

HSBC Bank USA, N.A.

Annual Income Opportunity Certificates of Deposit – Series 4 “U.S. Industry Titans”

INDICATIVE TERMS

Issuer	HSBC Bank USA, N.A.
Issue	6 Year Annual Income Opportunity CD Series 4
Issuer Rating	AA (S&P), Aa3 (Moody's)
Denomination	US Dollars (USD)
Trade Date	July 28, 2009
Pricing Date	July 28, 2009
Settlement Date	July 31, 2009
Maturity Date	July 31, 2015
Issue Price	100.00%
Maturity Redemption Amount	Principal Amount plus any Coupon due on the Maturity Date
Coupon	The Principal Amount multiplied by the Coupon Rate
Coupon Rate	The Coupon Rate on each Coupon Payment Date will be variable and will equal the greater of (A) the arithmetic average of the Reference Security Performances as of that Coupon Payment Date, and (B) zero
Reference Security Performance	For each Reference Security and with respect to each Coupon Payment Date, the lesser of (A) quotient of (1) the Final Share Price minus the Initial Share Price, divided by (2) the Initial Share Price, and (B) the Cap
Cap	[11%-15%] (per Reference Security, to be determined on the Trade Date)
Coupon Payment Date	Annually, as described herein
Early Redemption	As described more fully herein, when early redemption is available, depositors redeeming prior to maturity will receive the current market value of their CDs minus any early redemption fees.
Minimum Denomination	\$1,000 and increments of \$1,000 thereafter subject to a minimum issuance amount of \$1 million
CUSIP	40431AA69

CD Description

The Annual Income Opportunity CDs provide exposure to potential price appreciation in a basket of ten publicly traded securities and if held to maturity 100% principal protection. The CDs offer an opportunity to receive an annual coupon based upon the Reference Securities Performance.

Highlights

- **Annual Income Potential:** Depositors may receive a coupon annually based upon the Reference Securities' average performance, **always vs. their initial levels**, subject to the cap level on each individual stock within the basket
- **FDIC Insurance:** This deposit qualifies for FDIC coverage generally up to \$250,000 in aggregate for individual depositors through December 31, 2013 and thereafter \$100,000, and up to \$250,000 in aggregate for certain retirement plans and accounts, including IRAs
- **Large-Cap Companies:** As of June 12, 2009, each of the Reference Securities were components of the S&P 500[®] and had a market capitalization greater than \$21 billion
- **Diversification by Industry:** The Reference Securities represent several different industry groups. Please see the table on the following page for more information
- **IRA-eligible**



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THE REFERENCE SECURITIES

Reference Issuer	Ticker Symbol	Industry	Market Capitalization ¹	6 Year Stock Price Return ²
Abbott Laboratories	ABT	Pharmaceuticals	\$70.19 billion	6.19%
Amgen Inc.	AMGN	Biotech	\$51.02 billion	-22.50%
General Electric	GE	Diversified Manufacturing	\$143.07 billion	-56.52%
Kimberly-Clark Corporation	KMB	Consumer Products	\$21.84 billion	-0.85%
Medtronic Inc.	MDT	Medical Instruments	\$37.63 billion	-32.22%
Nike Inc.	NKE	Athletic Apparel	\$27.42 billion	105.11%
Schlumberger Limited	SLB	Oil Services	\$72.11 billion	144.26%
Target Corporation	TGT	Consumer Retail	\$30.38 billion	6.49%
Walgreen Company	WAG	Drugstores/Retail	\$30.92 billion	-3.32%
Yahoo! Inc.	YHOO	Internet Media	\$22.88 billion	10.44%

Past performance does not necessarily indicate future performance

¹Market capitalization as of 6/12/2009.

²6 year stock price return from 6/12/2003 to 6/12/2009. Excludes dividends.

Source Bloomberg

POTENTIAL PURCHASERS

Potential purchasers may include:

- Those who desire principal protection (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 coupon
- Those willing to accept that the CDs may pay no coupon in some or all periods, in exchange for the potential for above market coupons

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 11 herein for a discussion of risks, which include:

- The principal amount is not guaranteed if the CDs are not held to maturity
- Payment of the principal amount, and any annual coupons is the obligation of the issuer and subject to the issuers ability to pay from its assets and earnings
- There may not be an active secondary trading market in the CDs and CDs should be viewed as long term investments
- Return on the CDs does not necessarily reflect the full performance of the Reference Securities and movements in the level of the Reference Securities may affect whether or not depositors receive a return.
- Depositors' yield may be less than that of a standard debt security of comparable maturity
- Market conditions and events affecting the Reference Securities may negatively impact the coupons received by depositors. Upon the occurrence of a delisting or similar event, a depositor will likely receive no Coupon in the year of the event and for the remainder of the CD term.

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 page 14 herein.

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. A copy of the Base Disclosure Statement is available at www.us.hsbc.com/structuredcd or can be obtained from the Agent offering the CDs.



HSBC Bank USA, N.A.

Annual Income Opportunity Certificates of Deposit – Series 4

“U.S. Industry Titans”

Indicative Terms and Conditions Deposit Highlights July 31, 2015

General

- Certificates of deposit (the “CDs”) issued by HSBC Bank USA, National Association (the “Issuer”)
- Full principal protection payable by the Issuer if the CDs are held to maturity
- CDs are obligations of the Issuer and not its affiliates or agents.
- CDs are FDIC insured within the limits and to the extent described herein and in the Base Disclosure Statement under the section entitled “ FDIC Insurance”
- As described more fully herein, early withdrawals are permitted at par in the event of death of the beneficial owner of the CDs

Key Terms

- Basket: An equally weighted basket comprised of the common stock (each a “Reference Security” and together, the “Reference Securities”) of the following 10 public companies (each, a “Reference Issuer” and together, the “Reference Issuers”):

Reference Issuer	Ticker Symbol	Relevant Exchange	Initial Share Price
Abbott Laboratories	ABT	NYSE	TBD
Amgen Inc.	AMGN	Nasdaq	TBD
General Electric	GE	NYSE	TBD
Kimberly-Clark Corporation	KMB	NYSE	TBD
Medtronic Inc.	MDT	NYSE	TBD

Reference Issuer	Ticker Symbol	Relevant Exchange	Initial Share Price
Nike Inc.	NKE	NYSE	TBD
Schlumberger Limited	SLB	NYSE	TBD
Target Corporation	TGT	NYSE	TBD
Walgreen Company	WAG	NYSE	TBD
Yahoo! Inc.	YHOO	Nasdaq	TBD

- Principal Amount: \$1,000 for each CD. Minimum deposit amount of \$1,000 per depositor (except that each Agent may, in its discretion, impose a higher minimum deposit amount with respect to the CD sales to its customers) and then in additional increments of \$1,000. CDs will be issued in denominations of \$1,000.
- Trade Date: July 28, 2009
- Pricing Date: July 28, 2009
- Settlement Date: July 31, 2009
- Maturity Date: July 31, 2015, subject to adjustment as described herein
- Coupon: The Principal Amount multiplied by the Coupon Rate.
- Coupon Rate: The Coupon Rate on each Coupon Payment Date will be variable and will equal the greater of (A) the arithmetic average of the Reference Security Performances of the Reference Securities as of that Coupon Payment Date, and (B) zero
- Reference Security Performance: For each Reference Security and with respect to each Coupon Payment Date, the lesser of (A) the quotient of (1) the Final Share Price minus the Initial Share Price, divided by (2) the Initial Share Price, and (B) the Cap.
- Final Share Price: With respect to a Reference Security and a Coupon Payment Date, the Closing Price of that Reference Security on the related Coupon Valuation Date.
- Initial Share Price: With respect to a Reference Security, as listed in the table above.
- Cap: [11.00%-15.00%] (Per Reference Security)
- Payment at Maturity: For each CD, the Maturity Redemption Amount
- Maturity Redemption Amount: the Principal Amount plus any Coupon due on the Maturity 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.
- Coupon Payment Dates: As described herein on page 4
- Early Redemption Dates: July 26, 2010, July 26, 2011, July 26, 2012, July 26, 2013, and July 28, 2014 subject to adjustment as described herein
- Early Redemption Charge: A depositor electing to redeem his or her CDs prior to maturity will be subject to an Early Redemption Charge as described herein
- Form of CD: Book-entry
- Listing: The CDs will not be listed on any U.S. securities exchange or quotation system
- CUSIP: 40431AA69
- OID Tax Rate: [3.70]%

Purchasing the CDs involves a number of risks. See “Risk Factors” beginning on page 11.

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. Since December 20, 2008, the Issuer’s designated main office is located in McLean, VA.

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.



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. A copy of the Base Disclosure Statement is available at www.us.hsbc.com/structuredcd or can be obtained from the Agent offering the CDs.

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SUMMARY OF TERMS

Set forth in these Terms and Conditions is a summary of certain terms and conditions of the 6 Year Annual Income Opportunity Certificates of Deposit Series 4 maturing July 31, 2015. 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 rated Aa3 by Moody's Investor Service, Inc. and AA by Standard & Poor's Financial Services LLC, a subsidiary of the McGraw-Hill Companies. The credit ratings pertain only to the creditworthiness of the Issuer and are not indicative of the market risk associated with the CDs.
CDs:	6 Year Annual Income Opportunity Certificates of Deposit Series 4 maturing July 31, 2015
Book-Entry Form:	The CDs will be represented by one or more master CDs held by and registered in the name 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:	[]
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 Amount thereafter.
Principal Amount:	\$1,000 for each CD
Trade Date:	July 28, 2009
Pricing Date:	July 28, 2009
Settlement Date:	July 31, 2009
Maturity Date:	July 31, 2015
Issue Price:	100% 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 10 public companies (each, a “Reference Issuer” and together, the “Reference Issuers”):

Reference Issuer	Bloomberg Ticker	Relevant Exchange
Abbott Laboratories	ABT	NYSE
Amgen Inc.	AMGN	Nasdaq
General Electric	GE	NYSE
Kimberly-Clark Corporation	KMB	NYSE
Medtronic Inc.	MDT	NYSE
Nike Inc.	NKE	NYSE
Schlumberger Limited	SLB	NYSE
Target Corporation	TGT	NYSE
Walgreen Company	WAG	NYSE
Yahoo! Inc.	YHOO	Nasdaq

For summary descriptions of the Reference Securities, please refer to the Questions and Answers hereto.

