Indicative Levels | For Discussion Purposes Only

6 Year Sector Selector CD with Minimum Return

The following information is for discussion purposes only. Prior to purchasing any CD, investors will receive offering materials which will set out the specific terms for such product.

Issuer	HSBC Bank USA, N.A. AA (S&P), Aa3 (Moody's)
Issue	6 Year Sector Selector CD
Basket Components	•iShares MSCI Emerging Market Index (EEM) •Market Vectors Gold Miners (GDX) •Energy Select Sector SPDR Fund (XLE) •Financial Select Sector SPDR Fund (XLF) •Healthcare Select Sector SPDR Fund (XLV) •Semiconductor HOLDRs Trust (SMH)
Payoff Method	Coupon is based upon locking the best performer each year, subject to the cap level. The return of the best performing ETF in each year will be locked-in and removed from the basket and further consideration. Thereafter, the remaining ETFs will be observed for determining the best performer in the following years. The final return will equal the sum of the capped locked-in returns. Coupon is paid at maturity.
FDIC Insurance	This deposit qualifies for FDIC coverage 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.
Cap	[8.00 - 11.00]% (per locked-in return)
Minimum Return	5.00% (if held to maturity)
OID Tax Rate	[3.70%]

Step by Step Payout Calculation:
(see below example)

- **On the trade date, the initial level of each of the 6 ETFs is recorded.**
- **At the end of each year, the best performing security is determined by measuring each security's performance vs. its initial level.**
- **The best performing ETF of those remaining in the basket is locked in (subject to the cap) for the eventual payout of the CD and that ETF is then removed from the basket. The best performer is not floored on the downside (i.e. ETF5 in year 2).**
- **In the example below, in the first year, ETF6 is chosen and removed from the portfolio**
- **At the end of 6 years, the sum of the 6 locked-in performances will be used to determine the final return on the CD, subject to the minimum return of 5%.**
- **In the this example, the final return of the CD is 41.00% (7%+-3%+9%+8%+10%+10%).**
- **The payoff example below is purely hypothetical and assumes the cap is 10% per locked-in return.**

		Closing Levels at the end of each year					
ETF	**Initial Level**	**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**
ETF1	100.00	95.00	92.00	94.00	100.00	108.00	**115.00**
ETF2	100.00	89.00	95.00	103.00	102.00	**122.00**	128.00
ETF3	100.00	93.00	92.00	104.00	**108.00**	109.00	115.00
ETF4	100.00	92.00	93.00	**109.00**	110.00	111.00	118.00
ETF5	100.00	97.00	**97.00**	98.00	103.00	108.00	112.00
ETF6	100.00	**107.00**	97.00	101.00	105.00	107.00	110.00
			Performance from Initial Levels at the end of each year				
ETF		**Year 1**	**Year 2**	**Year 3**	**Year 4**	**Year 5**	**Year 6**
ETF1		-5.00%	-8.00%	-6.00%	0.00%	8.00%	**15.00%**
ETF2		-11.00%	-5.00%	3.00%	2.00%	**22.00%**	
ETF3		-7.00%	-8.00%	4.00%	**8.00%**		
ETF4		-8.00%	-7.00%	**9.00%**			
ETF5		-3.00%	-3.00%				
ETF6		**7.00%**					
Best Performing Security		**7.00%**	**-3.00%**	**9.00%**	**8.00%**	**22.00%**	**15.00%**
Lock-In Return (Cap at 10%)		**7.00%**	**-3.00%**	**9.00%**	**8.00%**	**10.00%**	**10.00%**
Final Return	**41.00%**	**= Sum of Locked-in Performance**					
Maturity Payment Amount	**$14,100.00**	**= $10,000 x (100% + [the greater of 0% and Final Return])**					

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Historical ETF Performance

This table shows the historical prices of the Basket Component ETFs starting from 6/24/03 and at the end of each full year thereafter.

	Initial Levels	Annual Levels					
	6/24/2003	6/24/2004	6/24/2005	6/26/2006	6/25/2007	6/25/2008	6/24/2009
EEM	**13.14**	17.54	23.75	29.17	43.48	46.05	31.22
GDX	na	na	na	**36.63**	37.85	43.88	38.49
XLE	**24.36**	31.70	44.94	53.97	69.19	87.12	47.22
XLF	**24.80**	28.70	29.31	31.90	36.24	21.68	11.61
XLV	**29.72**	30.71	31.10	29.87	34.91	30.67	25.66
SMH	**26.75**	35.60	32.75	31.43	36.39	31.28	21.02

This table displays the performances at the end of these years as measured from prices set on 6/24/03, where available. Due to ETF launch date after 6/24/03, the GDX performances are measured from 6/26/06.

	Performances on each date measured from initial available Levels					
	6/24/2004	6/24/2005	6/26/2006	6/25/2007	6/25/2008	6/24/2009
EEM	34%	81%	122%	231%	250%	138%
GDX				3%	20%	5%
XLE	30%	84%	122%	184%	258%	94%
XLF	16%	18%	29%	46%	-13%	-53%
XLV	3%	5%	1%	17%	3%	-14%
SMH	33%	22%	17%	36%	17%	-21%

Past performance is not a prediction or guarantee of future returns.
* Data Source: Bloomberg L.P.

Potential Depositor Benefits

- Opportunity to potentially earn a return in excess of comparable term fixed rate bank CDs.
- The CDs can help reduce and diversify portfolio risk by providing broad exposure to various market sectors.
- Offers a return based upon point-to-point percentage changes between observation date closing levels and the initial levels, subject to the Cap.
- Provides a disciplined approach towards realizing profits due to Lock-in feature.
- Allows investor to capture the performance of the various sectors which may outperform depending upon the various stages within the economic cycle (e.g. during a slowing economy a defensive sector such as health care or gold may outperform, versus possible semiconductor sector outperformance during an expansionary phase).
- Offers early underperforming sectors opportunity to turnaround due to 6 year term.
- Minimum guaranteed return, if held to maturity, of 5%.

Investor Considerations

- Structured Deposits entail certain risks. Depositors should consult their advisors prior to purchase.
- The principal amount and minimum return is not guaranteed if the CDs are not held to maturity.
- There may be no active secondary market for the CDs.
- Returns on the CDs may not necessarily reflect the full performance of the Indices.
- Depositors will not have any shareholder rights in any of the companies included in the Indices.
- Returns may not be comparable to ordinary products with a comparable maturity.
- Although holders will not receive any payment on the CDs until maturity, the original issue discount relating to the CDs (as described herein) will be included in income and taxable at ordinary income rates on an annual basis.
- Because performances are not floored on the downside, if in any one year the best performing security has a negative return, that return could reduce the variable coupon paid at maturity such that the depositor could receive no variable coupon.