

HSBC Finance Corporation

\$1,000,000,000 6.676% Senior Subordinated Notes due January 15, 2021

We are offering \$1,000,000,000 principal amount of 6.676% Senior Subordinated Notes due January 15, 2021 (the “Notes”). We will pay interest on the Notes semi-annually on January 15 and July 15 of each year commencing July 15, 2011 at a rate equal to 6.676% per annum. We may not redeem the Notes before maturity.

The Notes will be senior subordinated, unsecured obligations and rank junior to our senior indebtedness. The Notes will be issued only in registered form in minimum denominations of \$1,000 and in integral multiples of \$1,000 in excess thereof.

Neither the Federal Deposit Insurance Corporation nor any other government agency has insured the Notes.

No redemption, defeasance or early repayment of amounts owed under the Notes may be made without the prior written consent of the Board of Governors of the Federal Reserve System and the Financial Services Authority of the United Kingdom.

	Offering Price ⁽¹⁾	Discounts	Proceeds to Company ⁽¹⁾
Per Note	97.089%	0.45%	96.639%
Total	\$970,890,000	\$4,500,000	\$966,390,000

⁽¹⁾ The offering price and proceeds to the Company set forth above do not include accrued interest from December 3, 2010 to, but not including December 13, 2010 in the amount of \$ 1,854,444 payable by the purchasers of the Notes offered hereby.

We will enter into a registration rights agreement pursuant to which we will agree under certain circumstances to file an exchange offer registration statement or a shelf registration statement with respect to the Notes. If we fail to comply with some of our obligations under the registration rights agreement, we will pay additional interest on the Notes under certain circumstances.

The Notes offered herein have not been approved or disapproved by the Securities and Exchange Commission (the “SEC”) or any state or foreign securities commission or regulator, nor has the SEC or any state or foreign securities commission or regulator passed upon the accuracy or adequacy of this Offering Memorandum. Any representation to the contrary is unlawful and may be a criminal offense.

The Notes will be ready for delivery in book-entry form only through The Depository Trust Company (“DTC”) for the accounts of its participants, including Clearstream Banking, société anonyme (“Clearstream”), Luxembourg and/or Euroclear Bank N.V./S.A. (“Euroclear”), on or about December 13, 2010. See “Description of the Notes– Form, Transfer and Book-Entry Procedures.”

The Notes are being offered and sold only (i) to “qualified institutional buyers,” as that term is defined in Rule 144A under the Securities Act (“QIBs”), and (ii) to persons who are not “U.S. persons,” as that term is defined in Rule 902 under the Securities Act in compliance with Regulation S under the Securities Act of 1933, as amended (the “Securities Act”) outside the United States, and who are “non-U.S. qualified offerees” (as defined in “Transfer Restrictions” herein). Such investors eligible to participate in the offer are referred to herein as “eligible investors.” The Issuer has not registered the Notes under the Securities Act. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act, and other applicable securities laws, pursuant to registration or exemption therefrom. Investors should be aware that they may be required to bear the financial risks of this investment for an indefinite period of time. See “Transfer Restrictions.”

You should consider the risk factors beginning on page 14 of this Offering Memorandum before making an investment in the Notes.

Sole Initial Purchaser

HSBC

The date of this Offering Memorandum is December 8, 2010.

Table of Contents

	Page
Notice to Investors	1
General Information	7
SEC Review	7
Available Information	7
Incorporation of Certain Information by Reference	7
Use of Proceeds	8
Submission to Jurisdiction	8
Forward-Looking Statements	8
Summary	10
Recent Developments	10
HSBC Finance Corporation	10
Summary of the Notes	11
Risk Factors	14
Description of the Notes	18
Book-Entry Procedures	26
Registration Rights	31
Certain U.S. Federal Income Tax Consequences	34
Transfer Restrictions	39
Plan of Distribution	42
Validity of Securities	43
Independent Accountants	43

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED (THE "RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE NEW HAMPSHIRE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

NOTICE TO INVESTORS

Neither HSBC Finance Corporation, a Delaware corporation (“HSBC Finance” or “Issuer” or “we”, “our” or “us”) nor HSBC Securities (USA) Inc. (the “Initial Purchaser”) have authorized any other person to provide you with information other than the information contained in or expressly incorporated by reference in this Offering Memorandum. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this Offering Memorandum and any information incorporated by reference herein is accurate as of the date on the front cover of this Offering Memorandum only or as of the date of the documents incorporated by reference herein. The Issuer’s business, financial condition, results of operations and prospects may have changed since those dates.

To the best of the knowledge and belief of the Issuer (who has taken all reasonable care to ensure that such is the case), the information contained in this Offering Memorandum and the documents incorporated by reference herein is in accordance with the facts and does not omit anything likely to affect the import of such information. Nothing in this Offering Memorandum constitutes, or may be taken to constitute, any advice or recommendation by or on behalf of the Issuer or the Initial Purchaser on the merits of this offering or an investment in the Notes.

This Offering Memorandum is confidential. This Offering Memorandum has been prepared by the Issuer solely for use in connection with this offering described in this Offering Memorandum and is only available to investors who have certified that they are eligible investors for the purposes of the offer. Eligible investors are authorized to use this Offering Memorandum solely for the purpose of considering an investment in the Notes. This Offering Memorandum is personal to each eligible investor and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire securities. Distribution of this Offering Memorandum to any person other than the eligible investor and any person retained to advise such eligible investor with respect to its purchase is unauthorized, and any disclosure of any of its contents, without our prior written consent, is prohibited. Each eligible investor, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum.

The Initial Purchaser makes no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation by the Initial Purchaser as to the past, present or future. The Issuer has furnished the information contained in this Offering Memorandum. The Initial Purchaser assumes no responsibility for the accuracy or completeness of any such information.

This Offering Memorandum does not constitute an offer to any person in any jurisdiction where it is unlawful to make such an offer. The Issuer has not registered the Notes under the Securities Act. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under the Securities Act and applicable state and other securities laws pursuant to registration or exemption therefrom. Investors participating in the offer should be aware that they may be required to bear the financial risks of an investment in the Notes for an indefinite period of time. Please refer to the section in this Offering Memorandum entitled “Transfer Restrictions.” This offering is being made on the basis of this Offering Memorandum and is subject to the terms and conditions described in this Offering Memorandum. Any decision to participate in this offering must be based on the information contained and incorporated by reference in this document.

In making an investment decision, eligible investors must rely on their own examination of us and the terms of this offering and the Notes, including the merits and risks involved. Eligible investors should not construe anything in this Offering Memorandum as legal, investment, business or tax advice. Each

eligible investor should consult its advisors as needed to make its investment decision and to determine whether it is legally permitted to participate in this offering under applicable legal investment or similar laws or regulations. The laws of certain jurisdictions may restrict the distribution of this Offering Memorandum and this offering of Notes. Persons into whose possession this Offering Memorandum comes must inform themselves about, and observe, any such restrictions. None of the Issuer, the Initial Purchaser, or their respective representatives is making any representation to any eligible investor or purchaser of the Notes regarding the legality of any investment in the Notes by such eligible investor or purchaser under applicable legal investment or similar laws or regulations.

This Offering Memorandum contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents themselves for complete information. All such summaries are qualified in their entirety by such reference. Copies of documents referred to in this Offering Memorandum will be made available to prospective participants in this offering at no cost upon request to us.

Each eligible investor must comply with all applicable laws and regulations in force in any jurisdiction in which it participates in this offering or possesses or distributes this Offering Memorandum and must obtain any consent, approval or permission required by it for participation in this offering under the laws and regulations in force in any jurisdiction to which it is subject, and neither we nor the Initial Purchaser nor any of our or its respective affiliates or representatives shall have any responsibility therefor.

Belgium. This offering is exclusively conducted under applicable private placement exemptions and therefore this Offering Memorandum has not been and will not be notified to, and any other offering material relating to this offering has not been, and will not be, approved by the Belgian Banking, Finance and Insurance Commission pursuant to the Belgian laws and regulations applicable to the public offering of securities. Accordingly, the Notes, this offering document as well as any other materials relating to the offering may not be advertised, offered or distributed in any other way, directly or indirectly, (i) to any other person located and/or resident in Belgium other than in circumstances which do not constitute an offer to the public in Belgium pursuant to the Belgian act of June 16, 2006 on the public offering of investment instruments and the admission of investment instruments to trading on a regulated market or pursuant to the Belgian act of 20 July 2004 on certain forms of collective management of investment portfolios or (ii) to any person qualifying as a consumer within the meaning of the Belgian act of April 6, 2010 on market practices and consumer protection, unless such sale is made in compliance with this act and its implementing regulation. This document has been issued to the intended recipient for personal use only and exclusively for the purpose of this offering. Therefore it may not be used for any other purpose, nor passed on to any other person in Belgium.

Canada. This Offering Memorandum constitutes an offering of the Notes only in those jurisdictions of Canada and to those persons where and to whom they may lawfully be offered. This Offering Memorandum is not, and under no circumstances is to be construed as, a prospectus, an advertisement or a public offering of the Notes in Canada. No securities commission or similar regulatory authority in Canada has reviewed or in any way passed upon this Offering Memorandum or the merits of the Notes and any representation to the contrary is an offence.

China. The Notes may not be offered or sold directly or indirectly to the public in the People's Republic of China (China) and neither this Offering Memorandum, which has not been submitted to the Chinese Securities and Regulatory Commission, nor any offering material or information contained herein relating to the Notes, may be supplied to the public in China or used in connection with any offer for the subscription or sale of Notes to the public in China. The Notes may only be offered or sold to

China-related organizations which are authorized to engage in foreign exchange business and offshore investment from outside of China. Such China-related investors may be subject to foreign exchange control approval and filing requirements under the relevant Chinese foreign exchange regulations. For the purpose of this paragraph, China does not include Taiwan and the special administrative regions of Hong Kong and Macau.

European Union. This Offering Memorandum has been prepared on the basis that any offer of the Notes in any Member State of the European Economic Area (“EEA”) which has implemented the Prospectus Directive (each, a “Relevant Member State”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer of the Notes in that Relevant Member State should only do so in circumstances in which no obligation arises for Issuer or the Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. The Issuer has not authorized, nor does it authorize, the making of any offer of the Notes (a) in circumstances in which an obligation arises for Issuer or the Initial Purchaser to publish or supplement a prospectus for such offer, or (b) through any financial intermediary, other than offers made by the Initial Purchaser, which constitute the final placement of the Notes contemplated in this Offering Memorandum.

In relation to each Relevant Member State, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “Relevant Implementation Date”) no offer may be made to the public of any Notes which are the subject of the offering contemplated by this Offering Memorandum in that Relevant Member State, except that an offer to the public of Notes may be made in that Relevant Member State with effect from and including the Relevant Implementation Date:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of the Initial Purchaser for any such offer; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require Issuer or Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this section, the expression an “offer to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of this offering and any Notes to be offered so as to enable an investor to decide to purchase or subscribe to any Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression “Prospectus Directive” means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

France. No prospectus (including any amendment, supplement or replacement thereto) has been prepared in connection with this offering that has been approved by *the Autorité des marchés financiers* or by the competent authority of another State that is a contracting party to the EEA and notified to the *Autorité des marchés financiers*; no Notes have been offered or sold nor will be offered or sold, directly or indirectly, to the public in France; the prospectus or any other offering material relating to the Notes have not been distributed or caused to be distributed and will not be distributed or caused to be distributed to the public in France; the offers, sales and distributions have been and shall only be made in France to persons licensed to provide the investment service of portfolio management for the account of third parties, qualified investors (*investisseurs qualifiés*) and/or a restricted circle of investors (*cercle restreint d'investisseurs*), in each case investing for their own account, all as defined in Articles L. 411-2, D. 411-1, D. 411-2, D. 411-4, D. 734-1, D. 744-1, D. 754-1 and D. 764-1 of the *Code monétaire et financier*. The direct or indirect distribution to the public in France of any so acquired Notes may be made only as provided by Articles L. 411-1, L. 411-2, L. 412-1 and L. 621-8 to L. 621-8-3 of the *Code monétaire et financier* and applicable regulations thereunder.