Initial Share Price:

For each Reference Security, the Closing Price of such Reference Security on the Pricing Date.

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 Coupon due on the Maturity Date.

Coupon:

The Principal Amount multiplied by the Coupon Rate.

Coupon Rate:

The Coupon Rate on each Coupon Payment Date will be variable and will equal the greater of (A) the arithmetic average of the Reference Security Performances of the Reference Securities, and (B) zero.

Reference Security Performance:

For each Reference Security and with respect to each Coupon Payment Date, the lesser of (A) the quotient of (1) the Final Share Price minus the Initial Share Price, divided by (2) the Initial Share Price, and (B) the Cap.

Final Share Price:

With respect to a Reference Security and a Coupon Payment Date, the Closing Price of that Reference Security on the related Coupon Valuation Date.

Cap:

[11.00% - 15.00%] (Per Reference Security)

Coupon Payment Dates and Coupon Valuation Dates:

Coupon Valuation Date (subject to adjustment as described herein)	Coupon Payment Date (subject to adjustment as described herein)
July 28, 2010	August 2, 2010
July 27, 2011	August 1, 2011
July 26, 2012	July 31, 2012
July 26, 2013	July 31, 2013
July 28, 2014	July 31, 2014
July 28, 2015	July 31, 2015

On each Coupon Payment Date, the Issuer will pay a Coupon equal to the Principal Amount times the applicable Coupon Rate determined on the Coupon Valuation Date related to that Coupon 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.
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.
Exchange Business Day:	Any day that is (or, but for the occurrence of a Market Disruption Event (as defined in the Base Disclosure Statement), would have been) a trading day for each of the Relevant Exchanges and Related Exchanges for the Reference Securities, other than a day on which trading on any such exchange is scheduled to close prior to its regular weekday closing time.
Early Redemption at Current Market Value:	Each depositor will be entitled to redeem his or her CDs in whole, but not in part, on any Early Redemption Date (as defined on the front cover), subject to an Early Redemption Charge. No fewer than ten business days prior to an Early Redemption Date, 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 (as defined below) applicable to that Early Redemption Date. This estimate is provided for informational purposes only, and neither the Bank nor the Calculation Agent will be bound by the estimate. If a depositor redeems his or her CDs on any Early Redemption Date, he or she will be entitled solely to the actual Early Redemption Amount calculated by the Calculation Agent and will not be entitled to an amount in respect of any further Coupon or any other return on his or her CDs. Further, the Early Redemption Amount will be subject to an Early Redemption Charge and may be less (and may be substantially less) than the Principal Amount paid for the CDs. A depositor may request early redemption of the CDs in whole, but not in part, on an Early Redemption Date by notifying the Agent from whom he or she bought the CDs (who must then notify the Bank) no later than 3:00 p.m. EST/EDT on the fifth business day before the Early Redemption Date. All early redemption requests (whether written or oral) are irrevocable. The Calculation Agent will determine the Early Redemption Amount on the third business day prior to the related Early Redemption Date (the "Early Redemption Valuation Date"), and the depositor will receive the Early Redemption Amount for each CD so redeemed on the related Early Redemption Date.
Early Redemption Amount:	For any Early Redemption Date, the Current Market Value, where "Current Market Value" means the bid price for the CDs as of the related Early Redemption Valuation Date as determined by the Calculation Agent based on its financial models and objective market factors less an Early Redemption Charge. If the Early Redemption Valuation Date is not a Scheduled Trading Day, then the Early Redemption Valuation Date will be the next Scheduled Trading Day. If a Market Disruption Event exists on the Early Redemption Valuation Date, then the Early Redemption Valuation Date will be postponed for up to eight Scheduled Trading Days. If the Early Redemption Valuation Date is so postponed, then the related Early Redemption Date will also be postponed until the third business day following the date to which the Early Redemption Valuation Date is postponed and no interest will be payable in respect of any such postponement. A depositor will not be entitled to any return on his or her CD if that depositor elects to redeem his or her CD on any Early Redemption Date. Further, the Early Redemption Amount may be less (and may be substantially less) than the Principal Amount of the CD.
Early Redemption Charge:	For each CD redeemed on an Early Redemption Date, an amount equal to the Principal Amount multiplied by the applicable Early Redemption Charge as set forth in the table below:

YEAR	1	2	3	4	5	6
Early Redemption Charge	3.50%	2.50%	1.50%	0.50%	0.00%	0.00%

For purposes of the Early Redemption Charges:

- Year 1 is defined as the Trade Date to (but excluding) the first anniversary of the Trade Date;
- Year 2 is defined as the date from and excluding the first anniversary of the Trade Date to (but excluding) the second anniversary of the Trade Date;
- Year 3 is defined as the date from and including the second anniversary of the Trade Date to (but excluding) the third anniversary of the Trade Date;
- Year 4 is defined as the date from and including the third anniversary of the Trade Date to (but excluding) the fourth anniversary of the Trade Date; and
- Year 5 is defined as the date from and including the fourth anniversary of the Trade Date to (but excluding) the fifth anniversary of the Trade Date.
- Year 6 is defined as the date from and including the fifth anniversary of the Trade Date to (but excluding) the sixth anniversary of the Trade Date.

Early Redemption upon the Death of a Depositor:

In the event of the death of any depositor of CDs, the full withdrawal of the Principal Amount of the CDs of that depositor will be permitted. In that event, the successor of that depositor shall give prior written notice of the proposed withdrawal to the Issuer, together with appropriate documentation to support the request, within 180 days of the death of such depositor. In that event, only a full withdrawal of the Principal Amount of the CDs will be permitted. CDs so redeemed will not be entitled to any return on the Principal Amount in respect of interest or the Coupon.

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:

None. 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

QUESTIONS AND ANSWERS

What Are the CDs?

The CDs are certificates of deposit issued by the Issuer. The CDs mature on the Maturity Date. Depositors of the CDs also have the right to cause the Issuer to redeem their CDs in whole, but not in part, as described below. Redemptions may also occur optionally upon the death of a depositor. See “Redemption upon the Death of a Depositor” in the Base Disclosure Statement.

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 Coupon 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 Coupon, if any, will not include dividends paid on the Reference Securities. Apart from the Coupon, 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 and “Sensitivity Analysis” below, together with the Base Disclosure Statement.

What coupon will be paid on the CDs?

On each Coupon Payment Date, the Coupon will be variable and will equal the greater of (A) the arithmetic average of the Reference Security Performances of the Reference Securities and (B) zero. With respect to any Reference Security, the Reference Security Performance as of any Coupon Payment Date will be equal to the lesser of (A) the quotient of (1) the Final Share Price less the Initial Share Price, divided by (2) the Initial Share Price, and (B) the Cap.

What Amount Will Depositors Receive if They Exercise Their Early Redemption Right?

The redemption proceeds paid by the Issuer upon an Early Redemption will be the Early Redemption Amount, which will equal the Current Market Value of the CD as determined by the Calculation Agent in good faith based on its financial models and objective market factors less an Early Redemption Charge. There is no guarantee that a depositor who redeems a CD on any Early Redemption Date will receive his or her full Principal Amount or any return on his or her CD. See “Early Redemptions” 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 (generally up to \$250,000 in aggregate for individual depositors through December 31, 2013 and thereafter \$100,000, and up to \$250,000 in aggregate for certain retirement plans and accounts, including IRAs). Please see “FDIC Insurance” in the Base Disclosure Statement for more details.

What are the Reference Securities?

Abbott Laboratories

Abbott Laboratories discovers, develops, manufactures, and sells a broad and diversified line of health care products and services. The Company's products include pharmaceuticals, nutritional, diagnostics, and vascular products. Abbott markets its products worldwide through affiliates and distributors.

Amgen Inc.

Amgen Inc. discovers, develops, manufactures, and markets human therapeutics based on cellular and molecular biology. The Company focuses its research on secreted protein and small molecule therapeutics, with particular emphasis on neuroscience and cancer. Amgen concentrates on the areas of hematology, cancer, infectious disease, endocrinology, neurobiology, and inflammation.

General Electric

General Electric Company is a diversified technology, media and financial services company. The Company offers products and services ranging from aircraft engines, power generation, water processing and security technology to medical imaging, business and consumer financing, media content and industrial products. General Electric conducts operations globally.

Kimberly-Clark Corporation

Kimberly-Clark Corporation is a global health and hygiene company that manufactures and provides consumer products. The Company's products include diapers, tissues, paper towels, incontinence care products, surgical gowns, and disposable face masks. Kimberly-Clark's products are sold in countries around the world.

Medtronic Inc.

Medtronic, Inc. develops therapeutic and diagnostic medical products. The Company's principal products include those for bradycardia pacing, tachyarrhythmia management, atrial fibrillation management, heart failure management, heart valve replacement, malignant and non-malignant pain, and movement disorders. Medtronic's products are sold worldwide.

Nike Inc.

NIKE, Inc. designs, develops, and worldwide markets athletic footwear, apparel, equipment, and accessory products for men, women, and children. The Company also offers dress and casual footwear, apparel and accessories for men and women through a subsidiary. Nike sells its products to retail stores, through its own stores, and through a mix of independent distributors and licensees,

Schlumberger Limited

Schlumberger Limited is an oil services company. The Company, through its subsidiaries, provides a wide range of services, including technology, project management and information solutions to the international petroleum industry as well as advanced acquisition and data processing surveys.

Target Corporation

Target Corporation operates general merchandise discount stores in the United States. The Company's merchandising operations include general merchandise and food discount stores and a fully integrated online business. Target also offers credit to qualified applicants through its branded proprietary credit cards.

Walgreen Company

Walgreen Company operates retail drugstores that offer a wide variety of prescription and non-prescription drugs as well as general goods. The Company operates stores in the United States, the District of Columbia, Puerto Rico and Guam. Walgreen's also offers health services, including primary and acute care, wellness, pharmacy and disease management services and health and fitness information and research to providers and payers.

