

Record date holders would need to have a minimum of TBA ADSs in order to receive one new ADS as a scrip dividend. Holders with less than TBA ADSs on 05/22/15 will receive the dividend in cash.

RECORD DATE POSITION INFORMATION SHOULD BE CONFIRMED THROUGH THE CA WEB.

PARTICIPANTS MUST SUBMIT ALL ELECTION INSTRUCTIONS THROUGH THE CA WEB INSTRUCTIONS TAB. PLEASE REFER TO IMPORTANT NOTICE [B#0178-15](#) FOR MORE INFORMATION.

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Participants not responding to the above option by 06/19/15 at 8:00 P.M. New York time will receive the mandatory distribution in accordance with Option #1 (cash).

If there are any questions regarding this Important Notice, or the processing of related instructions via CA Web, participants should contact DTC's Customer Help Line at (888) 382-2721.

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