Eligible investors are informed that:

- (i) this Offering Memorandum has not been submitted for clearance to the French Financial Market Authority (*Autorite des Marches Financiers*);
- (ii) in compliance with Decree no 98-880 dated October 1, 1998, any investors subscribing for the Notes should be acting for their own account; and
- (iii) the direct and indirect distribution or sale to the public of the Notes acquired by them may only be made in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French *Code Monetair et Financier*.

Germany. In the Federal Republic of Germany, the Notes will only be available to, and this Offering Memorandum and any other offering material in relation to the Notes is directed only at, persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2 No. 6 of the Securities Prospectus Act (*Wertpapierprospektgesetz—WpPG*). Any offer, sale or resale of the Notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws. The Issuer has not, and does not intend to, file a securities prospectus with the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht—BaFin*) or obtain a notification to BaFin from another competent authority of a Member State of the European Economic Area, with which a securities prospectus may have been filed, pursuant to Section 17 Para. 3 of the German Securities Prospectus Act (*Wertpapierprospektgesetz—WpPG*).

Hong Kong. The Notes may not be offered or sold, or offered or directed for sale from outside Hong Kong to any person in Hong Kong, by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Israel. THIS DOCUMENT DOES NOT CONSTITUTE A PROSPECTUS APPROVED BY THE ISRAELI SECURITIES AUTHORITY. THE NOTES OFFERED HEREUNDER ARE BEING OFFERED IN ISRAEL SOLELY TO INVESTORS INCLUDED IN THE CATEGORIES LISTED IN THE ANNEX TO ISRAELI SECURITIES LAW, 1968, AND TO A LIMITED NUMBER OF OTHER INVESTORS, IN ALL UNDER CIRCUMSTANCES THAT DO NOT CONSTITUTE AN “OFFERING TO THE PUBLIC” UNDER SECTION 15 OF THE ISRAELI SECURITIES LAW.

NOTHING CONTAINED IN THIS DOCUMENT SHOULD BE CONSIDERED AS THE PROVISION OF INVESTMENT ADVICE AS DEFINED IN THE INVESTMENT CONSULTING, INVESTMENTS MARKETING AND PORTFOLIO MANAGEMENT LAW – 1995.

Italy. Neither the offering of the Notes made by this Offering Memorandum nor any of the information contained herein constitutes an offer or an invitation to offer or sell or a promotional message of any form to any person (natural or legal) resident in the Republic of Italy to purchase or acquire the Notes, within the meaning of Articles 1, paragraph 1, letter (v) and 101-bis et seq. of Legislative Decree No. 58 of February 24, 1998, as amended. The offering of the Notes is not being made and will not be made, directly or indirectly, in or into the Republic of Italy, whether by mail or by any means or other instrument (including, without limitation, telephonically or electronically) or any facility of a national securities exchange available in the Republic of Italy.

Accordingly, copies of this Offering Memorandum, and any offer to purchase or any related documents, should not be mailed or otherwise forwarded, distributed or sent in, into or from the Republic of Italy and persons receiving such documents must not forward, distribute or send them in or into or from the Republic of Italy. Therefore, investors are hereby notified that, to the extent such investors are Italian residents or are located in the Republic of Italy, the offering of the Notes is not available to them. Any person who may have a legal or contractual obligation to forward this Offering Memorandum, and any offer to purchase or any related documents, in the Republic of Italy should read this Offering Memorandum before doing so. No prospectus will be lodged with, or registered by the Commissione Nazionale per le Società e la Borsa (CONSOB, the Italian securities regulator) in respect of this offering of the Notes. Accordingly, neither the Offering Memorandum, nor any offer to purchase or any related documents, nor any other material relating to this offering of the Notes may be distributed or made available in the Republic of Italy.

Japan. The Notes have not been and will not be registered under the Financial Instruments and Exchange Law, as amended (the FIEL). The Initial Purchaser has represented and agreed that the Notes which it purchases will be purchased by it as principal and that, in connection with this offering, it will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or entity organized under the laws of Japan) or to others for reoffer or resale, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements under the FIEL and otherwise in compliance with such law and any other applicable laws, regulations and ministerial guidelines of Japan.

Qatar. This offering of Notes does not constitute a public offer of Notes in the State of Qatar under Law No. 5 of 2002 (the Commercial Companies Law). The Notes are only being offered to a limited number of investors who are willing and able to conduct an independent investigation of the risks involved in an investment in such Notes, or have sufficient knowledge of the risks involved in an investment in such Notes or are benefiting from preferential terms under a directed share program for directors, officers and employees. No transaction will be concluded in the jurisdiction of the State of Qatar.

Singapore. This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than pursuant to, and in accordance with, the conditions of an exemption under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

South Korea. The Notes have not been and will not be registered with the Financial Services Commission of Korea for public offering in Korea under the Financial Investment Services and Capital Markets Act, or the FSCMA. The Notes may not be offered, sold or delivered, or offered or sold for re-offering or resale, directly or indirectly, in Korea or to any Korean resident (as such term is defined in the Foreign Exchange Transaction Law of Korea, or FETL) other than the Accredited Investors (as such term is defined in Article 11 of the Presidential Decree of the FSCMA), for a period of one year from the date of issuance of the Notes, except pursuant to the applicable laws and regulations of Korea, including the FSCMA and the FETL and the decrees and regulations thereunder. The Notes may not be resold to Korean residents unless the purchaser of the Notes complies with all applicable regulatory requirements (including but not limited to government reporting requirements under the FETL and its subordinate decrees and regulations) in connection with the purchase of the Notes.

Switzerland. The Notes may not and will not be publicly offered distributed or re-distributed on a professional basis in or from Switzerland and neither this Offering Memorandum nor any other solicitation for investments in the Notes may be communicated or distributed in Switzerland in any way that could constitute a public offering within the meaning of Articles 1156 or 652a of the Swiss Code of Obligations or of Article 2 of the Federal Act on Investment Funds of March 18, 1994. This Offering Memorandum may not be copied, reproduced, distributed or passed on to others without the prior written consent of the Initial Purchaser. This Offering Memorandum is not a prospectus within the meaning of Articles 1156 and 652a of the Swiss Code of Obligations or a listing prospectus according to article 32 of the Listing Rules of the Swiss exchange and may not comply with the information standards required thereunder. We will not apply for a listing of our Notes on any Swiss stock exchange or other Swiss regulated market and this Offering Memorandum may not comply with the information required under the relevant listing rules. The Notes have not and will not be registered with the Swiss Federal Banking Commission and have not and will not be authorized under the Federal Act on Investment Funds of March 18, 1994. The investor protection afforded to acquirers of investment fund certificates by the Federal Act on Investment Funds of March 18, 1994 does not extend to acquirers of the Notes.

United Kingdom. This Offering Memorandum is for distribution only to persons who (i) are outside the United Kingdom, (ii) are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Financial Promotion Order”), (iii) are high net worth entities or other persons to whom it may lawfully be communicated falling within Article 49(2)(a) to (e) of the Financial Promotion Order, or (iv) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as “relevant persons”). This Offering Memorandum must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

GENERAL INFORMATION

As used in this Offering Memorandum, “us,” “we,” “our,” the “Issuer” or “HSBC Finance” refers to HSBC Finance Corporation, excluding its subsidiaries and affiliates unless the context otherwise requires or unless otherwise specified.

The distribution of this Offering Memorandum and this offering may, in certain jurisdictions, be restricted by law, and this Offering Memorandum may not be used for the purpose of, or in connection with, any offer or solicitation by anyone in any jurisdiction in which the offer or solicitation is not authorized or to any person to whom it is unlawful to make the offer or solicitation. This Offering Memorandum does not constitute an offer of, or an invitation to offer, any Notes in any jurisdiction in which the offer or invitation would be unlawful. The Issuer and the Initial Purchaser require eligible investors into whose possession this Offering Memorandum comes to inform themselves of and observe all such restrictions. Neither the Issuer nor the Initial Purchaser accept any legal responsibility for any violation by any person, whether or not a prospective subscriber to or purchaser of Notes, of any such restrictions. For a more detailed description of certain transfer restrictions in connection with the Notes, see “Transfer Restrictions.”

SEC REVIEW

We are making this offering in reliance on an exemption from registration under the Securities Act for offers and sales of securities that do not involve a public offering. After completion of this offering, we will be required to file an exchange offer registration statement with the SEC with respect to an offer to exchange the Notes and, in certain circumstances, to file a shelf registration statement with respect to resales of the Notes (see “Registration Rights”). In the course of the SEC review of any such registration statement, we may be required to make changes to the description of our business and other information and financial data included or incorporated by reference in this Offering Memorandum. As a result, comments by the SEC on our financial data and other information included or incorporated by reference in such registration statement may result in modification or reformulation of the data included or incorporated by reference in this Offering Memorandum. Any such modification or formulation may be significant.

AVAILABLE INFORMATION

The Issuer files annual, quarterly and special reports and other information with the SEC. You may read and copy any document we file at the SEC’s public reference room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on their public reference room. The Issuer’s SEC filings are also available to the public at the SEC’s web site at <http://www.sec.gov>.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows the Issuer to “incorporate by reference” into this Offering Memorandum the information it files. This means that the Issuer can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this Offering Memorandum, and later information that the Issuer files with the SEC will automatically update and supersede this information. The Issuer incorporates by reference the documents listed below and any future filings made with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act until this offering is completed:

- the Annual Report on Form 10-K for the fiscal year ended December 31, 2009;

- the Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2010, June 30, 2010 and September 30, 2010; and
- Current Reports on Form 8-K filed May 17, 2010, September 3, 2010, October 28, 2010, November 10, 2010, November 15, 2010 and November 30, 2010.

You may request a copy of these filings at no cost, by writing to or telephoning the Issuer at the following address:

HSBC Finance Corporation
26525 North Riverwoods Boulevard
Mettawa, Illinois 60045
Attention: Corporate Secretary

None of the Issuer, the Initial Purchaser, nor any of our or their respective affiliates or representatives have authorized anyone else to provide you with different information. The Issuer is not making an offer of these securities in any state or other jurisdiction where this offering is not permitted. You should not assume that the information in this Offering Memorandum or any information incorporated by reference herein is accurate as of any date other than the date on the front cover of this Offering Memorandum only or as of the date of the documents incorporated by reference herein.

USE OF PROCEEDS

HSBC Finance will apply the net proceeds (estimated to be approximately \$966,390,000) plus the payment of accrued interest of \$1,854,444 from the sale of the Notes to its general funds to be used in its financial services business, including the funding of investments in, or extensions of credit to, affiliates of HSBC Finance and acquisitions. Pending such applications, the net proceeds will be used initially to reduce outstanding commercial paper of HSBC Finance. The proceeds of such commercial paper are used in connection with HSBC Finance's financial services business.

HSBC Finance will not receive any proceeds from the sale of outstanding Notes previously acquired by HSBC Securities (USA) Inc. and sold in the offering. See "Plan of Distribution" herein.

SUBMISSION TO JURISDICTION

The Issuer has expressly submitted to the jurisdiction of the U.S. federal courts sitting in the Borough of Manhattan, The City of New York for the purpose of any suit, action or procedure to enforce the Notes.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum, including documents incorporated by reference, may contain certain statements that may be forward-looking in nature within the meaning of the Private Securities Litigation Reform Act of 1995. In addition, the Issuer may make or approve certain statements in future filings with the SEC, in press releases, or oral or written presentations by representatives of Issuer that are not statements of historical fact and may also constitute forward-looking statements. Words such as "may," "will," "should," "would," "could," "appears," "believe," "intends," "expects," "estimates," "targeted," "plans," "anticipates," "goal" and similar expressions are intended to identify forward-looking statements

but should not be considered as the only means through which these statements may be made. These matters or statements will relate to the Issuer's future financial condition, economic forecast, results of operations, plans, objectives, performance or business developments and will involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from that which was expressed or implied by such forward-looking statements. Forward-looking statements are based on our current views and assumptions and speak only as of the date they are made.