Yahoo Inc.

Yahoo! Inc. is a global Internet media company that offers an online guide to Web navigation, aggregated information content, communication services, and commerce. The Company's site includes a hierarchical, subject-based directory of Web sites, which enables users to locate and access information and services through hypertext links included in the directory..

What Are the U.S. Federal Income Tax Consequences of Purchasing the CDs?

The Issuer intends to treat the CDs as "contingent payment debt instruments" for U.S. federal income tax purposes. U.S. Holders (as defined under "Certain U.S. Federal Income Tax Considerations") will be required to include in their taxable income for each year an amount of ordinary income equal to the "original issue discount" ("OID") on the CDs for that year. The OID is included in income and taxable at ordinary income rates. As a result, U.S. Holders may be required to include OID with respect to their CDs in income in each year in excess of actual payments received on their CDs.

The amount of the OID that must be taken into income in each year will be calculated on the basis of the "comparable yield" of the CDs, which is the yield at which the Issuer would issue a non-contingent fixed-rate debt instrument having terms and conditions similar to those of the CDs. The comparable yield is determined by the Issuer as of the issuance date solely for U.S. federal income tax purposes and is neither a prediction nor a guarantee of what the actual yield will be on the CDs.

The Issuer will prepare a "projected payment schedule" that produces the comparable yield. If the actual Coupon on any Coupon Payment Date or the Maturity Redemption Amount exceeds the corresponding amount on the projected payment schedule, the excess will be taxes as additional OID income to the U.S. Holder. Any gain recognized by a U.S. Holder on the sale, exchange or other disposition of a CD will constitute ordinary interest income.

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?

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 a buyer would be willing to pay would be net of the commissions paid or discount allowed to the Agents on the initial placement of the CDs. 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 Relating to CDs with an Equity Security or Equity Index as the Reference Asset”; and
- “— Additional Risks Relating to 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.

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.

Because of the numerous factors that may affect the value of the Reference Securities, no assurance can be given that depositors of the CDs will receive any Coupon during the term of the CDs. 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 Are Not Guaranteed the Receipt of the Principal Amount of their CDs, and will be subject to an Early Redemption Charge, if they Redeem the CDs Early.

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. If a depositor redeems the CDs early at his or her option, the depositor will not be entitled to, and may not receive, any return on his or her CD. In addition, the proceeds received by such a depositor will be net of an Early Redemption Charge. 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. See “Summary of Terms—Early Redemption” sections in these Terms and Conditions.

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 Commission, posted on websites or otherwise made publicly available by the Reference Issuers with respect to themselves and the Reference Securities.

Return on the CDs does not necessarily reflect the full performance of the Reference Securities.

Since the Coupon is based on the arithmetic average of the performance of the ten Reference Securities, even if one or more of the Reference Securities as of any Coupon Payment Date relative to their respective Initial Share Prices increases, declines in the level of other Reference Securities may offset those increases. Furthermore, because the performance of each Reference Security as of any Coupon Payment Date is limited by the Cap, even if the return of one or more Reference Securities as of a Coupon Payment Date is greater than the Cap, the Reference Security Performance of such Reference Securities that will contribute to the calculation of the Coupon payable with respect to that Coupon Payment Date will be equal to the Cap.

Original Issue Discount Consequences of the CDs; U.S. Federal Income Tax Consequences.

The Issuer intends to treat the CDs as “contingent payment debt instruments” for U.S. federal income tax purposes. U.S. Holders (as defined under “Certain U.S. Federal Income Tax Considerations”) will be required to include in their taxable income for each year an amount of ordinary income equal to the “original issue discount” (“OID”) on the CDs for that year. The OID is included in income and taxable at ordinary income rates. As a result, U.S. Holders may be required to include OID with respect to their CDs in income in each year in excess of actual payments received on their CDs.

The amount of the OID that must be taken into income in each year will be calculated on the basis of the “comparable yield” of the CDs, which is the yield at which the Issuer would issue a non-contingent fixed-rate debt instrument having terms and conditions similar to those of the CDs. The comparable yield is determined by the Issuer as of the issuance date solely for U.S. federal income tax purposes and is neither a prediction nor a guarantee of what the actual yield will be on the CDs.

The Issuer will prepare a “projected payment schedule” that produces the comparable yield. If the actual Coupon on any Coupon Payment Date or the Maturity Redemption Amount exceeds the corresponding amount on the projected payment schedule, the excess will be taxes as additional OID income to the U.S. Holder. Any gain recognized by a U.S. Holder on the sale, exchange or other disposition of a CD will constitute ordinary interest income.

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.

No Secondary Market for the CDs Exists. Depositors May Require the Issuer to Redeem the CDs Prior to Maturity Pursuant to the Early Redemption Provisions, but Depositors May Suffer Losses.

There is currently no secondary market for the CDs. The Issuer does not intend to apply for listing of the CDs on any securities exchange, quotation of the CDs through the Nasdaq National Market System or designation for trading in the PORTAL market. There is no assurance that a secondary market for these CDs will develop, or if it develops, that it will continue. Even if a secondary market develops, there can be no assurance that it will provide significant liquidity. The Issuer intends to quote bid prices periodically upon depositor request, but is under no obligation to do so. In the event that the Issuer no longer provides such quotes, it may be difficult to obtain reliable information about the value of the CDs. The CDs are most suitable for purchasing and holding 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 CD’s Maturity Redemption Amount (including the components thereof in connection with the Coupon) 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 Coupon, if any, on any Coupon 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 Coupons 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 materially limit the likelihood of a depositor receiving any coupon payment in that year and potentially subsequent years for the remainder of the CD term. For example, upon an event such as a delisting of a Reference Security, a depositor will likely receive no Coupon in the year of the event and for the remainder of the CD term, notwithstanding the positive performance of other Reference Securities. Such an event would also negatively impact the value of the CD in the secondary market, if any.

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, including their composition, method of calculation, historical levels and changes in their components, 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 U.S. Securities and Exchange Commission, which we refer to as 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 Coupon Valuation Dates

If a Coupon Valuation Date with respect to any Reference Security is not a Scheduled Trading Day, then the Coupon 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 a Coupon Valuation Date, then that Coupon 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 eight consecutive Scheduled Trading Days, then that eighth Scheduled Trading Day will be the Coupon Valuation Date with respect to such Reference Security, and the Calculation Agent will determine the Closing Price on that date in accordance with the formula for and method of calculating that Reference Security last in effect prior to the occurrence of that Market Disruption Event with respect to such Reference Security, using the Relevant Exchange traded or quoted price of such Reference Security (or if an event giving rise to a Market Disruption Event has occurred with respect to a Reference Security on that eighth Scheduled Trading Day, its good faith estimate of the value for the Reference Security). If a Coupon Valuation Date with respect to a Reference Security is postponed, then the related Coupon Payment Date and, if the Coupon Payment Date coincides with the Maturity Date, the Maturity Date will also be postponed until the third business day following the postponed Coupon Valuation Date and no interest will be payable in respect of such postponement.

Maturity Redemption Amount and Coupon

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 additional Coupon 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 Coupon Payment Date, the Coupon Rate will be variable and will equal the greater of (A) the arithmetic average of the Reference Security Performances of the Reference Securities, and (B) zero. For each Reference Security and with respect to any Coupon Payment Date, the Reference Security Performance will be equal to the lesser of (A) the quotient of (1) the Final Share Price less the Initial Share Price, divided by (2) the Initial Share Price, and (B) the Cap. The payment of the Coupon, if any, will be made on scheduled Coupon Payment Dates, as set forth in the “Summary of Terms – Coupon Valuation Dates and Coupon Payment Dates” above.

The Maturity Redemption Amount and the Coupon, if any, will not include dividends paid on the Reference Securities. Apart from the Coupon, 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 and “Sensitivity Analysis” below, together with the Base Disclosure Statement.

Market Disruption Events

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

Merger Event, Tender Offer, Delisting, Nationalization, Insolvency or Potential Adjustment Event

If a Merger Event, Tender Offer, Delisting, Nationalization, Insolvency, or declaration of a Potential Adjustment Event (each as described in the Base Disclosure Statement) occurs with respect to a Reference Security or Reference Issuer, the CDs shall not be accelerated as described in the “Merger Event and Tender Offer,” “Share Delisting, Nationalization, Insolvency” or “Adjustments” section of the Base Disclosure Statement, but instead shall be modified and adjusted by the Calculation Agent. The Calculation Agent may in its reasonable discretion, adjust the terms of the CDs to reflect the economic impact of such event on the value of the CDs, though is not required to follow any specific course of action to effect this result.

In the event of a Delisting, Nationalization, Insolvency or similar Potential Adjustment Event such adjustments to the terms of the CDs, a depositor will likely receive no Coupon in the year of the event and for the remainder of the CD term.

Early Redemptions

The Issuer will permit early Redemption of the CDs on the Early Redemption Dates as described in the “Summary of Terms—Early Redemption at Current Market Value” section above and the “Early Redemptions” section of the Base Disclosure Statement.

Redemption upon the Death of a Depositor

Please refer to the section herein entitled “Summary of Terms – Early Redemption Upon the Death of a Depositor” and the section entitled “Redemption upon the Death 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 Coupon, if any, payable on any Coupon Payment Date, 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 the depositors 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 the Coupon, if any, payable on any Coupon Payment Date, 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 Coupon 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 will affect the Coupon payable on the CDs for any Coupon Payment Date.

