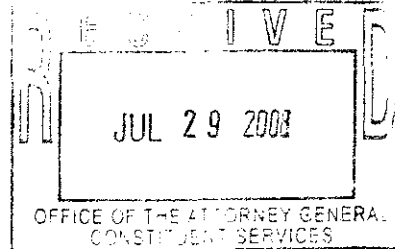




VIA OVERNIGHT MAIL

July 28, 2008



Attorney General Bob McDonnell  
Office of the Attorney General  
900 East Main Street  
Richmond, Virginia 23219

Re: HSBC Auto Finance Inc.

Dear Attorney General Mc Donnell:

Pursuant to Virginia law, we want to make you aware that we are sending the enclosed notice to certain consumers who are residents of your state. The total number of Virginia residents who will receive this notice is 80.

Feel free to contact me at the number below if you have any questions or would like to discuss.

Sincerely,

A handwritten signature in cursive script that reads "Paula S. Ferguson".

Paula S. Ferguson  
General Counsel  
HSBC Auto Finance Inc.

Enclosure

Dear {name}:

It has come to our attention that limited information about your account may have been taken from HSBC Auto Finance's files in an unauthorized manner by certain former employees prior to separation from HSBC. We apologize. Although we became aware of the situation only recently, upon learning of the incident, we took appropriate steps to recover any such information from the former employees. We have no evidence to suggest that this information has been used in a manner that could harm or affect you.

The type of information involved in this incident may have included your name, address, the account number for your loan with HSBC Auto Finance, and in certain limited instances, social security number.

HSBC Auto Finance has strict policies governing when employees may access customer information, and that such information may be used by employees as necessary to service a customer's account and our business. This incident was a breach of these policies. We have taken steps to prevent a similar violation of our policies in the future, including reiterating these policies to our employees.

Again, although we do not believe any of your information was compromised, because the protection of your information is a primary concern, we would like to offer you a complimentary 12 month membership in Privacy Guard® (a program designed to protect members against identity theft). If you are interested in receiving Privacy Guard, please contact us at 866-927-5159 from 8:00 a.m. to 5:00 p.m. Pacific Time.

Although it does not appear that this incident should put you at risk of harm, we urge you to be vigilant for signs of misuse of your information and report suspicious activity to your local police or other appropriate law enforcement agency.

At HSBC, security has always been, and will continue to be a high priority. We appreciate the opportunity to serve your auto finance needs. If you have any questions or concerns, please contact us at 866-927-5159 from 8:00 a.m. to 5:00 p.m. Pacific Time.

Sincerely,