In addition, you should consider the risks described in "Risk Factors" in this Offering Memorandum, the information under Item 1A ("Risk Factors") and Item 7A ("Quantitative and Qualitative Disclosures About Market Risk") in the Issuer's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and the information under Item 2 ("Management's Discussion and Analysis of Financial Conditions and Results of Operations—Risk Management") and Item 3 ("Quantitative and Qualitative Disclosures About Market Risk") in the Issuer's Quarterly Reports on Form 10-Q for the fiscal quarters ended March 31, 2010, June 30, 2010 and September 30, 2010, which could also cause actual results to differ from forward-looking information. In light of these and other uncertainties, the forward-looking statements included in this document should not be regarded as a representation by us that any of our plans and objectives will be achieved.

Neither the Issuer nor the Initial Purchaser nor any of our or their respective affiliates or representatives undertakes any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

SUMMARY

This summary highlights key information described in greater detail elsewhere in this Offering Memorandum, including the documents incorporated by reference. You should read carefully the entire Offering Memorandum and the documents incorporated by reference before making an investment decision in relation to the offer and an investment in the Notes.

Recent Developments

On October 28, 2010 HSBC Finance commenced private offers to exchange certain outstanding debt securities for, in each case, its senior subordinated notes due January 2021 (each, an “Exchange Offer” and together the “Exchange Offers”). The Exchange Offers were conducted pursuant to Rule 144A and Regulation S of the Securities Act.

On December 3, 2010, the Company delivered an aggregate principal amount of \$1,938,669,000 of its 6.676% Senior Subordinated Notes due January 15, 2021 (the “New Notes”), for the following: 5.5% Senior Notes due January 19, 2016 (the “5.5% Notes”); 5% Senior Notes due June 30, 2015 (the “5% Notes”); 5.25% Senior Notes due January 15, 2014; (the “5.25% Notes due January 15, 2014”); 5.25% Senior Notes due April 15, 2015 (the “5.25% Notes due April 15, 2015”); 7.625% Senior Notes due May 17, 2032 (the “7.625% Notes”) and 7.35% Senior Notes due November 27, 2032 (the “7.35% Notes”) (collectively, the “Old Notes”) pursuant to and subject to the terms of the Exchange Offers, plus accrued and unpaid interest on such Old Notes and cash in lieu of fractional portions of New Notes.

The Notes offered hereby are part of the same series of the New Notes issued with respect to the Exchange Offers described above.

HSBC Finance Corporation

HSBC Finance’s subsidiaries provide lending products to middle-market consumers in the United States and HSBC Finance is the principal fund raising vehicle for the operations of its subsidiaries. HSBC Finance traces its origin to 1878 and operated as a consumer finance company under the name Household Finance Corporation for most of its history. On March 28, 2003, HSBC Finance, formerly known as Household International, Inc., was acquired by a wholly owned subsidiary of HSBC Holdings plc (“HSBC Holdings”). The address of HSBC Finance’s principal executive office is 26525 North Riverwoods Boulevard, Mettawa, Illinois 60045 (telephone 224-544-2000).

HSBC Finance is an indirect subsidiary of HSBC North America Holdings Inc. (“HSBC North America”), a bank holding company and an indirect wholly owned subsidiary of HSBC Holdings. HSBC Holdings, headquartered in London, England, is one of the largest banking and financial services organizations in the world. HSBC Holdings’ ordinary shares are admitted to trading on the London Stock Exchange and are listed on The Stock Exchange of Hong Kong, Euronext Paris and the Bermuda Stock Exchange, and its American depository shares are listed on the New York Stock Exchange.

Summary of the Notes

The summary below describes the principal terms of the Notes. For a more complete understanding of the terms of the Notes and the indenture governing the Notes, you should read the section entitled “Description of the Notes.”

Issuer HSBC Finance Corporation

Securities Senior Subordinated Notes due January 2021 (the “Notes”)

The Notes to be issued pursuant to this offering will be part of the same series as issued by the Issuer with respect to the Exchange Offers, which settled on December 3, 2010. An aggregate principal amount of \$1,938,669,000 of Notes was issued with respect to the Exchange Offers. The Notes will be issued under the same indenture, will have the same CUSIP number and will be fungible for trading purposes.

Maturity The Notes mature on January 15, 2021.

Interest Rate A fixed rate of 6.676%.

Interest Payment Dates Interest on the Notes will be payable semi-annually on January 15 and July 15 beginning on July 15, 2011. Interest on the Notes will accrue from December 3, 2010.

Ranking The Notes will be the Issuer’s senior subordinated unsecured indebtedness and will rank

- junior in right of payment to all of the Issuer’s existing and future senior indebtedness, which, for purposes of the indenture under which the Notes will be issued, includes indebtedness for borrowed money and all other creditors;
- equally in right of payment with any of the Issuer’s existing and future senior subordinated indebtedness;
- senior in right of payment to any of the Issuer’s existing and future indebtedness that is expressly subordinated in right of payment to the Notes; and
- structurally subordinated to all of the existing and future indebtedness and other liabilities of the Issuer’s subsidiaries.

As of September 30, 2010, the Notes would have been subordinated to approximately \$71 billion of senior indebtedness outstanding, which includes \$58 billion of long-term debt (including \$4.4 billion of secured financings), \$3.1 billion of commercial paper, \$8.3 billion of debt owed to affiliates, and \$1.7 billion of other liabilities (including \$5 million of trade accounts payable and \$103 million of

other payables). The Notes would be structurally subordinated to the \$4.4 billion of secured financings (which is included in the \$58 billion of long-term debt referred to in the prior sentence) of the Issuer's subsidiaries outstanding as of September 30, 2010.

In November 2005, HSBC Finance issued junior subordinated debt due November 30, 2035 and delivered a related guarantee, both in conjunction with the issuance of trust preferred securities by HSBC Finance Capital Trust IX (the "Trust Preferred Junior Subordinated Indebtedness"). As of September 30, 2010, \$1.031 billion of Trust Preferred Junior Subordinated Indebtedness was outstanding. Due to an inconsistency between the terms of the indenture by which the Trust Preferred Junior Subordinated Indebtedness was issued in November 2005 and the terms of the indenture pursuant to which the Notes will be issued, it is unclear whether, in the event of a bankruptcy, a court of competent jurisdiction would determine the rights of the Notes to be in parity with or junior to the rights of the Trust Preferred Junior Subordinated Indebtedness. See "Risk Factors – Risks Related to the Notes – A bankruptcy court considering the subordination provisions of the Notes and the Trust Preferred Junior Subordinated Notes might conclude that holders of Trust Preferred Junior Subordinated Notes are entitled to receive a recovery prior to the payment in full of the Notes" and "Description of the Notes – Subordination."

Optional Redemption	The Notes are not subject to optional redemption by the Issuer prior to maturity.
Tax Redemption	Upon the occurrence of certain events relating to taxation, as a result of which the Issuer becomes obligated to pay additional amounts on the Notes, the Issuer may redeem the outstanding Notes in whole (but not in part), at any time, at a price equal to 100% of their principal amount plus accrued interest to, but excluding, the redemption date.
Registration Rights; Registered Exchange Offer	The Issuer will enter into a registration rights agreement pursuant to which it will agree to file an exchange offer registration statement with the SEC to allow holders to exchange their Notes for an equal principal amount of notes with substantially identical terms, except such notes will generally be freely transferrable under the Securities Act. In addition, the Issuer will agree, under certain circumstances, to file with the SEC a shelf registration statement to cover resales of the Notes. If the Issuer fails to satisfy these obligations, it will be required to pay additional interest to the holders of the Notes. See "Registration Rights."
Events of Default	The only events of default under the indenture pursuant to which the Notes will be issued are certain events of bankruptcy or insolvency. Failure to pay principal of, or premium or interest on, the Notes or the failure of the Issuer to perform any of its other obligations under the Notes or the indenture do not constitute events of default under

the indenture.

Further Issuances	The Issuer may, from time to time without the consent of holders of the Notes, issue additional notes on the same terms and conditions as the Notes which additional notes will increase the aggregate principal amount of, and will be consolidated and form a single series with, the Notes offered hereby.
Form and Denomination	The Notes will be issued in minimum denominations of \$1,000 and in integral multiples of \$1,000 in excess thereof.
Transfer Restrictions	The Notes are only being offered, and will only be issued, to eligible investors. The Notes may not be offered or resold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. For a description of restrictions on the resale or transfer of the Notes, see “Transfer Restrictions.”
Listing	The Issuer does not intend to apply for listing of the Notes on any securities exchange or for quotation of the Notes on any automated dealer quotation system.
Trustee	The Bank of New York Mellon Trust Company, N.A.
Governing Law	State of Illinois
Risk Factors	Before making an investment decision in relation to this offering, eligible investors should consider carefully all of the information included or incorporated by referenced in this Offering Memorandum, including, in particular, the information under “Risk Factors” in this Offering Memorandum and the information under “Risk Factors” in the Issuer’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009.
Use of Proceeds	We will use the net proceeds from this offering for general corporate purposes. We will not receive any proceeds from the sale of outstanding Notes previously acquired by HSBC Securities (USA) Inc. and sold in the offering. See “Use of Proceeds” and “Plan of Distribution” herein.

RISK FACTORS

Participation in this offering and an investment in the Notes involves certain risks. You should carefully consider the risks described below and those described in the Issuer's Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and in the Issuer's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010, as well as the other information included or incorporated by reference in this Offering Memorandum. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The value of the Notes could decline due to any of these risks, and you may lose all or part of your investment. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

Risks Related to the Notes

Investing in the Notes involves risk. Prospective investors should consult their own financial and legal advisors about risks associated with an investment in the Notes and the suitability of investing in the Notes in light of their particular circumstances. Prospective investors in the Notes should understand the risks of investing in the Notes and should reach their own investment decision, only after careful consideration, with their advisors, of the suitability of the Notes in light of their particular financial circumstances, the following risk factors, the other risks described in this "Risk Factors" section and in the documents incorporated by reference in this Offering Memorandum.

Our obligations under the Notes will be unsecured and subordinated.

Our obligations under the Notes will be unsecured and subordinated to all of our existing and future unsubordinated obligations. As of September 30, 2010, the Notes would have been subordinated to approximately \$71 billion of senior indebtedness outstanding, which includes \$58 billion of long-term debt (including \$4.4 billion of secured financings), \$3.1 billion of commercial paper, \$8.3 billion of debt owed to affiliates, and \$1.7 billion of other liabilities (including \$5 million of trade accounts payable and \$103 million of other payables). We may be permitted to incur substantial other indebtedness, including additional senior debt, in the future. The indenture relating to the Notes does not limit our ability to issue or incur additional debt. \$1,938,669,000 in principal amount of Notes were issued in connection with the Exchange Offers.

A bankruptcy court considering the subordination provisions of the Notes and the Trust Preferred Junior Subordinated Notes might conclude that holders of Trust Preferred Junior Subordinated Notes are entitled to receive a recovery prior to the payment in full of the Notes.

The Notes are expressly subordinate and junior in right of payment to all indebtedness for borrowed money of HSBC Finance and any other creditors (including trade accounts payable creditors), whenever outstanding, except for such indebtedness which by its terms is on parity with or subordinate and junior to the Notes. The indenture under which the Notes will be issued expressly provides that the Notes are senior to junior subordinated indebtedness, which includes the Junior Subordinated Deferrable Interest Notes due November 30, 2035 issued to HSBC Capital Trust IX in the principal amount of \$1,031,000,000 (the "Trust Preferred Junior Subordinated Notes"). The indenture for the Trust Preferred Junior Subordinated Notes provides that "senior indebtedness" includes indebtedness for borrowed money and all obligations issued or assumed as the deferred purchase price of property (but excluding trade accounts payable arising in the ordinary course of business). In a bankruptcy of HSBC Finance, the amounts that would otherwise be received by the holders of the Notes would be applied first to the satisfaction of the "senior indebtedness" (including any portion thereof consisting of trade accounts payable). As a result, the holders of the Notes would be subrogated to the rights of the holders of "senior

indebtedness” (including trade accounts payable creditors) to the extent those creditors received proceeds in the bankruptcy or plan of reorganization that would have otherwise gone to the holders of Notes but for the subordination provisions with respect to the Notes. To the extent subrogation claims of the holders of the Notes relate to claims for trade accounts payable or any other creditor claims which are not deemed to be “senior indebtedness” under the indenture for the Trust Preferred Junior Subordinated Notes these subrogation claims would rank pari passu with the Trust Preferred Junior Subordinated Notes. There is a risk that a bankruptcy court in a bankruptcy of HSBC Finance, in the exercise of its equitable discretion based on the facts and circumstances presented to it, could apply different priorities among the Notes, the trade payables and the Trust Preferred Junior Subordinated Notes on the basis that the subordination of the Notes to trade accounts payable, a category of indebtedness to which the Trust Preferred Junior Subordinated Notes, by their express terms, are not subordinated, necessitates a reformation of the subordination terms of the Notes and the Trust Preferred Junior Subordinated Notes, resulting in the Trust Preferred Junior Subordinated Notes receiving a recovery related to the trade accounts payable prior to the payment in full of the Notes. As of September 30, 2010, the trade accounts payable owed by HSBC Finance were \$5 million and other payables were \$103 million.