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

Security	Initial Share	Closing Levels					
	Price	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
SHARE 1	100.00	127.00	123.00	120.00	118.00	116.00	114.00
SHARE 2	100.00	102.00	105.00	100.00	112.00	115.00	125.00
SHARE 3	100.00	101.00	106.00	110.00	118.00	130.00	137.00
SHARE 4	100.00	101.00	102.00	103.00	106.00	113.00	119.00
SHARE 5	100.00	105.00	113.00	109.00	110.00	132.00	139.00
SHARE 6	100.00	108.00	108.00	108.00	108.00	112.00	125.00
SHARE 7	100.00	104.00	121.00	143.00	173.00	197.00	208.00
SHARE 8	100.00	115.00	105.00	115.00	109.00	112.00	118.00
SHARE 9	100.00	110.00	97.00	106.00	103.00	117.00	124.00
SHARE 10	100.00	103.00	107.00	116.00	122.00	132.00	139.00
Performances from Initial Level, capped at 12%							
Security		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
SHARE 1		12%	12%	12%	12%	12%	12%
SHARE 2		2%	5%	0%	12%	12%	12%
SHARE 3		1%	6%	10%	12%	12%	12%
SHARE 4		1%	2%	3%	6%	12%	12%
SHARE 5		5%	12%	9%	10%	12%	12%
SHARE 6		8%	8%	8%	8%	12%	12%
SHARE 7		4%	12%	12%	12%	12%	12%
SHARE 8		12%	5%	12%	9%	12%	12%
SHARE 9		10%	-3%	6%	3%	12%	12%
SHARE 10		3%	7%	12%	12%	12%	12%
Average of Capped Performances:		5.80%	6.60%	8.40%	9.60%	12.00%	12.00%
Min Return:		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Coupon:		5.80%	6.60%	8.40%	9.60%	12.00%	12.00%

In this example, as of each Coupon Payment Date, the Final Share Price of each of the Reference Securities has increased from the Initial Share Price for that Reference Security. On each Coupon Payment Date, therefore, the CDs will pay a Coupon equal to the Principal Amount multiplied by the arithmetic average of the Reference Security Performances as of that Coupon Payment Date. Furthermore, for certain of the Reference Securities and with respect to certain Coupon Payment Dates, the Reference Security Performance as of such Coupon Payment Dates is greater than the Cap. The Reference Security Performance for those Reference Securities that will contribute to the calculation of the Coupon Rate with respect to those Coupon Payment Dates is therefore limited by the Cap.

Example 2: The securities performance are mixed over the term of the CDs

Security	Initial Share	Closing Levels					
	Price	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
SHARE 1	100.00	101.00	90.00	106.00	121.00	133.00	140.00
SHARE 2	100.00	95.00	90.00	103.00	105.00	120.00	127.00
SHARE 3	100.00	108.00	109.00	125.00	143.00	150.00	159.00
SHARE 4	100.00	90.00	85.00	96.00	107.00	123.00	130.00
SHARE 5	100.00	108.00	103.00	118.00	126.00	144.00	152.00
SHARE 6	100.00	105.00	89.00	98.00	109.00	125.00	132.00
SHARE 7	100.00	91.00	89.00	97.00	117.00	154.00	163.00
SHARE 8	100.00	95.00	96.00	116.00	127.00	144.00	152.00
SHARE 9	100.00	99.00	98.00	115.00	129.00	141.00	149.00
SHARE 10	100.00	88.00	95.00	105.00	111.00	120.00	127.00
Performances from Initial Level, capped at 12%							
Security		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
SHARE 1		1%	-10%	6%	12%	12%	12%
SHARE 2		-5%	-10%	3%	5%	12%	12%
SHARE 3		8%	9%	12%	12%	12%	12%
SHARE 4		-10%	-15%	-4%	7%	12%	12%
SHARE 5		8%	3%	12%	12%	12%	12%
SHARE 6		5%	-11%	-2%	9%	12%	12%
SHARE 7		-9%	-11%	-3%	12%	12%	12%
SHARE 8		-5%	-4%	12%	12%	12%	12%
SHARE 9		-1%	-2%	12%	12%	12%	12%
SHARE 10		-12%	-5%	5%	11%	12%	12%
Average of Capped Performances:		-2.00%	-5.60%	5.30%	10.40%	12.00%	12.00%
Min Return:		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Coupon:		0.00%	0.00%	5.30%	10.40%	12.00%	12.00%

In this example, on any Coupon Payment Date, the Final Share Price of some of the Reference Securities has declined with respect to the Initial Share Price for that Reference Security, while the Final Share Price of other Reference Securities has increased. On the Coupon Payment Date in years one and two, the arithmetic average of the Reference Security Performances is less than zero, while in years three, four, five and six the arithmetic average of the Reference Security Performances is positive. In years one and two, therefore, the CDs will pay a Coupon equal to zero, whereas in years three, four, five and six, the CDs will pay a Coupon equal to the Principal Amount multiplied by the arithmetic average of the Reference Security Performances as of each Coupon Payment Date.

Example 3: The securities performance decline over the term of the CDs

Security	Initial Share Price	Closing Levels					
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
SHARE 1	100.00	101.00	90.00	97.00	101.00	111.00	109.00
SHARE 2	100.00	95.00	90.00	93.00	94.00	95.00	94.00
SHARE 3	100.00	102.00	103.00	105.00	108.00	112.00	110.00
SHARE 4	100.00	90.00	85.00	87.00	87.00	87.00	86.00
SHARE 5	100.00	88.00	84.00	85.00	88.00	89.00	88.00
SHARE 6	100.00	105.00	89.00	90.00	96.00	95.00	94.00
SHARE 7	100.00	88.00	84.00	84.00	75.00	76.00	75.00
SHARE 8	100.00	95.00	96.00	96.00	97.00	101.00	99.00
SHARE 9	100.00	99.00	98.00	99.00	100.00	100.00	99.00
SHARE 10	100.00	96.00	97.00	99.00	100.00	101.00	99.00
Performances from Initial Level, capped at 12%							
Security		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
SHARE 1		1%	-10%	-3%	1%	11%	9%
SHARE 2		-5%	-10%	-7%	-6%	-5%	-6%
SHARE 3		2%	3%	5%	8%	12%	10%
SHARE 4		-10%	-15%	-13%	-13%	-13%	-14%
SHARE 5		-12%	-16%	-15%	-12%	-11%	-12%
SHARE 6		5%	-11%	-10%	-4%	-5%	-6%
SHARE 7		-12%	-16%	-16%	-25%	-24%	-25%
SHARE 8		-5%	-4%	-4%	-3%	1%	-1%
SHARE 9		-1%	-2%	-1%	0%	0%	-1%
SHARE 10		-4%	-3%	-1%	0%	1%	-1%
Average of Capped Performances:		-4.10%	-8.40%	-6.50%	-5.40%	-3.30%	-4.70%
Min Return:		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Coupon:		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

In this example, on any Coupon Payment Date, the arithmetic average of the Reference Security Performances on each Coupon Payment Date is less than zero. Therefore, the Coupon Rate for those Coupon Payment Dates will be equal to zero, and on the Maturity Date, the depositor will receive only the Principal Amount.

Example 4: One of the securities is delisted in Year 2

Security	Initial Share Price	Closing Levels					
		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
SHARE 1	100.00	80.00	0.00	0.00	0.00	0.00	0.00
SHARE 2	100.00	105.00	111.00	113.00	113.00	113.00	126.00
SHARE 3	100.00	108.00	113.00	115.00	116.00	116.00	110.00
SHARE 4	100.00	110.00	104.00	107.00	108.00	110.00	110.00
SHARE 5	100.00	108.00	112.00	114.00	118.00	132.00	147.00
SHARE 6	100.00	105.00	108.00	108.00	111.00	118.00	132.00
SHARE 7	100.00	109.00	111.00	112.00	115.00	115.00	128.00
SHARE 8	100.00	107.00	110.00	111.00	111.00	105.00	107.00
SHARE 9	100.00	110.00	117.00	118.00	120.00	117.00	117.00
SHARE 10	100.00	107.00	115.00	111.00	105.00	110.00	110.00
Performances from Initial Level, capped at 12%							
Security		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
SHARE 1		-20%	-100%	-100%	-100%	-100%	-100%
SHARE 2		5%	11%	12%	12%	12%	12%
SHARE 3		8%	12%	12%	12%	12%	10%
SHARE 4		10%	4%	7%	8%	10%	10%
SHARE 5		8%	12%	12%	12%	12%	12%
SHARE 6		5%	8%	8%	11%	12%	12%
SHARE 7		9%	11%	12%	12%	12%	12%
SHARE 8		7%	10%	11%	11%	5%	7%
SHARE 9		10%	12%	12%	12%	12%	12%
SHARE 10		7%	12%	11%	5%	10%	10%
Average of Capped Performances:		4.90%	-0.80%	-0.30%	-0.50%	-0.30%	-0.30%
Min Return:		0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Annual Coupon:		4.90%	0.00%	0.00%	0.00%	0.00%	0.00%

In this example, one of the Reference Securities is delisted in Year 2. In this case, the Calculation Agent may incorporate a zero value for such Reference Security during Year 2 and for the remainder of the CD terms, in which case the Reference Security Performance of such Reference Security would be -100% for each of these years. This would likely result in a depositor receiving no Coupon for such years, 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 payment of principal at maturity of this CD is insured by the FDIC up to the standard maximum deposit insurance amount in effect (generally up to \$250,000 in aggregate for individual depositors through December 31, 2013 and thereafter \$100,000, and up to \$250,000 in aggregate for certain retirement plans and accounts, including IRAs). Please see "FDIC Insurance" in the Base Disclosure Statement for more details.

CERTAIN ERISA CONSIDERATIONS

Please refer to the section entitled "Certain ERISA Consideration" 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 a “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.

In General

For U.S. federal income tax purposes, the Issuer intends to treat the CDs as contingent payment debt instruments (“CPDIs”) subject to taxation under the “noncontingent bond method” provided in the Treasury regulations. The remainder of this discussion assumes that the CDs will be subject to the noncontingent bond method, and the holders of the CDs will agree to treat the CDs in accordance with this treatment. Depositors should be aware, however, that the IRS is not bound by the Issuer’s characterization of the CDs, and the Internal Revenue Service (the “IRS”) could possibly take a different position as to the proper characterization of the CDs for U.S. federal income tax purposes. If the CDs are not in fact treated as CPDIs for U.S. federal income tax purposes, then the U.S. federal income tax treatment of owning and disposing of the CDs could differ from the treatment discussed below with the result that the timing and character of income, gain or loss recognized in respect of a CD could differ from the timing and character of income, gain or loss recognized in respect of the CD had the CD in fact been treated as CPDIs for U.S. federal income tax purposes.

Tax Treatment of U.S. Holders

Accruals of Original Issue Discount

Under the noncontingent bond method, U.S. Holders of the CDs will accrue original issue discount (“OID”) over the term of the CDs based on the CDs’ comparable yield. As a result, U.S. Holders may be required to include OID with respect to their CDs in income in each year in excess of any Coupon received on any Coupon Payment Date or any actual payments received on their CDs in such year.

In general, the comparable yield of the CDs is equal to the yield at which the Issuer would issue a fixed rate debt instrument with terms and conditions similar to those of the CDs, including level of subordination, term, timing of payments, and general market conditions. Based on these factors, the Issuer estimates that the comparable yield on the CDs, solely for U.S. federal income tax purposes, is [3.70%] per annum (compounded annually). The comparable yield is determined by the Issuer as of the issuance date solely for U.S. federal income tax purposes and is neither a prediction nor a guarantee of what the actual yield will be on the CDs.

Accordingly, U.S. Holders will generally accrue OID in respect of the CDs at a rate equal to the comparable yield. The amount of OID allocable to each annual accrual period will be the product of the “adjusted issue price” of the CDs at the beginning of each such accrual period and the comparable yield. If the CD provides for a noncontingent payment for any period in excess of the comparable yield, the Issuer intends to treat the excess amount as a nontaxable return of principal. The “adjusted issue price” of the CDs at the beginning of an accrual period will equal the issue price of the CDs plus the amount of OID previously includible in the gross income of the U.S. Holder determined without regard to any positive or negative adjustments (described below), less the projected amount of interest previously made on the CDs, without regard to actual interest paid, and less any amount previously received that was treated as a return on principal. The issue price of the CDs will be the first price at which a substantial amount of the CDs are sold. The balance of this summary assumes that the issue price of each CD is equal to the principal amount. The amount of OID includible in the income of each U.S. Holder for each taxable year will generally equal the sum of the “daily portions” of the total OID on the CDs allocable to each day during the taxable year on which a U.S. Holder held the CDs. Generally, the daily portion of the OID is determined by allocating to each day in any accrual period a ratable portion of the OID allocable to such accrual period. Such OID is included in income and taxed as ordinary income. Information returns indicating the amount of OID accrued on CDs held by persons of record other than corporations and certain other “exempt recipients” will be filed with the IRS and sent to such record holder.

Under the noncontingent bond method, the comparable yield of the CD is used to construct a projected payment schedule for the CDs (the “projected payment schedule”) based on estimates of the Coupon Rate and on the expected principal payment at maturity, that produces the comparable yield. Under the noncontingent bond method, the projected payment schedule is not revised to account for changes in circumstances that occur while the CDs are outstanding.

Based upon the estimates of the comparable yield and the projected payment schedule for the CDs, a U.S. Holder that pays taxes on a calendar year basis, buys a CD for \$1,000, and holds the CD until maturity, will be required to pay taxes on the following amounts of ordinary income in respect of the CDs in each year:

PROJECTED PAYMENT DATES	PROJECTED PAYMENTS	OID INCOME
August 2, 2010	[\$37.00]	[\$37.00]
August 1, 2011	[\$37.00]	[\$37.00]
July 31, 2012	[\$37.10]	[\$37.10]
July 31, 2013	[\$37.00]	[\$37.00]
June 30, 2014	[\$37.00]	[\$37.00]
July 31, 2015	[\$1037.00]	[\$37.00]

However, as described below in “—Adjustments for Differences between the Projected Coupon Payments and the Actual Coupon Payments,” for any year, the amount of ordinary income that a U.S. Holder will be required to pay taxes on from owning a CD may be greater or less than the amount specified in the projected payment schedule, depending upon the amount of the actual coupon paid and, if the coupon is less than the amount in the projected payment schedule for any year, a U.S. Holder could recognize a loss for that year.

A U.S. Holder is generally bound by the comparable yield and the projected payment schedule established by the Issuer for the CDs. However, if a U.S. Holder believes that the projected payment schedule is unreasonable, a U.S. Holder must set its own projected payment schedule and explicitly disclose the use of such schedule and the reason therefore on its timely filed U.S. federal income tax return for the taxable year in which it acquires the CDs.

The comparable yield and projected payment schedule are provided solely to comply with the applicable U.S. federal income tax regulations in order to determine the amount of OID to be accrued by U.S. Holders of the CDs solely for U.S. federal income tax purposes and do not constitute our assurances, representations, or expectations as to the actual yield or the Coupon Rate.

Adjustments for Differences between the Projected Coupon and the Actual Coupon Payments.

If the actual amount of coupon paid in any taxable year (including upon maturity) differs from the corresponding amount in the projected payment schedule, adjustments to the U.S. Holder’s OID inclusions in respect of the CDs will be made for the difference. If the coupon paid in any taxable year exceeds the corresponding amount in the projected payment schedule, the excess will be a “positive adjustment,” which is treated as additional OID income. If the actual amount of coupon paid in any taxable year is less than the corresponding amount in the projected payment schedule, the deficiency will be a “negative adjustment” and will be applied first to reduce the OID accrued on the CD for the taxable year in which the coupon is paid, and any excess will be treated as an ordinary loss to the extent of the prior net OID inclusions of the U.S. Holder on the CD. Any such loss will not be subject to the limitations on the deductibility of miscellaneous deductions. Any remaining losses will be carried forward to future taxable years. Any negative adjustment carryforward on a CD for the taxable year in which the CD is sold, exchanged or retired will reduce the U.S. Holder’s amount realized on the sale, exchange or retirement.

Sale, Exchange, Retirement, Redemption, or Other Disposition of the CDs.

A U.S. Holder of a CD will recognize gain or loss on the sale, exchange, retirement, redemption or other disposition of the CD, to the extent that the amount realized is more or less than its purchase price, increased by the OID previously accrued by the owner on the CD determined without regard to any positive or negative adjustments, less the projected amount of any coupon previously made on the CDs as reflected in the projected payment schedule, without regard to the actual coupon amount paid. In general, any gain realized by a U.S. Holder on the sale, exchange, retirement, redemption or other disposition of a CD will be treated as ordinary interest income. Any loss recognized on the sale, exchange, retirement, redemption or other disposition of a CD will generally first offset any OID inclusion for the year of the disposition and thereafter treated as an ordinary loss to the extent of the OID previously accrued by such U.S. Holder on the CD (taking into account the adjustments described above) that would not be subject to the limitations on the deductibility of

miscellaneous deductions. Any loss in excess of such accrued OID would be treated as a capital loss. The deductibility of capital losses by U.S. Holders 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 it is not an offer to buy interests in the Reference Securities. All disclosures contained in these Terms and Conditions regarding the Reference Securities, including their make-up, method of calculation and changes in their components, are derived from publicly available information. We take no responsibility for the accuracy or completeness of any information relating to the Reference Securities contained in these Terms and Conditions.

Below is the quarterly performance of each Reference Security. The Reference Security information contained herein is from Bloomberg Financial Markets, and we believe such information to be accurate. 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 levels of the Reference Securities that have occurred in the past are not necessarily 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 urge you to read the section “Information with Respect to the Indices and Shares” on page 4 of the related Base Disclosure Statement.

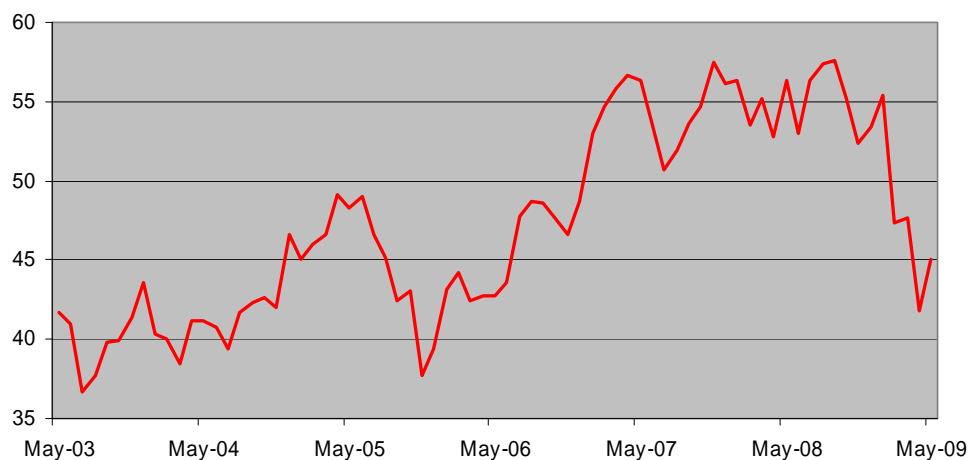
Historical Performance of Abbott Laboratories

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Abbott Laboratories for each of the quarters indicated below. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

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

QUARTER ENDING	QUARTERLY HIGH	QUARTERLY LOW	QUARTERLY CLOSE
March 29, 2002	54.23	48.19	49.20
June 28, 2002	51.66	32.97	35.22
September 30, 2002	41.02	27.87	37.79
December 31, 2002	43.10	33.92	37.41
March 31, 2003	38.21	31.57	35.18
June 30, 2003	43.91	35.14	40.93
September 30, 2003	42.17	35.22	39.80
December 31, 2003	44.10	38.33	43.59
March 31, 2004	44.20	36.76	38.44
June 30, 2004	43.25	37.41	40.76
September 30, 2004	43.20	38.26	42.36
December 31, 2004	47.60	40.25	46.65
March 31, 2005	48.15	43.34	46.62
June 30, 2005	49.98	45.99	49.01
September 30, 2005	50.00	41.57	42.40
December 30, 2005	44.35	37.50	39.43
March 31, 2006	45.50	39.18	42.47
June 30, 2006	43.61	40.55	43.61
September 29, 2006	49.85	43.26	48.56
December 29, 2006	49.10	45.42	48.71
March 30, 2007	57.26	48.75	55.80
June 29, 2007	59.50	52.80	53.55
September 28, 2007	56.30	49.58	53.62
December 31, 2007	59.48	50.52	56.15
March 31, 2008	61.09	50.32	55.15
June 30, 2008	56.66	50.09	52.97
September 30, 2008	59.95	52.63	57.58
December 31, 2008	59.93	45.75	53.37
March 31, 2009	57.39	44.10	47.70
March 29, 2008 through March 31, 2009	61.09	27.87	47.70