The Notes will be structurally subordinated to debt of our subsidiaries, which will not guarantee the Notes.

Because we are a holding company, our rights and the rights of our creditors, including the holders of the Notes, to participate in the assets of any subsidiary during its liquidation or reorganization will be subject to the prior claims of the subsidiary’s creditors unless we are ourselves a creditor with recognized claims against the subsidiary. The Notes are not obligations of, nor guaranteed by, our subsidiaries and our subsidiaries have no obligation to pay any amounts due on the Notes. The indenture relating to the Notes does not limit the ability of our subsidiaries to issue or incur additional debt. The Notes are our obligations but our assets consist primarily of equity in our subsidiaries and, as result, our ability to make payments on the Notes depends on our receipt of dividends, loan payments and other funds from our subsidiaries. The Notes would be structurally subordinated to the \$4.4 billion of secured financings of the Issuer’s subsidiaries outstanding as of September 30, 2010.

Holders of the Notes will have limited rights if there is an event of default.

Payment of principal on the Notes may be accelerated only in the event of certain events of bankruptcy or insolvency involving us. There is no right of acceleration in the case of default in the payment of principal or interest on the Notes or in the performance of any of our other obligations under the Notes.

Our credit ratings and the credit ratings of the Notes may not reflect all risks of an investment in the Notes.

Our credit ratings are an assessment of our ability to pay our obligations as they become due. Consequently, real or anticipated changes in our credit ratings will generally affect the market value of the Notes. Our credit ratings, however, may not reflect the potential risks related to the market or other factors on the value of the Notes. Furthermore, because your return on the Notes depends upon factors in addition to our ability to pay our obligations, an improvement in our credit ratings will not reduce the other investment risks related to the Notes. In addition, one or more independent credit rating agencies may assign credit ratings to the Notes. Any such ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed in this Offering Memorandum and the documents incorporated by reference herein, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

There may not be any trading market for the Notes.

We cannot assure you that a trading market will develop for the Notes. We do not intend to apply for listing of the Notes on a national securities exchange. The Initial Purchaser has advised us that it presently intends to make a market in the Notes after completion of this offering. However, it is under no obligation to do so and may discontinue any market-making activities at any time without notice. In addition, market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act and may be limited during the registered exchange offer or the pendency of any shelf registration statement, in each case, as required pursuant to the registration rights agreement. Because the Initial Purchaser is an affiliate of ours, the ability of the Initial Purchaser to make a market in the Notes will be subject to the availability of a current “market making” prospectus and applicable law. For as long as a market making prospectus is required, the ability of the Initial Purchaser to make a market in the Notes may, in part, be dependent on our ability to maintain a current market making prospectus for its use. If we are unable to maintain a current market making prospectus, the Initial Purchaser may be required to discontinue its market making activities without notice. Therefore, we cannot assure you that an active secondary market for the Notes will develop and, even if one does, it may not be liquid and may not continue for the term of the Notes. If the secondary market for the Notes is limited, there may be few buyers if you choose to sell your Notes prior to maturity and this may reduce the price you receive.

Under the registration rights agreement applicable to the Notes, we will be required, on or before 315 days after December 3, 2010 to complete a registered exchange offer with respect to the Notes or, if required, cause a shelf registration statement to become effective. We cannot assure you that the Notes will be freely tradable without a restrictive legend after this offering or that we will be successful in having any such shelf registration statement declared effective by the SEC.

Upon the occurrence of certain events relating to taxation, as a result of which the Issuer becomes obligated to pay additional amounts on the Notes, the Issuer may at its option redeem the outstanding Notes in whole.

Upon the occurrence of certain events relating to taxation, as a result of which the Issuer becomes obligated to pay additional amounts on the Notes, the Issuer may redeem the outstanding Notes in whole (but not in part), at any time, at a price equal to 100% of their principal amount plus accrued interest to, but excluding, the redemption date. See “Description of the Notes— Payment of Additional Amounts” and “—Redemption for Tax Reasons”

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Memorandum;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes;
- understand thoroughly the terms of the Notes; and

- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The ability of holders to transfer the Notes will be limited.

The Notes issued in this offer have not been registered under the Securities Act and may not be offered or sold except pursuant to an exemption from the registration requirements of the Securities Act and applicable U.S. state securities laws or pursuant to an effective registration statement. See “Registration Rights” and “Transfer Restrictions.”

The value of your investment in the Notes may be subject to exchange rate fluctuations.

The Issuer will pay principal and interest on the Notes in dollars. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “Investor’s Currency”) other than dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the dollar or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to the dollar would decrease (1) the investor’s currency equivalent yield on the Notes, (2) the investor’s currency equivalent value of the principal payable on the Notes and (3) the investor’s currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of your investment in the Notes may be subject to interest rate fluctuations and other economic and market factors.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes. The value of the Notes will also be affected by a number of economic and market factors that may either offset or magnify each other, including a variety of economic, financial, political, regulatory or judicial events.

Legal considerations may restrict certain investments.

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each eligible investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Risks Related to Our Business

For a discussion of risks relating to our business, see Item 1A (“Risk Factors”) and Item 7A (“Quantitative and Qualitative Disclosures About Market Risk”) in the Issuer’s Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and the Issuer’s other filings with the SEC that are incorporated into this Offering Memorandum by reference.

DESCRIPTION OF THE NOTES

General

The Notes will constitute senior subordinated unsecured debt of HSBC Finance (the “Senior Subordinated Notes”) and will be issued under an Indenture, dated as of December 17, 2008, as supplemented by a First Supplemental Indenture, dated as of December 3, 2010, between HSBC Finance and The Bank of New York Mellon Trust Company, N.A., as Trustee (as so supplemented, the “Indenture”). The following is a description of the terms of the Senior Subordinated Notes due January 15, 2021 (the “Notes”) offered hereby. The Notes and the Indenture are governed by, and shall be construed in accordance with, the laws of the State of Illinois, United States of America, applicable to agreements made and to be performed wholly within such jurisdiction.

The Notes to be issued pursuant to this offering will be part of the same series as the Notes offered with respect to the Exchange Offers that settled on December 3, 2010. The Notes will be issued under the Indenture, will have the same CUSIP number and will be fungible for trading purposes as the Notes issued with respect to the Exchange Offers and will accrue interest beginning on December 3, 2010. The Notes, the Exchange Offer notes and any notes subsequently issued as described under “—Further Issues” will be substantially identical other than issuance dates and offering price. The Notes, the Exchange Offer notes and any notes subsequently issued as described under “—Further Issues” will be treated as a single class for all purposes under the Indenture and will vote together as one class on all matters with respect to the notes of such series, including, without limitation, amendments and waivers.

The Notes are not subject to redemption by HSBC Finance prior to maturity unless certain events occur involving U.S. taxation. See “Redemption for Tax Reasons.”

The Notes will be issued in minimum denominations of \$1,000 and in integral multiples of \$1,000 in excess thereof. At maturity, the amount due and payable on the Notes will be equal to 100% of their principal amount outstanding, together with interest accrued but unpaid thereon to such maturity date.

The Notes will initially be issued in book-entry form. Definitive Notes will only be issued in the limited circumstances described under “Book-Entry Procedures.” Any Notes issued in definitive form will be issued only in fully registered form, without coupons, in denominations of \$1,000 and in integral multiples of \$1,000 in excess thereof, in the amount of each holder’s registered holdings. Any Notes so issued will be registered in such names, and in such denominations, as the Trustee shall request. Such Notes may be presented for registration of transfer or exchange at the office of the Trustee in New York, New York and principal thereof and interest thereon will be payable at such office of the Trustee, provided that interest thereon may be paid by check mailed to the registered holders of the Definitive Notes.

The Notes will be HSBC Finance’s unsecured senior subordinated obligations and will rank

- junior in right of payment to all of HSBC Finance’s existing and future senior indebtedness, which, for purposes of the Indenture under which the Notes will be issued, includes indebtedness for borrowed money and all other creditors;
- equally in right of payment with any of HSBC Finance’s existing and future senior subordinated indebtedness;
- senior in right of payment to any of HSBC Finance’s existing and future indebtedness that is expressly subordinated in right of payment to the Notes; and

- structurally subordinated to all of the liabilities of HSBC Finance’s subsidiaries,

As of September 30, 2010, the Notes would have been subordinated to approximately \$71 billion of senior indebtedness outstanding, which includes \$58 billion of long-term debt (including \$4.4 billion of secured financings), \$3.1 billion of commercial paper, \$8.3 billion of debt owed to affiliates, and \$1.7 billion of other liabilities (including \$5 million of trade accounts payable and \$103 million of other payables). The Notes would be structurally subordinated to the \$4.4 billion of secured financings (which is included in the \$58 billion of long-term debt referred to in the prior sentence) of the Issuer's subsidiaries outstanding as of September 30, 2010.

Interest

Interest on the Notes will accrue from and including December 3, 2010 at a fixed rate per annum equal to 6.676% and will be payable semi-annually on each January 15, and July 15, beginning July 15, 2011 to the persons in whose names the Notes are registered on the preceding January 1 or July 1, respectively, except that interest payable at maturity shall be paid to the same persons to whom principal of the Notes is payable. In the event any principal of or interest on the Notes is due on a day other than a Business Day (as defined below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due, and no interest will accrue on the amount so payable for the period from and after the date such principal or interest is due, as the case may be. “Business Day” with respect to any place of payment means each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which banking institutions in such place of payment are authorized or obligated by law or executive order to close. The amount of interest payable for any period will be computed on the basis of a 360-day year of twelve 30 day months.

Subordination

The Notes are subordinate and junior in right of payment to all indebtedness for borrowed money of HSBC Finance and any other creditors, whenever outstanding, except for such indebtedness which by its terms is on parity with or subordinate and junior to Notes. The indebtedness of HSBC Finance to which the Notes are subordinate and junior being hereinafter called “senior indebtedness.” HSBC Finance is not directly limited in its ability to issue additional senior indebtedness.

In November 2005, HSBC Finance issued junior subordinated debt due November 30, 2035 and delivered a related guarantee, both in conjunction with the issuance of trust preferred securities by HSBC Finance Capital Trust IX (the “Trust Preferred Junior Subordinated Indebtedness”). As of September 30, 2010, \$1.031 billion of Trust Preferred Junior Subordinated Indebtedness was outstanding. Due to an inconsistency between the terms of the indenture by which the Trust Preferred Junior Subordinated Indebtedness was issued in November 2005 and the terms of the Indenture pursuant to which the Notes will be issued, it is unclear whether, in the event of a bankruptcy, a court of competent jurisdiction would determine the rights of the Senior Subordinated Notes to be in parity with or junior to the rights of the Trust Preferred Junior Subordinated Indebtedness. See “Risk Factors – Risks Related to the Notes – A bankruptcy court considering the subordination provisions of the Notes and the Trust Preferred Junior Subordinated Notes might conclude that holders of Trust Preferred Junior Subordinated Notes are entitled to receive a recovery prior to the payment in full of the Notes.”