The following graph sets forth the historical levels of Abbott Laboratories using monthly data obtained from Bloomberg, LP. **Historical levels of Abbott Laboratories should not be taken as an indication of future performance.**



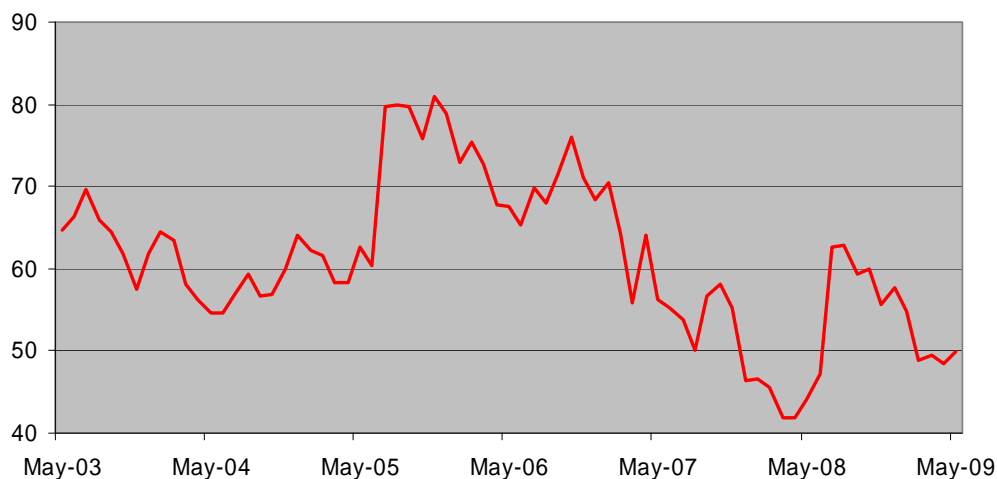
Historical Performance of Amgen Inc.

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Amgen Inc. for each of the quarters indicated below. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

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

QUARTER ENDING	QUARTERLY HIGH	QUARTERLY LOW	QUARTERLY CLOSE
March 29, 2002	62.94	53.28	59.68
June 28, 2002	61.48	36.73	41.88
September 30, 2002	48.92	30.57	41.70
December 31, 2002	53.02	41.98	48.34
March 31, 2003	59.06	48.09	57.55
June 30, 2003	67.53	56.91	66.44
September 30, 2003	72.37	63.61	64.57
December 31, 2003	67.50	57.10	61.80
March 31, 2004	66.88	57.80	58.17
June 30, 2004	60.80	52.15	54.57
September 30, 2004	60.45	53.17	56.68
December 31, 2004	64.93	52.00	64.15
March 31, 2005	65.24	57.63	58.21
June 30, 2005	63.50	56.27	60.46
September 30, 2005	86.92	60.26	79.67
December 30, 2005	84.50	73.25	78.86
March 31, 2006	81.24	70.03	72.75
June 30, 2006	73.50	63.75	65.23
September 29, 2006	72.57	63.52	71.53
December 29, 2006	77.00	67.88	68.31
March 30, 2007	76.95	55.13	55.88
June 29, 2007	66.06	52.37	55.29
September 28, 2007	57.74	48.31	56.57
December 31, 2007	59.00	46.21	46.44
March 31, 2008	48.91	39.16	41.78
June 30, 2008	47.41	41.25	47.16
September 30, 2008	66.51	46.86	59.27
December 31, 2008	62.45	45.00	57.75
March 31, 2009	60.14	45.74	49.52
March 29, 2008 through March 31, 2009	86.92	36.73	49.52

The following graph sets forth the historical levels of Amgen Inc. using monthly data obtained from Bloomberg, LP. **Historical levels of Amgen Inc. should not be taken as an indication of future performance.**



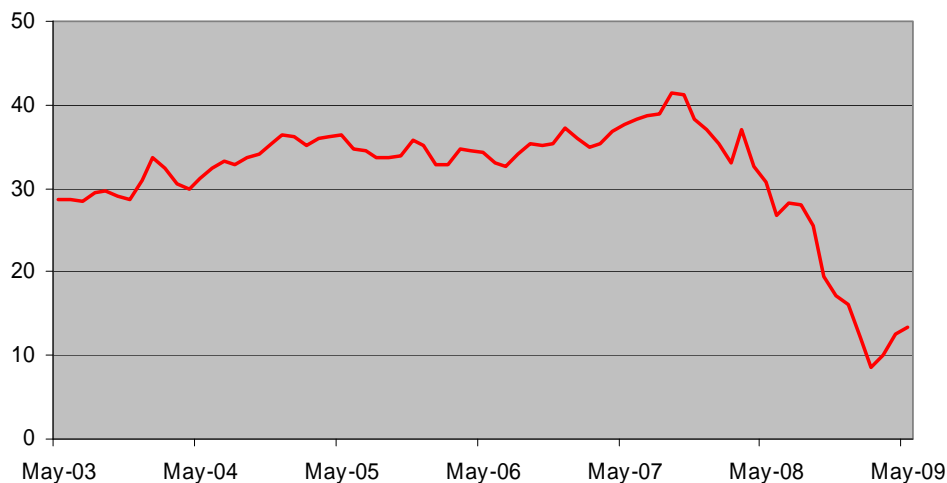
Historical Performance of General Electric

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of General Electric for each of the quarters indicated below. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

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

QUARTER ENDING	QUARTERLY HIGH	QUARTERLY LOW	QUARTERLY CLOSE
March 29, 2002	41.83	34.49	37.45
June 28, 2002	37.80	27.50	29.05
September 30, 2002	32.98	23.55	24.65
December 31, 2002	27.85	21.41	24.35
March 31, 2003	28.00	21.82	25.50
June 30, 2003	31.64	25.50	28.68
September 30, 2003	32.18	26.90	29.81
December 31, 2003	31.30	27.37	30.98
March 31, 2004	34.56	28.88	30.52
June 30, 2004	33.49	29.55	32.40
September 30, 2004	34.53	31.43	33.58
December 31, 2004	37.72	32.66	36.50
March 31, 2005	36.88	34.97	36.06
June 30, 2005	37.34	34.15	34.65
September 30, 2005	35.78	32.85	33.67
December 30, 2005	36.33	32.67	35.05
March 31, 2006	35.55	32.22	34.78
June 30, 2006	35.24	32.78	32.96
September 29, 2006	35.65	32.06	35.30
December 29, 2006	38.49	34.62	37.21
March 30, 2007	38.28	33.90	35.36
June 29, 2007	39.77	34.55	38.28
September 28, 2007	42.07	36.20	41.40
December 31, 2007	42.15	36.07	37.07
March 31, 2008	37.74	31.65	37.01
June 30, 2008	38.52	26.16	26.69
September 30, 2008	30.39	22.19	25.50
December 31, 2008	25.75	12.58	16.20
March 31, 2009	17.22	5.87	10.11
March 29, 2008 through March 31, 2009	42.15	5.87	10.11

The following graph sets forth the historical levels of General Electric using monthly data obtained from Bloomberg, LP. **Historical levels of General Electric should not be taken as an indication of future performance.**



Historical Performance of Kimberly-Clark Corporation

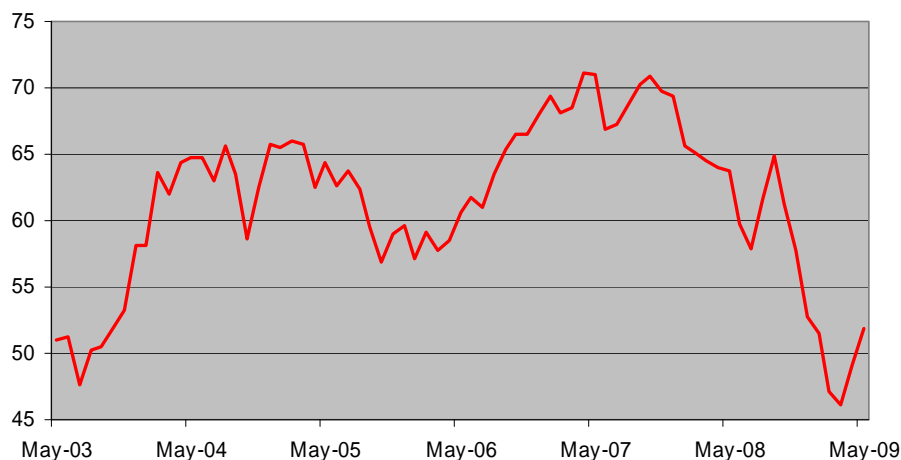
The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Kimberly-Clark Corporation for each of the quarters indicated below. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of Kimberly-Clark Corporation should not be taken as an indication of future performance.