In the event of any involuntary or voluntary event of insolvency, bankruptcy, receivership, conservatorship, reorganization, readjustment of debt, marshaling of assets and liabilities or similar proceedings or any liquidation, dissolution or winding-up of or relating to HSBC Finance as a whole, then the holders of senior indebtedness shall be entitled to receive payment in full of all principal and interest on all senior indebtedness before the holders of the Senior Subordinated Notes are entitled to receive any payment on account of principal or interest upon the Senior Subordinated Notes, and to that end (but

subject to the power of a court of competent jurisdiction to make other equitable provision reflecting the rights conferred in the Indenture upon the senior indebtedness and the holders thereof with respect to the subordinated indebtedness represented by the Senior Subordinated Notes and the holders thereof by a lawful plan of reorganization under applicable bankruptcy law) the holders of senior indebtedness shall be entitled to receive for application in payment thereof any payment or distribution of any kind or character, whether in cash or property or securities, which may be payable or deliverable in any such proceedings in respect of the Senior Subordinated Notes, except securities which are subordinate and junior in right of payment to the payment of all senior indebtedness then outstanding.

Holders of the Senior Subordinated Notes and the Trustee, by their acceptance of the Senior Subordinated Notes, will be deemed to have waived any right of set-off or counterclaim that they might otherwise have under the Indenture.

Concerning the Trustee

The Bank of New York Mellon Trust Company, N.A. is trustee under other indentures of HSBC Finance under which outstanding senior unsecured debt securities of HSBC Finance have been or may be issued. HSBC Finance maintains banking relationships with affiliates of The Bank of New York Mellon Trust Company, N.A. The Bank of New York Mellon Trust Company, N.A. or affiliates thereof may also have other financial relations with HSBC Finance and other corporations affiliated with HSBC Finance.

Satisfaction, Discharge, and Defeasance of the Indenture and Senior Subordinated Notes

If there is deposited irrevocably with the Trustee as trust funds for the benefit of the holders of Senior Subordinated Notes an amount, in money or the equivalent in securities of the United States or securities the principal of and interest on which is fully guaranteed by the United States, sufficient to pay the principal, premium, if any, and interest, if any, on the Senior Subordinated Notes on the dates such payments are due in accordance with the terms of the Senior Subordinated Notes through their maturity, and if HSBC Finance has paid or caused to be paid all other sums payable by it under the Indenture, then HSBC Finance will be deemed to have satisfied and discharged the entire indebtedness represented by the Senior Subordinated Notes and all of the obligations of HSBC Finance under the Indenture, except as otherwise provided in the Indenture. In the event of any such defeasance, holders of the Senior Subordinated Notes would be able to look only to such trust funds for payment of principal, premium, if any, and interest, if any, on their Senior Subordinated Notes.

For federal income tax purposes, any such defeasance may be treated as a taxable exchange of the Senior Subordinated Notes for an issue of obligations of the trust or a direct interest in the cash and securities held in the trust. In that case, holders of the Senior Subordinated Notes would recognize gain or loss as if the trust obligations or the cash or securities deposited, as the case may be, had actually been received by them in exchange for their Senior Subordinated Notes. Such holders thereafter would be required to include in income a share of the income, gain or loss of the trust. The amount so required to be included in income could be a different amount than would be includable in the absence of defeasance. Prospective investors are urged to consult their own tax advisors as to the specific consequences to them of defeasance.

Any defeasance requires the prior written consent of The Board of Governors of the Federal Reserve System (the "Federal Reserve") and the Financial Services Authority of the United Kingdom (the "FSA") (unless such approval is not required at the time established for defeasance).

Modification of the Indenture

The Indenture provides that the holders of not less than a majority in principal amount of each series of Senior Subordinated Notes at the time outstanding under the Indenture may enter into supplemental indentures for the purpose of amending, in any manner, provisions of the Indenture or of any supplemental indenture or modifying the rights of holders of such series of Senior Subordinated Notes. However, no such supplemental indenture, without the consent of the holder of each outstanding Senior Subordinated Debt Security affected thereby, shall, among other things, (i) change the maturity of the principal of, or any installment of interest on any Senior Subordinated Debt Security, or reduce the principal amount thereof or the interest thereon or any premium payable upon the redemption thereof, or (ii) reduce the aforesaid percentage of the Senior Subordinated Notes, the consent of the holders of which is required for the execution of any such supplemental indenture or for any waiver of compliance with any covenant or condition in the Indenture.

The Indenture may be amended or supplemented without the consent of any holder of Senior Subordinated Notes under certain circumstances, including (i) to cure any ambiguity, defect or inconsistency in the Indenture, any supplemental indenture, or in the Senior Subordinated Notes of any series; (ii) to evidence the succession of another corporation to HSBC Finance and to provide for the assumption of all the obligations of HSBC Finance under the Senior Subordinated Notes and the Indenture by such corporation; (iii) to provide for uncertificated Senior Subordinated Notes in addition to certificated Senior Subordinated Notes; (iv) to make any change that does not adversely affect the rights of holders of Senior Subordinated Notes issued thereunder; (v) to provide for a new series of Senior Subordinated Notes; or (vi) to add to rights of holders of Senior Subordinated Notes or add additional Events of Default.

Material variations in the terms and conditions of any series of the Notes, including modifications relating to subordination, redemption and events of default may require the consent of the FSA and the Federal Reserve Bank.

Successor Entity

HSBC Finance may not consolidate with or merge into, or transfer, sell or lease its properties and assets as, or substantially as, an entirety to another entity unless the successor entity is a corporation incorporated within the United States and, after giving effect thereto, no default under the Indenture shall have occurred and be continuing. Thereafter, except in the case of a lease, all obligations of HSBC Finance under the Indenture terminate.

Events of Default

The only events of default under the Indenture are certain events of bankruptcy or insolvency. Failure to pay principal of, or premium or interest on, the Notes or the failure of HSBC Finance to perform any of its other obligations under the Notes or the Indenture do not constitute events of default under the Indenture. HSBC Finance is required to file with each Trustee annually a certificate as to the absence of certain defaults under the Indenture.

If an Event of Default with respect to the Senior Subordinated Notes outstanding occurs and is continuing, either the Trustee or the holders of not less than 25% in principal amount of the Senior Subordinated Notes by notice as provided in the Indenture may declare the principal amount of all the Senior Subordinated Notes to be due and payable immediately. At any time after a declaration of acceleration with respect to Senior Subordinated Notes has been made, but before a judgment or decree for payment of money has been obtained by the Trustee, the holders of not less than a majority in

principal amount of outstanding Senior Subordinated Notes may, under certain circumstances, rescind or annul such declaration of acceleration.

The holders of not less than a majority in principal amount of the outstanding Senior Subordinated Notes may, on behalf of all holders of Senior Subordinated Notes, waive any past default under the Indenture and its consequences with respect to Senior Subordinated Notes, except a default in respect of a covenant or provision of the Indenture which cannot be modified or amended without the consent of the holder of each outstanding Senior Subordinated Debt Security of such series affected.

The Indenture provides that the Trustee may withhold notice to holders of Senior Subordinated Notes of any default, if it considers it in the interest of holders of Senior Subordinated Notes to do so.

Holders of Senior Subordinated Notes may not enforce the Indenture except as provided therein. The Indenture provides that the holders of a majority in principal amount of the outstanding debt securities issued under the Indenture have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee. The Trustee will not be required to comply with any request or direction of holders of Senior Subordinated Notes pursuant to the Indenture unless offered indemnity reasonably satisfactory to it against costs and liabilities which might be incurred by the Trustee as a result of such compliance.

Under the Indenture, upon non-payment of principal or 30 days after non-payment of interest, the Trustee on behalf of the holders of Senior Subordinated Notes or any holder may institute bankruptcy or other insolvency proceedings against HSBC Finance.

Listing

We cannot assure you that a trading market for the Notes will develop. HSBC Finance does not intend to apply for listing of the Notes on any securities exchange or for quotation of the Notes on any automated dealer quotation system.

Further Issues

HSBC Finance may from time to time, without notice to or the consent of the registered holders of the Notes, create and issue further notes ranking *pari passu* with the Notes and with identical terms in all respects (or in all respects except for the payment of interest accruing prior to the issue date of such further notes or except for the first payment of interest following the issue date of such further notes) in order that such further notes may be consolidated and form a single series with the Notes and have the same terms as to status, redemption or otherwise as the Notes.

Payment of Additional Amounts

HSBC Finance will, subject to the exceptions and limitations set forth below, pay as additional interest on the Notes, such additional amounts (“Additional Amounts”) as are necessary in order that the net payment by HSBC Finance or a paying agent of the principal of and interest on the Notes to a holder who is a non-United States person (as defined below), after deduction for any present or future tax, assessment or other governmental charge of the United States or a political subdivision or taxing authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount provided in the Notes to be then due and payable; *provided, however*, that the foregoing obligation to pay Additional Amounts shall not apply:

- (1) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the holder, or a fiduciary, settlor, beneficiary, partner,

member or shareholder of the holder if the holder is an estate, trust, partnership, limited liability company or corporation, or a person holding a power over an estate or trust administered by a fiduciary holder, being considered as:

- (a) being or having been present or engaged in a trade or business in the United States or having or having had a permanent establishment in the United States;
 - (b) having a current or former relationship with the United States, including a relationship as a citizen or resident thereof;
 - (c) being or having been a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States, a corporation that has accumulated earnings to avoid United States federal income tax or a private foundation or other tax-exempt organization;
 - (d) being or having been a “10-percent shareholder” of HSBC Finance as defined in section 871 (h)(3) of the United States Internal Revenue Code or any successor provision;
 - (e) being a bank receiving payments on an extension of credit made pursuant to a loan agreement entered into in the ordinary course of its trade or business; or
 - (f) having made an election the effect of which is to make the payment of principal of or interest on the Notes subject to United States federal income tax;
- (2) to any holder that is not the sole beneficial owner of the Notes, or a portion thereof, or that is a fiduciary, partnership or limited liability company, but only to the extent that a beneficiary or settlor with respect to the fiduciary or a beneficial owner or member of the partnership or limited liability company would not have been entitled to the payment of an additional amount had the beneficiary, settlor, beneficial owner or member received directly its beneficial or distributive share of the payment;
- (3) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of the failure of the holder or any other person to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the Holder or beneficial owner of such Notes, if compliance is required by statute, by regulation of the United States Treasury Department or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge;
- (4) to any tax, assessment or other governmental charge that is imposed otherwise than by withholding by HSBC Finance or a paying agent from the payment;
- (5) to any tax, assessment or other governmental charge that is imposed or withheld solely by reason of a change in law, regulation, or administrative or judicial

interpretation that becomes effective more than 15 days after the payment becomes due or is duly provided for, whichever occurs later;

- (6) to any estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or similar tax, assessment or other governmental charge;
- (7) to any tax, assessment or other governmental charge required to be withheld by any paying agent from any payment of principal of or interest on any Notes, if such payment can be made without such withholding by any other paying agent; or
- (8) in the case of any combination of the above.

The Notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable thereto. Except as specifically provided under this heading “Description of the Notes – Payment of Additional Amounts” and under the heading “Description of the Notes-Redemption for Tax Reasons,” HSBC Finance shall not be required to make any payment with respect to any tax, assessment or other governmental charge imposed by any government or a political subdivision or taxing authority thereof or therein.

As used herein under the headings “Description of the Notes – Payment of Additional Amounts” and “Description of the Notes – Redemption for Tax Reasons,” the term “United States” means the United States of America (including the States and the District of Columbia). “Non-United States person” means any person other than (i) a citizen or resident of the United States, (ii) a corporation or partnership (including an entity treated as a corporation or partnership for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia, or (iii) an estate or trust treated as a United States person under Section 7701 (a)(30) of the Internal Revenue Code of 1986, as amended.

Redemption for Tax Reasons

If, as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in, or amendments to, an official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of this Offering Memorandum, HSBC Finance becomes or, based upon a written opinion of independent counsel selected by HSBC Finance, will become obligated to pay Additional Amounts (as described herein under the heading “Description of the Notes-Payment of Additional Amounts”) with respect to the Notes offered hereby, then HSBC Finance may at its option redeem, as a whole, but not in part, the Notes on not less than 30 nor more than 60 days prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued but unpaid thereon to the date fixed for redemption.

European Union Savings Tax Directive

Under Council Directive 2003/48/EC regarding the taxation of savings income a Member State is required to provide to the tax authorities of another Member State details of payments of interest (and other similar income) paid by a person within the jurisdiction of the first Member State to an individual resident in that other Member State. However, for a transitional period Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of

non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland).

The European Commission has published proposals for amendments to Council Directive 2003/48/EC, which, if implemented, would amend and broaden the scope of the requirements above.

BOOK-ENTRY PROCEDURES

The Notes are being offered and issued to qualified institutional buyers in reliance on Rule 144A (“Rule 144A Notes”). Notes also may be offered and issued in offshore transactions in reliance on Regulation S (“Regulation S Notes”). Except as set forth below, Notes will be issued in registered, global form in minimum denominations of \$1,000 and integral multiples of \$1,000 in excess thereof.

Rule 144A Notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the “Rule 144A Global Notes”). Regulation S Notes initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the “Regulation S Global Notes” and, together with the Rule 144A Global Notes, the “Global Notes”). The Global Notes will be deposited upon issuance with the trustee as custodian for The Depository Trust Company (“DTC”), in New York, New York, and registered in the name of DTC or its nominee, in each case for credit to an account of a direct or indirect participant in DTC as described below. Through and including the 40th day after the later of the commencement of this offering and the settlement date for the issuance of Notes in this offering (such period through and including such 40th day, the “Restricted Period”), beneficial interests in the Regulation S Global Notes may be held only through Euroclear Bank, S.A./N.V as operator of the Euroclear System (“Euroclear”) and Clearstream Banking, S.A. (“Clearstream”) (as indirect participants in DTC), unless transferred to a person that takes delivery through a Rule 144A Global Note in accordance with the certification requirements described below. Beneficial interests in the Rule 144A Global Notes may not be exchanged for beneficial interests in the Regulation S Global Notes at any time except in the limited circumstances described below. See “— Exchanges Between Regulation S Notes and Rule 144A Notes.”

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may be exchanged for notes in certificated form. See “Exchange of Book-Entry Notes for Certificated Notes.”

Rule 144A Notes (including beneficial interests in the Rule 144A Global Notes) will be subject to certain restrictions on transfer and will bear a restrictive legend as described under “Transfer Restrictions.” Regulation S Notes will also bear the legend as described under “Transfer Restrictions.” In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants (including, if applicable, those of Euroclear and Clearstream), which may change from time to time.

Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. The Issuer takes no responsibility for these operations and procedures and urges investors to contact the system or their participants directly to discuss these matters.

DTC has advised the Issuer that DTC is a limited-purpose trust company created to hold securities for its participating organizations (collectively, the “Participants”) and to facilitate the clearance and settlement of transactions in those securities between Participants through electronic book-entry changes in accounts of its Participants. The Participants include securities brokers and dealers (including the Initial Purchaser), banks, trust companies, clearing corporations and certain other organizations. Access to DTC’s system is also available to other entities such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Participant, either directly or indirectly (collectively, the “Indirect Participants”). Persons who are not Participants may beneficially

own securities held by or on behalf of DTC only through the Participants or the Indirect Participants. The ownership interests in, and transfers of ownership interests in, each security held by or on behalf of DTC are recorded on the records of the Participants and Indirect Participants.

DTC has also advised the Company that, pursuant to procedures established by it:

- (1) upon deposit of the Global Notes, DTC will credit the accounts of Participants who are receiving Notes pursuant to this offering with portions of the principal amount of the Global Notes; and
- (2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Holders of the Rule 144A Global Notes who are Participants in DTC's system may hold their interests therein directly through DTC. Holders of the Rule 144A Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants in such system. Holders of the Regulation S Global Notes may hold their interests therein through Euroclear, Clearstream or DTC, if they are participants in such systems, or indirectly through organizations that are participants in such systems. However, upon issuance we intend to settle by delivering interests in the Regulation S Global Note solely through Euroclear or Clearstream. Euroclear and Clearstream will hold interests in the Regulation S Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories, which are Euroclear Bank, S.A./N.V., as operator of Euroclear, and Citibank, N.A., as operator of Clearstream. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems.

Except as described below, owners of interests in the Global Notes will not have Notes registered in their names, will not receive physical delivery of Notes in certificated form and will not be considered the registered owners or "Holders" thereof under the Indenture for any purpose.

Payments in respect of the principal of, and interest and premium and additional interest, if any, on a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the Indenture. Under the terms of the Indenture, the Issuer and the Trustee will treat the persons in whose names the Notes, including the Global Notes, are registered as the owners thereof for the purpose of receiving payments and for all other purposes. Consequently, neither the Issuer, the Trustee nor any agent of the Issuer or the Trustee has or will have any responsibility or liability for:

- (1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or
- (2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised the Issuer that its current practice, upon receipt of any payment in respect of securities such as the Notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of Notes will be governed by standing instructions and customary practices and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the Trustee or the Issuer. Neither the Issuer nor the Trustee will be liable for any delay by DTC or any of its Participants in identifying the beneficial owners of the Notes, and the Issuer and the Trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Subject to the transfer restrictions set forth under “Transfer Restrictions,” transfers between Participants in DTC will be effected in accordance with DTC’s procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Subject to compliance with the transfer restrictions applicable to the Notes described herein, cross-market transfers between the Participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC’s rules on behalf of Euroclear or Clearstream, as the case may be, by its respective depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depository to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount of the Notes as to which such Participant or Participants has or have given such direction.

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Rule 144A Global Notes and the Regulation S Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. Neither the Company nor the Trustee nor any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for definitive notes in registered certificated form (“Certificated Notes”) if DTC (a) notifies the Issuer that it is unwilling or unable to continue as depository for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act, and in each case the Company fails to appoint a successor depository.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the Trustee by or on behalf of DTC in accordance with the Indenture. In all

cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures) and will bear the applicable restrictive legend referred to in “Transfer Restrictions,” unless that legend is not required by applicable law.

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See “Transfer Restrictions.”

Exchanges Between Regulation S Notes and Rule 144A Notes

Prior to the expiration of the Restricted Period, beneficial interests in the Regulation S Global Note may be exchanged for beneficial interests in the Rule 144A Global Note only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that:

- (1) the transfer of Notes is being made in accordance with Rule 144A; and
- (2) the Notes are being transferred to a Person:
 - (a) who the transferor reasonably believes to be a qualified institutional buyer within the meaning of Rule 144A purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A; and
 - (b) in accordance with all applicable securities laws of the states of the United States.

Beneficial interests in a Rule 144A Global Note may be transferred to a Person who takes delivery in the form of an interest in the Regulation S Global Note, whether before or after the expiration of the Restricted Period, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or Rule 144 (if available). If such transfer occurs prior to the expiration of the Restricted Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream.

Transfers involving exchanges of beneficial interests between the Regulation S Global Notes and the Rule 144A Global Notes will be effected in DTC by means of an instruction originated by the Trustee through the DTC Deposit/Withdraw at Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the Regulation S Global Note and a corresponding increase in the principal amount of the Rule 144A Global Note or vice versa, as applicable. Any beneficial interest in one of the Global Notes that is transferred to a Person who takes delivery in the form of an interest in the other Global Note will, upon transfer, cease to be an interest in such Global Note and will become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interest in such other Global Note for so long as it remains such an interest. The policies and practices of DTC may prohibit transfers of beneficial interests in the Regulation S Global Note prior to the expiration of the Restricted Period.

Same Day Settlement and Payment

The Issuer will make payments in respect of the Notes represented by the Global Notes (including principal, premium, if any, interest and additional interest, if any) by wire transfer of immediately available funds to the accounts specified by the Global Note Holder. The Issuer will make all payments of principal, interest and premium and additional interest, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders thereof or, if no such account is specified, by mailing a check to each such holder's registered address. The Notes represented by the Global Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore, be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised the Company that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

REGISTRATION RIGHTS

The following description of the registration rights agreement is a summary only and is qualified in its entirety by reference to all the provisions of the registration rights agreement. A copy of the form of the registration rights agreement will be available upon request to us at our address set forth under “Incorporation of Certain Information by Reference.”

We will enter into a registration rights agreement (the “registration rights agreement”) with the Initial Purchaser on the settlement date (the “settlement date”) pursuant to which we will agree, for the benefit of the holders of the Notes, at our cost, to:

- file, not later than 180 days after December 3, 2010, a registration statement (the “exchange offer registration statement”) with respect to a registered offer (the “registered exchange offer”) to exchange the Notes for a new series of notes (the “exchange notes”) having terms identical in all material respects to the Notes being exchanged, except that the exchange notes will not contain transfer restrictions; and
- use our reasonable best efforts promptly to cause the exchange offer registration statement to become effective within 270 days of the settlement date.

The registration rights agreement will provide that, upon the effectiveness of the exchange offer registration statement, we will commence the registered exchange offer as soon as practicable thereafter (but in any event not later than 20 days after such effectiveness). We will agree to keep the registered exchange offer open for not less than 20 days, or longer if required by applicable law, after the date on which notice of the registered exchange offer is mailed to the holders of the Notes. Interest on each exchange note will accrue from the last interest payment date on which interest was paid on the Notes surrendered in exchange therefor or, if no interest has been paid on the Notes, from the date of their original issuance. The exchange notes will vote and consent together with the Notes of the series for which they are exchanged on all matters on which holders of such Notes or exchange notes are entitled to vote and consent.

Under existing interpretations of the staff of the SEC, the exchange notes would generally be freely tradable after the completion of the registered exchange offer without further compliance with the registration and prospectus delivery requirements of the Securities Act. However, any participant in this offering described in this Offering Memorandum who is an affiliate of ours or who intends to participate in the registered exchange offer for the purposes of distributing the exchange notes:

- will not be able to rely on the interpretations of the staff of the SEC;
- will not be entitled to participate in the registered exchange offer; and
- must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any sale or transfer of the Notes, unless that sale or transfer is made pursuant to an exemption from those requirements.

Each holder of Notes who wishes to exchange Notes for exchange notes pursuant to the registered exchange offer will be required to represent to us at the time of the consummation of the registered exchange offer that:

- it is not an affiliate of ours;

- the exchange notes to be received by it will be acquired in the ordinary course of its business; and
- it has no arrangement or understanding with any person to participate in the distribution, within the meaning of the Securities Act, of the exchange notes.

In addition, in connection with any resales of the exchange notes, any broker-dealer that acquired exchange notes for its own account as a result of market-making or other trading activities (“exchanging broker-dealers”) must deliver a prospectus meeting the requirements of the Securities Act. The SEC has taken the position that exchanging broker-dealers may fulfill their prospectus delivery requirements with respect to the exchange notes with the prospectus contained in the Exchange Offer Registration Statement. Under the registration rights agreement, we will be required to allow exchanging broker-dealers and other persons, if any, subject to similar prospectus delivery requirements, to use the prospectus contained in the exchange offer registration statement in connection with the resale of exchange notes.

If:

- due to a change in law or in applicable interpretations of the staff of the SEC, we determine upon the advice of our counsel that we are not permitted to effect the registered exchange offer;
- any holder of Notes notifies us that it is not eligible to participate in the Registered Exchange Offer; or
- for any other reason, the registered exchange offer is not completed within 315 days after December 3, 2010;

the registration rights agreement will provide that we will, at our cost:

- as promptly as practicable, but not more than 60 days after so required or requested pursuant to the registration rights agreement, file with the SEC a shelf registration statement (the “shelf registration statement”) covering resales of the Notes and thereafter use our reasonable best efforts to cause such the shelf registration statement to become effective under the Securities Act;
- use our reasonable best efforts to keep such shelf registration statement effective for a period of two years from December 3, 2010 or such shorter time that all Notes eligible to be sold under the shelf registration statement have been sold pursuant to the shelf registration statement.

For each relevant holder, we will agree to:

- provide copies of the prospectus that is part of the shelf registration statement;
- notify each such holder when the shelf registration statement has been filed and when it has become effective; and
- take certain other actions as are required to permit unrestricted resales of the Notes.