QUARTER ENDING	QUARTERLY HIGH	QUARTERLY LOW	QUARTERLY CLOSE
March 29, 2002	64.04	56.09	63.56
June 28, 2002	65.63	59.41	60.96
September 30, 2002	62.33	51.94	55.69
December 31, 2002	57.18	44.54	46.67
March 31, 2003	47.10	42.20	44.70
June 30, 2003	53.42	44.42	51.26
September 30, 2003	52.06	46.25	50.46
December 31, 2003	58.30	49.90	58.10
March 31, 2004	64.06	55.24	62.04
June 30, 2004	65.85	61.29	64.77
September 30, 2004	67.84	61.53	63.50
December 31, 2004	66.20	57.75	65.81
March 31, 2005	68.29	63.33	65.73
June 30, 2005	66.99	61.26	62.59
September 30, 2005	64.95	58.63	59.53
December 30, 2005	60.80	55.60	59.65
March 31, 2006	61.70	56.59	57.80
June 30, 2006	62.15	56.97	61.70
September 29, 2006	65.73	58.63	65.36
December 29, 2006	68.50	65.01	67.95
March 30, 2007	70.28	65.99	68.49
June 29, 2007	72.12	66.05	66.89
September 28, 2007	70.78	63.79	70.26
December 31, 2007	71.16	67.01	69.34
March 31, 2008	69.69	62.57	64.55
June 30, 2008	65.88	59.53	59.78
September 30, 2008	66.65	50.65	64.84
December 31, 2008	66.37	50.27	52.74
March 31, 2009	53.90	43.05	46.11
March 29, 2008 through March 31, 2009	72.12	42.20	46.11

The following graph sets forth the historical levels of Kimberly-Clark Corporation using monthly data obtained from Bloomberg, LP.

Historical levels of Kimberly-Clark Corporation should not be taken as an indication of future performance.



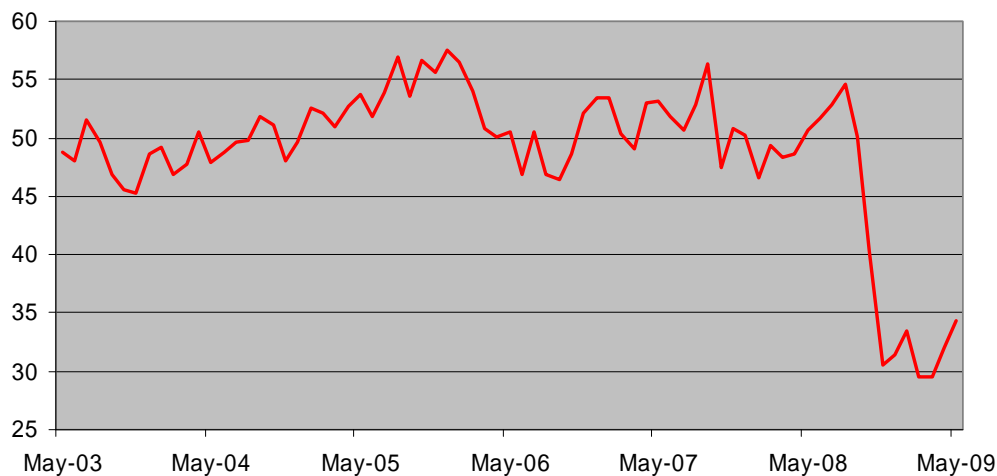
Historical Performance of Medtronic Inc.

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Medtronic Inc. for each of the quarters indicated below. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

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

QUARTER ENDING	QUARTERLY HIGH	QUARTERLY LOW	QUARTERLY CLOSE
March 29, 2002	50.69	43.38	45.21
June 28, 2002	47.98	40.00	42.85
September 30, 2002	43.20	32.50	42.12
December 31, 2002	49.48	41.95	45.60
March 31, 2003	47.99	42.15	45.12
June 30, 2003	50.75	44.94	47.97
September 30, 2003	52.92	46.51	46.92
December 31, 2003	48.97	42.90	48.61
March 31, 2004	52.25	46.20	47.75
June 30, 2004	51.87	45.58	48.72
September 30, 2004	52.32	48.25	51.90
December 31, 2004	53.70	46.90	49.67
March 31, 2005	55.44	48.74	50.95
June 30, 2005	54.41	50.13	51.79
September 30, 2005	57.95	51.51	53.62
December 30, 2005	58.85	52.52	57.57
March 31, 2006	59.87	50.55	50.75
June 30, 2006	51.83	46.59	46.92
September 29, 2006	52.15	42.37	46.44
December 29, 2006	54.66	46.50	53.51
March 30, 2007	54.85	48.25	49.06
June 29, 2007	54.32	48.54	51.86
September 28, 2007	57.29	50.05	56.41
December 31, 2007	57.99	44.87	50.27
March 31, 2008	51.11	45.37	48.37
June 30, 2008	52.00	46.69	51.75
September 30, 2008	56.97	49.15	50.10
December 31, 2008	50.92	28.33	31.42
March 31, 2009	35.39	24.06	29.47
March 29, 2008 through March 31, 2009	59.87	24.06	29.47

The following graph sets forth the historical levels of Medtronic Inc. using monthly data obtained from Bloomberg, LP. **Historical levels of Medtronic Inc. should not be taken as an indication of future performance.**



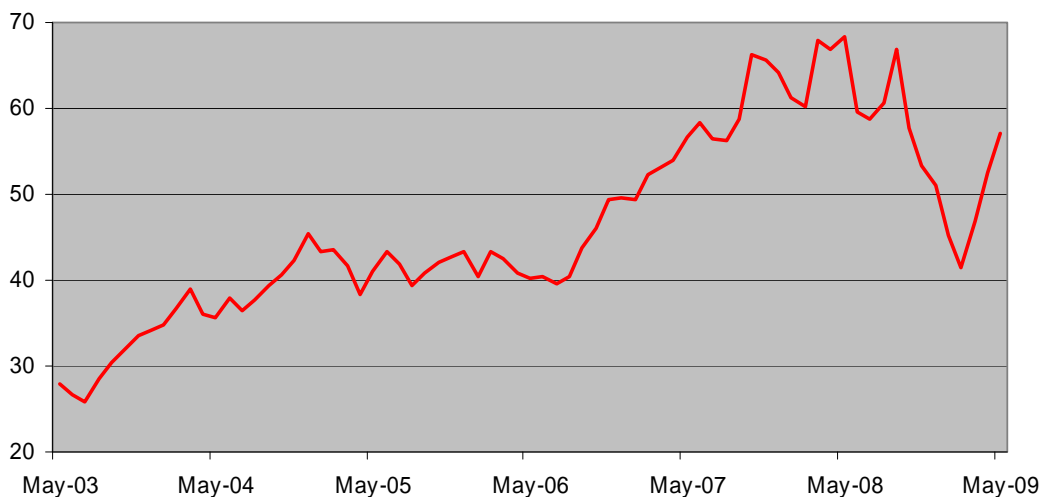
Historical Performance of Nike Inc.

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Nike Inc. for each of the quarters indicated below. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

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

QUARTER ENDING	QUARTERLY HIGH	QUARTERLY LOW	QUARTERLY CLOSE
March 29, 2002	32.14	27.30	30.01
June 28, 2002	29.80	24.11	26.83
September 30, 2002	28.93	20.18	21.59
December 31, 2002	24.12	19.27	22.24
March 31, 2003	26.70	21.19	25.71
June 30, 2003	28.75	25.13	26.75
September 30, 2003	31.13	24.80	30.41
December 31, 2003	34.27	30.35	34.23
March 31, 2004	39.28	33.16	38.94
June 30, 2004	39.28	32.91	37.88
September 30, 2004	40.01	34.31	39.40
December 31, 2004	46.22	38.31	45.35
March 31, 2005	45.67	40.72	41.66
June 30, 2005	45.47	37.55	43.30
September 30, 2005	44.50	38.27	40.84
December 30, 2005	45.77	39.97	43.40
March 31, 2006	44.08	40.30	42.55
June 30, 2006	42.93	38.70	40.50
September 29, 2006	44.46	37.76	43.81
December 29, 2006	50.60	43.46	49.52
March 30, 2007	55.05	47.46	53.13
June 29, 2007	59.26	51.87	58.29
September 28, 2007	60.99	52.00	58.66
December 31, 2007	67.93	58.60	64.24
March 31, 2008	70.60	51.50	68.00
June 30, 2008	70.28	57.63	59.61
September 30, 2008	68.00	54.64	66.90
December 31, 2008	67.02	42.68	51.00
March 31, 2009	54.00	38.24	46.89
March 29, 2008 through March 31, 2009	70.60	19.27	46.89

The following graph sets forth the historical levels of Nike Inc. using monthly data obtained from Bloomberg, LP. **Historical levels of Nike Inc. should not be taken as an indication of future performance.**



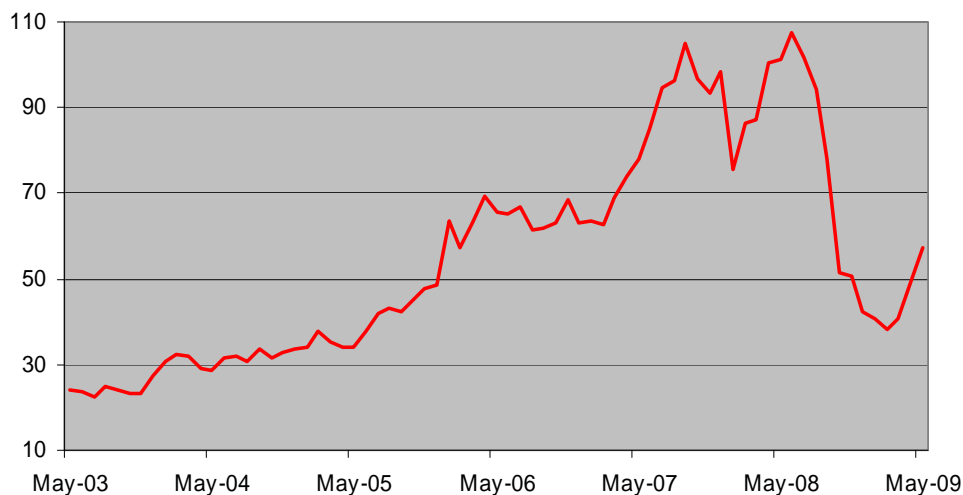
Historical Performance of Schlumberger Limited

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, Schlumberger Limited for each of the quarters indicated below. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