A holder that sells Notes pursuant to the shelf registration statement generally will be required to be named as a selling security holder in the related prospectus and to deliver a prospectus to purchasers,

will be subject to certain of the civil liability provisions under the Securities Act in connection with such sales and will be bound by the provisions of the registration rights agreement that are applicable to such holder, including certain indemnification obligations. In addition, a holder of Notes will be required to deliver information to be used in connection with the Shelf Registration Statement in order to have that holder's Notes included in the shelf registration statement and to benefit from the provisions set forth in the following paragraph.

If:

- an exchange offer registration statement is not filed with the SEC on or prior to 180 days after the settlement date;
- neither the registered exchange offer is completed nor the shelf registration statement, if applicable, has become effective within 315 days of the settlement date;
- an exchange offer registration statement has become effective but ceases to be effective or usable prior to the consummation of the registered exchange offer (unless such ineffectiveness is cured within the 270-day period described above); or
- the shelf registration statement, if applicable, has been declared effective but ceases to be effective or usable for more than 90 days, whether or not consecutive, during any twelve-month period (each such event referred to in this bullet point and any of the previous four bullet points a "registration default");

then we will be required to pay additional interest to the holders of the Notes affected thereby, and additional interest will accrue on the principal amount of the Notes affected thereby, in addition to the stated interest on the Notes, from and including the date on which any registration default shall occur to, but not including, the date on which all registration defaults have been cured. Additional interest will accrue at a rate of 0.25% per annum during the 90-day period immediately following the occurrence of any registration default and shall increase to a maximum of 1.00% per annum thereafter.

Following the cure of all registration defaults, the accrual of additional interest on the Notes will cease and the interest rate will revert to the applicable original rate on the Notes. Any additional interest will be the exclusive remedy, monetary or otherwise, available to any holder of affected Notes with respect to any registration default.

The registration rights agreement will provide that a holder of Notes is deemed to have agreed to be bound by the provisions of the registration rights agreement whether or not the holder has signed the registration rights agreement.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a general summary of certain anticipated U.S. federal income tax consequences of the ownership and disposition of the Notes to beneficial owners purchasing the Notes at their original issuance. This summary is based on the U.S. federal income tax laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change or differing interpretation, possibly with retroactive effect. This summary is limited to those beneficial owners holding the Notes as “capital assets” within the meaning of section 1221 of the Internal Revenue Code of 1986, as amended (the “Code”). This summary does not discuss all aspects of U.S. federal income taxation that might be relevant to a particular beneficial owner or to certain types of beneficial owners that might be subject to special tax rules (such as banks, tax-exempt entities, insurance companies, S corporations, dealers in securities or currencies, traders in securities electing to mark to market, expatriates, pass-through entities, including partnerships and entities and arrangements classified as partnerships for U.S. federal income tax purposes, and beneficial owners of pass-through entities, beneficial owners that incurred or will incur indebtedness to purchase or carry the Notes, beneficial owners that hold the Notes as a position in a “straddle” or conversion transaction, or as part of a “synthetic security” or other integrated financial transaction or beneficial owners that have a “functional currency” other than the U.S. dollar). In addition, this discussion does not address the consequences of the alternative minimum tax, or any state, local or foreign tax consequences or any tax consequences other than U.S. federal income tax consequences. No IRS ruling has been or will be sought regarding any matter discussed herein.

ALL BENEFICIAL OWNERS OF THE NOTES ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE CONSEQUENCES TO THEM OF THE EXCHANGE AND THE OWNERSHIP OF THE NOTES, INCLUDING THE APPLICABILITY AND EFFECT OF FEDERAL, STATE, LOCAL AND FOREIGN INCOME, ESTATE AND OTHER TAX LAWS.

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, INVESTORS IN THE NOTES ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS OFFERING MEMORANDUM IS NOT INTENDED TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON INVESTORS UNDER THE CODE, (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED IN THIS OFFERING MEMORANDUM, AND (C) INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM THEIR OWN INDEPENDENT TAX ADVISORS.

U.S. Holders

The discussion under this heading applies to U.S. holders. A “U.S. holder” is a beneficial owner of Notes that is, for U.S. federal income tax purposes, (a) a citizen or resident of the United States as determined for U.S. federal income tax purposes, (b) a corporation, or other entity classified as a corporation for such purposes, created or organized in or under the laws of the United States or any state thereof or the District of Columbia, (c) an estate, the income of which is subject to U.S. federal income taxation regardless of the source of the income, or (d) a trust if (i) a court within the United States can exercise primary supervision over its administration and one or more “United States persons,” as defined in the Code, have the authority to control all of the substantial decisions of the trust, or (ii) the trust has validly elected to be treated as a “United States person” under applicable Treasury regulations.

If a partnership (including any entity treated as a partnership for U.S. federal income tax purposes) is a holder of a Note, the U.S. federal income tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of such partnership. Partners and

partnerships should consult their tax advisors as to the particular U.S. federal income tax consequences applicable to them.

In General. We intend to treat the Notes as issued pursuant to a “qualified reopening” of the Exchange Offer notes. For U.S. federal income tax purposes, debt instruments issued in a qualified reopening are deemed to be part of the same issue as the original debt instruments. Under the treatment described in this paragraph, the Notes will have the same issue date and the same issue price as the Exchange Offer notes for U.S. federal income tax purposes. Because the Exchange Offer notes were not issued with “original issue discount” (“OID”) for U.S. federal income tax purposes, the Notes in this offering also do not have OID. However, depending on a holder’s purchase price, the Notes may have market discount or bond premium (discussed below). If the issuance of the Notes is not treated as a “qualified reopening” because the Notes are not “publicly traded” for these purposes, the issue date and the issue price of the Notes would differ from the issue date and issue price of the Exchange Offer notes for U.S. federal income tax purposes and, as a result, may be treated as having OID. The remainder of this discussion assumes that the Notes will be issued pursuant to a “qualified reopening.”

Pre-issuance Accrued Stated Interest. A portion of the price paid for a Note will be allocable to stated interest that “accrued” prior to the date the Note is issued (the “pre-issuance accrued stated interest”). We intend to take the position that a portion of the stated interest received, in an amount equal to the pre-issuance accrued stated interest, on the first interest payment date of a Note should be treated as a return of the pre-issuance accrued stated interest and not as a payment of stated interest on the Note. Amounts treated as a return of pre-issuance accrued stated interest should not be taxable when received but should reduce a U.S. holder’s adjusted tax basis in a Note by a corresponding amount.

Market Discount. The Notes will be treated as acquired at a market discount if the stated principal amount of the Notes exceeds the U.S. holder’s initial tax basis for such Notes by more than a *de minimis* amount (equal to one quarter of one percent, or 0.0025, times the number of complete years to maturity of the Notes). In general gain recognized upon the sale or other disposition of Notes having market discount should be treated as ordinary income to the extent of the market discount that accrued during a U.S. holder’s holding period for the Notes, unless the U.S. holder elects to include market discount in gross income over time as the market discount accrues.

Bond Premium. If a U.S. holder’s initial tax basis in a Note is greater than its stated principal amount, such holder will be treated as having acquired the Note with “amortizable bond premium” equal in amount to the excess. Subject to certain conditions, a U.S. holder may elect to amortize such premium using a constant yield method over the remaining term of the Note and may offset interest income otherwise required to be included in respect of the Note.

Stated Interest. The stated interest on the Notes will be taxed as ordinary interest income that is included in the U.S. holder’s gross income in accordance with the U.S. holder’s regular method of accounting for U.S. federal income tax purposes.

Disposition of a Note. The sale, exchange, redemption or other taxable disposition of a Note by a U.S. holder generally will result in capital gain or loss equal to the difference between the amount realized (excluding amounts attributable to accrued but unpaid interest, which would be treated as a payment of interest) and the U.S. holder’s adjusted tax basis in the Note immediately before the disposition. Capital gain or loss should be long-term capital gain or loss if at the time of the disposition the U.S. holder has held the Note for more than one year. Subject to limited exceptions, capital losses cannot be used to offset ordinary income. For non-corporate U.S. holders, long-term capital gains generally are taxed at a preferential rate.

Backup Withholding and Information Reporting. Information reporting requirements apply to interest and principal payments made to, and to the proceeds of certain sales or other dispositions by, certain non-corporate U.S. holders. In addition, backup withholding is required on such payments unless

a U.S. holder furnishes a correct taxpayer identification number (which for an individual is generally the individual's Social Security Number) and certifies on an IRS Form W-9, under penalties of perjury, that the U.S. holder is not subject to backup withholding and otherwise complies with applicable requirements of the backup withholding rules. The current backup withholding rate is 28% of the amount paid and is scheduled to increase to 31% for 2011 and thereafter. Backup withholding does not apply with respect to payments made to certain exempt recipients, such as corporations and tax-exempt organizations. Any amounts withheld under the backup withholding rules may be allowed as a credit against the U.S. holder's U.S. federal income tax liability and may entitle the U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

Non-U.S. Holders

The following discussion applies to a beneficial owner of a Note that is neither a U.S. holder (as defined above) nor a partnership or an entity or arrangement classified as a partnership for U.S. federal tax purposes (a "non-U.S. holder").

U.S. Federal Withholding Tax on Payments of Principal and Interest on the Notes. Under current U.S. federal income tax laws, and subject to the discussion below under "Backup Withholding and Information Reporting," U.S. federal withholding tax should not apply to payments by us or our exchange agent (in its capacity as such) to a non-U.S. holder of principal of and interest on the Notes, provided that, in the case of interest, the non-U.S. holder:

- does not, directly or indirectly, actually or constructively, own ten percent or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Code and the Treasury regulations thereunder;
- is not a controlled foreign corporation for U.S. federal income tax purposes that is related, directly or indirectly, to us through stock ownership (as provided in the Code);
- is not a bank receiving interest described in section 881(c)(3)(A) of the Code; and
- provides a signed written statement, on an IRS W-8BEN (or other applicable form) which can reliably be related to it, certifying under penalties of perjury that it is not a "United States person" within the meaning of the Code and providing its name and address to: (1) us or our exchange agent; or (2) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business and holds the non-U.S. holder's Notes on the holder's behalf and that certifies to us or our exchange agent under penalties of perjury that it, or the bank or financial institution between it and the holder, has received from it its signed, written statement and provides us or our exchange agent with a copy of this statement.

The applicable Treasury regulations provide alternative methods for satisfying the certification requirement described in this section. In addition, under these Treasury regulations, special rules apply to pass-through entities and this certification requirement may also apply to beneficial owners of pass-through entities.

If the non-U.S. holder cannot satisfy the requirements described above, payments of interest made to it will be subject to 30% U.S. federal withholding tax unless it provides us or our exchange agent with a properly executed (1) IRS Form W-8ECI (or other applicable form) stating that interest paid on the Notes is not subject to withholding tax because it is effectively connected with its conduct of a trade or business in the United States, subject to tax as described below, or (2) IRS Form W-8BEN (or other applicable form) claiming an exemption from or reduction in this withholding tax under an applicable income tax treaty.

Disposition of a Note. Generally, any gain recognized by a non-U.S. holder on the sale, exchange, redemption or other taxable disposition of a Note (other than amounts attributable to accrued and unpaid interest, which will be treated as described under “U.S. Federal Withholding Tax on Payments of Principal and Interest on the Notes” above) will be exempt from U.S. federal income and withholding tax, unless:

- the gain is effectively connected with the non-U.S. holder’s conduct of a trade or business within the United States (and, if a treaty applies, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States); or
- the non-U.S. holder is an individual who is present in the United States for 183 days or more during the taxable year of disposition, and certain other conditions are met.

Effectively Connected Income. If interest, gain or other income recognized by a non-U.S. holder on a Note is “effectively connected” with the non-U.S. holder’s conduct of a trade or business within the United States (and, if a treaty applies, is attributable to a permanent establishment maintained by the non-U.S. holder in the United States), the non-U.S. holder will not be subject to the withholding tax discussed above if the non-U.S. holder provides us with a properly completed and executed IRS Form W-8ECI, but the non-U.S. holder generally will be subject to U.S. federal income tax on the interest, gain or other income as if it were a United States person (as defined in the Code). See “U.S. Holders,” above. In addition to this U.S. federal income tax, if the non-U.S. holder is a corporation, it may be subject to an additional branch profits tax.

Backup Withholding and Information Reporting. Backup withholding does not apply to payments of interest and principal made to, and the proceeds of a sale or other disposition by, a non-U.S. holder if such non-U.S. holder certifies (on IRS Form W-8BEN or other appropriate form) its non-U.S. holder status. However, information reporting on IRS Form 1042-S will generally apply to payments of interest. Information reporting (but generally not backup withholding) may also apply to payments made outside the United States, and payments on the sale, exchange, redemption, or other disposition of a Note effected outside the United States, if payment is made by a payor that is, for U.S. federal income tax purposes,

- a United States person;
- a controlled foreign corporation;
- a U.S. branch of a foreign bank or foreign insurance company;
- a foreign partnership controlled by United States persons or engaged in a U.S. trade or business, or
- a foreign person, 50% or more of whose gross income is effectively connected with the conduct of a U.S. trade or business for a specified three-year period;

unless such payor has in its records documentary evidence that the beneficial owner is not a U.S. holder and certain other conditions are met or the beneficial owner otherwise establishes an exemption.

Any amounts withheld under the backup withholding rules may be allowed as a credit against the non-U.S. holder's U.S. federal income tax liability and may entitle the non-U.S. holder to a refund, provided that the required information is timely furnished to the IRS.

TRANSFER RESTRICTIONS

Because of the following restrictions, eligible investors are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been registered under the Securities Act or the securities laws of any other jurisdiction and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, except pursuant to an effective registration statement or in accordance with an available exemption from the registration requirements of the Securities Act. Accordingly, the Notes are being offered and issued in this offering only:

- to QIBs in accordance with Rule 144A under the Securities Act; and
- to persons who are not “U.S. persons,” as that term is defined in Rule 902 under the Securities Act outside the United States, in compliance with Regulation S, and who are “non-U.S. qualified offerees” (as defined below) (a “Foreign Purchaser”).

Each eligible investor will be deemed to have represented and agreed as follows:

1. It is purchasing the Notes for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is (i) a QIB (as defined in Rule 144A under the Securities Act) and are aware, and each beneficial owner of such Notes has been advised, that the sale to it is being made in a transaction exempt from registration under the Securities Act, or (ii) a Foreign Purchaser,

2. It understands that the Notes have not been registered under the Securities Act and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person except as set forth below.

3. If it is not a Foreign Purchaser of Notes, it agrees that it will not resell or otherwise transfer the Notes except (a)(1) to the Issuer or one of its subsidiaries, (2) to a person who such acquirer reasonably believes is a QIB acquiring for its own account or the account of a QIB in a transaction meeting the requirements of Rule 144A, (3) in an offshore transaction meeting the requirements of Rule 903 or Rule 904 of Regulation S, (4) pursuant to an exemption from registration under the Securities Act or (5) pursuant to an effective registration statement under the Securities Act, and (b) in accordance with all applicable securities laws of the states of the United States and other jurisdictions. The Notes issued to acquirers that are not foreign acquirers (including Restricted Global Notes) will bear a legend to the following effect, unless we determine otherwise in compliance with applicable law:

“Neither this Note nor any beneficial interest herein has been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”). Neither this Note nor any beneficial interest herein may be offered, sold, pledged or otherwise transferred except (1) to HSBC Finance Corporation or one of its subsidiaries, (2) to a person whom the seller reasonably believes is a qualified institutional buyer within the meaning of Rule 144A under the Securities Act purchasing for its own account or the account of a qualified institutional buyer or buyers in a transaction meeting the requirements of Rule 144A, (3) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act, (4) pursuant to an exemption from registration under the Securities Act or (5) pursuant to an effective registration statement under the Securities Act (provided that as a condition to registration of transfer of this Note otherwise than as set forth above, HSBC Finance Corporation or the trustee may require delivery of any documents or other evidence that it, in its absolute discretion, deems necessary or appropriate to evidence compliance with such

exemption), and, in each case in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

This legend may only be removed with the consent of HSBC Finance Corporation.”

4. If it is a QIB, it understands that the Notes offered in reliance on Rule 144A initially will be represented by the Restricted Global Note and that, before interests therein may be transferred to any person who takes delivery in the form of the Regulation S Global Note, the transferor will be required to provide the trustee with a written certification (the form of which can be obtained from the trustee) to the effect that the transfer complies with Rule 903 or Rule 904 of Regulation S, as described under “Description of the Notes—Book-Entry Procedures.”

5. If it is a Foreign Purchaser of Notes, it understands that the Notes offered in reliance on Regulation S initially will be represented by the Regulation S Global Note and that Regulation S Global Notes will bear a legend to the following effect, unless we determine otherwise in accordance with applicable law:

“This Note has not been registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any U.S. person, unless such Note is registered under the Securities Act or an exemption from the registration requirements thereof is available.”

6. It agrees that it will deliver to each person to whom it transfers Notes notice of any restrictions on transfer of such Notes.

7. It acknowledges that we, the Initial Purchaser and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements, and agrees that if any of the acknowledgments, representations or warranties deemed to have been made by it by its acquisition of Notes are no longer accurate, it shall promptly notify us and the Initial Purchaser. If it is acquiring any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, warranties and agreements on behalf of each such account.

The term “non-U.S. qualified offeree” means:

- (i) legal entities in the EEA that are authorized or regulated to operate in the financial markets in the applicable jurisdiction or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (ii) legal entities in the EEA that have two or more of:
 - (A) an average of at least 250 employees during the last financial year;
 - (B) a total balance sheet of more than €43,000,000; and
 - (C) annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts;
- (iii) any other entity in the EEA in circumstances that do not require the publication of a prospectus by us in the applicable jurisdiction pursuant to Article 3 of the Prospectus Directive (Directive 2003/71/EC of the European Union), as implemented by any Member State of the EEA; or

- (iv) any entity outside the United States and the EEA to whom the offers related to the Notes may be made in compliance with any applicable laws and regulations.

For purposes of the offer, the following are deemed not to be “non-U.S. qualified offerees”:

- (I) any investor to whom the Notes have been publicly offered, sold or advertised, directly or indirectly, in or from Switzerland;
- (II) any investor that is an Italian resident or person located in the Republic of Italy;
- (III) any investor in France, other than (i) persons providing investment services relating to portfolio management for the account of third parties and/or (ii) a qualified investor (*investisseurs qualifiés*) acting for its own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 to D.411-3 of the *Code monétaire et financier*;
- (IV) any investor in Germany that is not a qualified investor, as defined in the German Securities Prospectus Act (*Wertpapierprospektgesetz*);
- (V) any investor in the United Kingdom, unless such investor is either (i) an investment professional within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “Financial Promotion Order”) or (ii) a high net worth entity as defined in the Financial Promotion Order or (iii) another person to whom the offer may lawfully be communicated falling within Article 49(2)(a) to (e) of the Financial Promotion Order or Article 43 of the Financial Promotion Order;
- (VI) any investor in Ireland that is not a “qualified investor,” as defined in the Irish Prospectus (Directive 2003/71/EC) Regulations 2005; and
- (VII) any investor in Norway that is not also registered as a professional investor with the Oslo Stock Exchange.

PLAN OF DISTRIBUTION

The Issuer and the Initial Purchaser have entered into a purchase agreement relating to the offering and sale of the Notes. In the purchase agreement, we have agreed to sell to the Initial Purchaser, and the Initial Purchaser has agreed to purchase from us, \$1,000,000,000 of the Notes offered hereby. In addition to the Notes offered by us, HSBC Securities (USA) Inc. may sell in the offering outstanding Notes that it has previously acquired in market-making transactions. We will not receive any proceeds from the sale by HSBC Securities (USA) Inc. of such Notes.

The purchase agreement provides that the obligations of the Initial Purchaser are subject to certain conditions precedent, and that the Initial Purchaser is committed to take and pay for all of the Notes, if any are taken. The offering of the Notes by the Initial Purchaser is subject to receipt and acceptance and subject to the Initial Purchaser's right to reject any order in whole or in part.

The Issuer has agreed in the purchase agreement to indemnify the Initial Purchaser, its controlling persons and certain other related persons against certain liabilities, including liabilities under securities laws, in connection with this offering, and to make contributions in respect thereof.

The Initial Purchaser proposes to offer the Notes for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A under the Securities Act. The Initial Purchaser will not offer or sell the Notes except to persons it reasonably believes to be "qualified institutional buyers" as defined in Rule 144A, or pursuant to offers and sales to non-U.S. persons that occur outside the United States within the meaning of Regulation S under the Securities Act. Each purchaser of the Notes offered hereby in making its purchase will be deemed to have made by its purchase certain acknowledgements, representations, warranties and agreements as set forth under "Notice to Investors" and "Transfer Restrictions".

In connection with the sales outside the U.S., the Initial Purchaser has agreed that it will not offer, sell or deliver the Notes to, or for the account or benefit of, U.S. persons (1) as a part of the Initial Purchaser's distribution at any time or (2) otherwise until 40 days after the later of the commencement of this offering or the date the Notes are originally issued. The Initial Purchaser will send to each dealer to whom it sells such Notes during such 40-day period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the U.S. or to, or for the account or benefit of, U.S. persons.

The Notes have not been registered under the Securities Act or qualified for sale under the securities laws of any U.S. state or any jurisdiction outside the United States and may not be offered or sold except as set forth above. The Issuer does not intend to list the Notes on any national securities exchange or to apply for inclusion of the Notes on any automated dealer quotation system. The Initial Purchaser has advised the Issuer it is currently making a market in the Notes and that following the completion of this offering, it presently intends to continue to do so. They are not obligated to do so, however, and any market-making activities with respect to the Notes may be discontinued at any time without notice. In addition, such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, no assurance can be given as to the liquidity of or the trading market for the Notes.

In connection with this offering, the Initial Purchaser may engage in transactions that stabilize, maintain or otherwise affect the price of the Notes. Specifically, the Initial Purchaser may over-allot this offering, creating a syndicate short position. The Initial Purchaser may bid for and purchase Notes in the

open market to cover syndicate short positions. In addition, the Initial Purchaser may bid for and purchase Notes in the open market to stabilize the price of the Notes. These activities may stabilize or maintain the market price of the Notes above independent market levels. The Initial Purchaser is not required to engage in these activities, and may end any of these activities at any time.

The Issuer expects that delivery of the Notes will be made against payment therefor on or about the closing date specified on the cover page of this Offering Memorandum, which will be the third business day following the date of pricing of the Notes (this settlement cycle being referred to as “T+3”).

The Initial Purchaser and its affiliates have from time to time provided certain commercial banking, financial advisory and investment banking services to the Issuer and its affiliates for which they have received customary fees. In the ordinary course of their businesses, the Initial Purchaser or its affiliates may at any time hold long or short positions, and may trade for their own accounts or the accounts of customers, in debt or equity securities issued or guaranteed by the Issuer and its affiliates, including any of the Notes. The Initial Purchaser and its affiliates may from time to time in the future engage in future transactions with the Issuer and its affiliates and provide services to the Issuer and its affiliates in the ordinary course of their respective businesses. In addition, the Issuer and the Initial Purchaser are wholly-owned indirect subsidiaries of HSBC Holding plc.

VALIDITY OF SECURITIES

The validity of the Notes issued in this offering will be passed upon for us by Mick Forde, Senior Vice President, General Counsel-Treasury and Assistant Secretary. Certain legal matters with respect to the Notes will be passed upon by Sidley Austin LLP, Chicago, Illinois. Certain legal matters will be passed upon for the Initial Purchaser by McDermott Will & Emery LLP, Chicago, Illinois. Mr. Forde is an officer of HSBC Finance and owns equity securities of HSBC Holdings.

INDEPENDENT ACCOUNTANTS

The financial statements as of December 31, 2009 and 2008 and for each of the three years in the period ended December 31, 2009, incorporated by reference in this Offering Memorandum, have been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report incorporated by reference herein, and upon the authority of such firm as experts in accounting and auditing.

The Sole Initial Purchaser for the offer is:

HSBC

452 Fifth Avenue

New York, NY 10018

Toll-free: 1 (866) 811-8049

Collect: 1 (212) 525-5552