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

QUARTER ENDING	QUARTERLY HIGH	QUARTERLY LOW	QUARTERLY CLOSE
March 29, 2002	31.22	24.58	29.41
June 28, 2002	29.90	23.15	23.25
September 30, 2002	23.70	17.93	19.23
December 31, 2002	23.43	16.70	21.05
March 31, 2003	21.67	17.82	19.01
June 30, 2003	25.08	18.51	23.79
September 30, 2003	26.05	22.25	24.20
December 31, 2003	28.12	22.74	27.36
March 31, 2004	33.38	26.27	31.93
June 30, 2004	32.35	27.38	31.76
September 30, 2004	33.93	29.33	33.66
December 31, 2004	34.94	30.51	33.48
March 31, 2005	39.16	31.58	35.24
June 30, 2005	39.23	32.31	37.97
September 30, 2005	43.90	37.43	42.19
December 30, 2005	51.49	38.66	48.58
March 31, 2006	65.87	49.20	63.29
June 30, 2006	73.87	54.12	65.11
September 29, 2006	68.54	54.24	62.03
December 29, 2006	69.30	56.85	63.16
March 30, 2007	71.17	56.31	69.10
June 29, 2007	89.20	68.25	84.94
September 28, 2007	108.47	81.30	105.00
December 31, 2007	113.86	87.42	98.37
March 31, 2008	102.71	72.30	87.00
June 30, 2008	110.11	85.75	107.43
September 30, 2008	111.91	73.53	78.09
December 31, 2008	78.00	37.24	42.33
March 31, 2009	49.25	35.05	40.62
March 29, 2008 through March 31, 2009	113.86	17.82	40.62

The following graph sets forth the historical levels of Schlumberger Limited using monthly data obtained from Bloomberg, LP. **Historical levels of Schlumberger Limited should not be taken as an indication of future performance.**



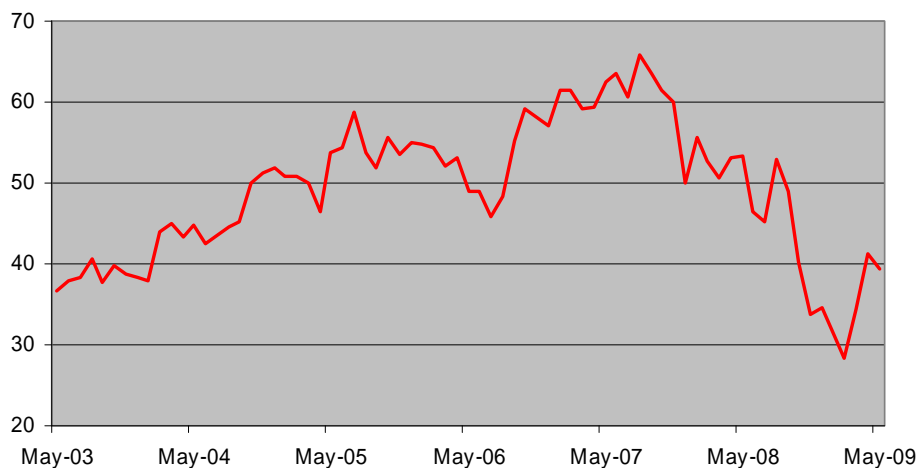
Historical Performance of Target Corporation

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Target Corporation for each of the quarters indicated below. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

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

QUARTER ENDING	QUARTERLY HIGH	QUARTERLY LOW	QUARTERLY CLOSE
March 29, 2002	46.15	39.11	43.12
June 28, 2002	45.95	34.99	38.10
September 30, 2002	39.49	28.10	29.52
December 31, 2002	37.10	24.90	30.00
March 31, 2003	31.59	25.60	29.26
June 30, 2003	38.53	28.50	37.84
September 30, 2003	41.79	36.75	37.63
December 31, 2003	40.90	36.19	38.40
March 31, 2004	45.85	36.65	45.04
June 30, 2004	46.89	41.25	42.47
September 30, 2004	46.90	40.03	45.25
December 31, 2004	54.14	45.30	51.93
March 31, 2005	53.20	47.76	50.02
June 30, 2005	56.24	45.55	54.41
September 30, 2005	60.00	49.93	51.93
December 30, 2005	59.01	50.78	54.97
March 31, 2006	55.85	51.93	52.01
June 30, 2006	55.13	47.26	48.87
September 29, 2006	56.67	44.85	55.25
December 29, 2006	60.31	54.60	57.05
March 30, 2007	64.73	56.61	59.26
June 29, 2007	65.07	56.80	63.60
September 28, 2007	70.75	56.06	63.57
December 31, 2007	68.50	48.85	50.00
March 31, 2008	57.32	47.25	50.68
June 30, 2008	55.71	46.34	46.49
September 30, 2008	59.22	42.34	49.05
December 31, 2008	48.75	25.60	34.53
March 31, 2009	38.60	25.00	34.39
March 29, 2008 through March 31, 2009	70.75	24.90	34.39

The following graph sets forth the historical levels of Target Corporation using monthly data obtained from Bloomberg, LP. **Historical levels of Target Corporation should not be taken as an indication of future performance.**



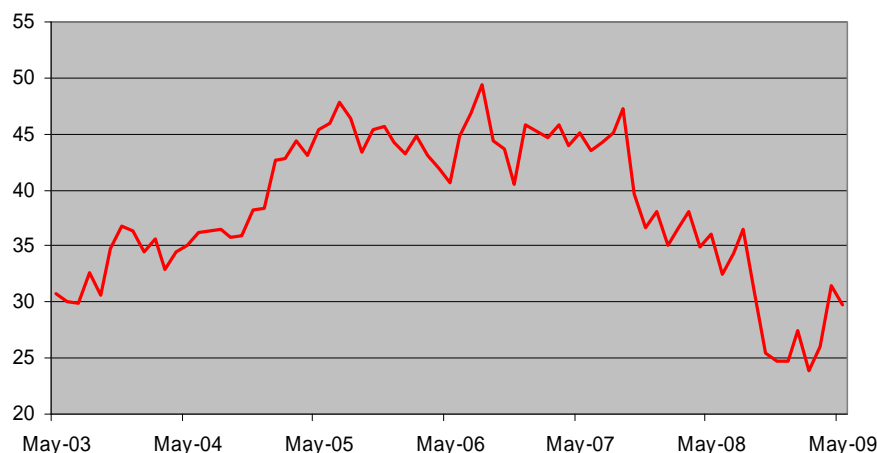
Historical Performance of Walgreen Company

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Walgreen Company for each of the quarters indicated below. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

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

QUARTER ENDING	QUARTERLY HIGH	QUARTERLY LOW	QUARTERLY CLOSE
March 29, 2002	40.70	32.53	39.19
June 28, 2002	40.00	36.10	38.63
September 30, 2002	39.45	29.11	30.76
December 31, 2002	36.20	27.70	29.19
March 31, 2003	32.99	26.90	29.48
June 30, 2003	33.66	29.15	30.10
September 30, 2003	32.89	28.90	30.64
December 31, 2003	37.42	30.73	36.38
March 31, 2004	36.75	32.03	32.95
June 30, 2004	36.66	32.40	36.21
September 30, 2004	38.07	34.89	35.83
December 31, 2004	39.51	35.05	38.37
March 31, 2005	46.75	39.73	44.42
June 30, 2005	47.39	41.56	45.99
September 30, 2005	49.00	40.98	43.45
December 30, 2005	48.25	42.63	44.26
March 31, 2006	46.39	42.15	43.13
June 30, 2006	45.36	39.55	44.84
September 29, 2006	51.60	42.95	44.39
December 29, 2006	47.28	39.91	45.89
March 30, 2007	49.10	43.23	45.89
June 29, 2007	46.77	43.31	43.54
September 28, 2007	48.09	43.50	47.24
December 31, 2007	41.78	35.80	38.08
March 31, 2008	38.89	32.80	38.09
June 30, 2008	39.00	32.41	32.51
September 30, 2008	37.85	30.26	30.96
December 31, 2008	30.96	21.34	24.67
March 31, 2009	28.38	21.39	25.96
March 29, 2008 through March 31, 2009	51.60	21.34	25.96

The following graph sets forth the historical levels of Walgreen Company using quarterly data obtained from Bloomberg, LP. **Historical levels of Walgreen Company should not be taken as an indication of future performance.**



Historical Performance of Yahoo! Inc.

The following table sets forth the quarterly high and low intraday levels, as well as end-of-quarter closing levels, of Yahoo! Inc. for each of the quarters indicated below. We obtained the data in the following table from Bloomberg, LP, without independent verification by us.

Historical levels of Yahoo! Inc. should not be taken as an indication of future performance.

QUARTER ENDING	QUARTERLY HIGH	QUARTERLY LOW	QUARTERLY CLOSE
March 29, 2002	10.68	6.71	9.24
June 28, 2002	9.58	6.41	7.38
September 30, 2002	7.43	4.47	4.79
December 31, 2002	9.49	4.51	8.18
March 31, 2003	12.50	8.25	12.01
June 30, 2003	16.75	11.26	16.38
September 30, 2003	19.13	14.05	17.69
December 31, 2003	22.74	17.50	22.59
March 31, 2004	25.21	20.58	24.30
June 30, 2004	36.51	23.95	36.33
September 30, 2004	35.34	25.53	33.91
December 31, 2004	39.78	33.60	37.68
March 31, 2005	38.89	30.31	33.90
June 30, 2005	38.95	32.30	34.65
September 30, 2005	38.00	31.60	33.84
December 30, 2005	43.45	32.78	39.18
March 31, 2006	43.65	29.75	32.26
June 30, 2006	34.08	28.60	33.00
September 29, 2006	33.74	24.62	25.28
December 29, 2006	28.56	22.66	25.54
March 30, 2007	32.84	25.26	31.29
June 29, 2007	33.61	26.61	27.13
September 28, 2007	27.80	22.27	26.84
December 31, 2007	34.07	22.80	23.26
March 31, 2008	30.24	18.59	28.93
June 30, 2008	29.17	20.60	20.66
September 30, 2008	24.80	16.88	17.30
December 31, 2008	17.31	8.94	12.20
March 31, 2009	14.14	10.81	12.81
March 29, 2002 through March 31, 2009	43.65	4.47	12.81

The following graph sets forth the historical levels of Yahoo! Inc. using monthly data obtained from Bloomberg, LP. **Historical levels of Yahoo! Inc. should not be taken as an indication of future performance.**

